FW: SCOPA Follow Up Qs

From:	"Farrow, Alicia (CAB)" <alicia.farrow@ontario.ca>
To:	"Betzner, Lynn (CAB)" <lynn.betzner@ontario.ca>
Date:	Tue, 23 Jan 2018 12:04:39 -0500
Attachments:	SCOPA TBS Issues Overview_TBS_20180119.docx (76.95 kB)

FYI – printing as well.

From: Scott, Adrienne (CAB)
Sent: January-23-18 11:53 AM
To: Farrow, Alicia (CAB); McMichael, Rhonda (CAB)
Cc: Pontikis, Maria (CAB)
Subject: FW: SCOPA Follow Up Qs

Hi both- in the meeting yesterday, Lynn had some follow up questions on SCOPA – Sofie has provided a good response, please see below.

Of particular note is that Ministries will continue to do scans and raise additional issues as they come up – Lynn specifically mentioned Twitter and opposition angles. My sense from doing a quick scan of Fedeli, as well as Tabuns is that the focus will be on how the government puts together its books, and in the case of Hydro, what this means for future generations, for example:

- The FAO did a report on the cost of the hydro plan which noted how rates are projected to increase in the future
- Fedeli criticizes the complex accounting treatment and calling debt an "asset"
- These reports note the higher interest rates involved in this structuring of the debt rather than having the province take on the debt directly
- In my mind, this could lead to a discussion about Ontario's debt levels and the impact this has on credit ratings, costs to future generations, etc. this could be combined with the higher debt levels we know are being taken on by Ontarians
- In all, my guess if that the overall narrative from committee will likely centre on the perception that the government is using creative accounting to balance, and also the perceived cost to Ontarians, poor financial management, etc.
- This could be woven into a discussion about debt levels, balanced budgets going forward, debt to future generations, and the pre election financing report.

Happy to do more digging or follow up with Sofie as necessary.

Thanks!
A

From: DiMuzio, Sofie (TBS)
Sent: Tuesday, January 23, 2018 10:53 AM
To: Scott, Adrienne (CAB)
Subject: SCOPA Follow Up Qs

Hi Adrienne,

Following up on your Qs re: SCOPA

- Presentation: There is no formal presentation; DM Angus will provide 20 minute overview remarks and then we move right into the rotating Q/A.
- Qs/As: As per the discussion with DMs Friday the list of anticipated themes was endorsed and our comprehensive Q/A document will be developed based on the following:

- Ontario Fair Hydro Plan (OFHP) Accounting
- Independent Electricity System Operator (IESO) Accounting (market accounts; rate-regulated accounting; other – IESO/OPG "inappropriate expenses"; OPG compensation)
- Pension asset accounting
- Pre-Election Report
- Province's debt burden

This list is based on Auditor General's 2017 Annual Report, media analysis, Hansard analysis, OPQs, FOIs etc and the invitee list for the SCOPA session on February 28, 2018. Attached is the TBS environmental scan for reference. We have shared this template with Energy and Finance to use as well. Recognizing that things may evolve leading up to SCOPA we have also encouraged our comms colleagues broaden their scan and capture anything that may fall into "other" category so their execs are prepared to address.

Top Questions

1. How do you respond to the Auditor General's recommendation that the government should record valuation allowances to offset the net pension assets recorded from the Ontario Teacher's Pension Plan and the Ontario Public Sector Employee's Union Pension Plan until you receive formal written authorization from their pension plan co-sponsors?

2. How do you respond to the Auditor General's recommendation that the government remove the Independent Electricity System Operator's (IESO) market accounts from the province's consolidated financial statements?

3. The government has received a second qualified audit opinion on its Public Accounts – this time based on two separate issues. Why do you continue to disagree with the Auditor General?

4. The Auditor General says that you anticipated the government would receive a qualified audit opinion – and accepted this risk. In the private sector this would be unacceptable. How do you figure you can get away with this?

5. Will the government implement the recommendations in the Auditor General's Special Report on the Fair Hydro Plan?

6. The Auditor General says that she has consulted with all of the Auditor Generals in Canada – and they agree with her assessments. How are we supposed to believe this government when all legislative auditors in the country say you are wrong?

7. Why does the government use external advisors/consultants? It seems convenient that whenever you disagree with the Auditor General, you turn to consultants to justify your accounting methods.

8. The Auditor General says that the IESO's use of rate-regulated accounting is inappropriate. Why has the government allowed the IESO to adopt this accounting method that she says is not in accordance with PSAS?

9. Why has the government legislated accounting for things like Ontario's Fair Hydro Plan? Aren't you just changing the rules to suit your needs?

10. Will the government issue a regulation confirming the source of reference for the Pre-Election Report and the timeline for issuance of the report that will be subject to the Auditor General's review?

Long-Form Member Questions

1. Why did the government choose to recognize pension assets from the Ontario Teacher's Pension Plan and the Ontario Public Sector Employee's Union Pension Plan? What evidence and processes were used to support this decision?

2. Why did the Treasury Board Secretariat accept the IESO's recognition of market accounts on the province's consolidated financial statements? Is there any precedent for this?

3. Can you explain when and how the Treasury Board Secretariat looks to other accounting methods to support the preparation of Public Accounts?

4. What are the plans to keep Ontario's credit rating in good standing?

5. What is Ontario's debt repayment plan?

6. How is Ontario planning to keep a balanced budget?

7. *MOE to add*

8. *MOE to add*

9. *MOE to add*

Hope this helps.

Sorry for the long email! Pick away at this as you see fit in terms of what Lynn may want to review & feel free to reach out if you have any other qs/concerns.

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