Fw: FINAL PER statement

From: "Heitshu, Tania (CAB)" <tania.heitshu2@ontario.ca>
To: "Betzner, Lynn (CAB)" <lynn.betzner@ontario.ca>
Cc: "Farrow, Alicia (CAB)" <alicia.farrow@ontario.ca>, "Scott, Adrienne (CAB)" <adrienne.scott@ontario.ca>
Date: Wed, 25 Apr 2018 11:11:41 -0400

Pls see below

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Miller, Amanda (TBS) <Amanda.Miller@ontario.ca>
Sent: Wednesday, April 25, 2018 11:10 AM
To: Heitshu, Tania (CAB)
Cc: Scott, Adrienne (CAB); Sullivan, Bryant (TBS)
Subject: FINAL PER statement

Hi, Tania,

The statement below has been circulated to the press gallery. There were a number of last minute changes made at the PO level before it went out.

Happy to discuss and we will continue monitoring throughout the day.

Amanda

Statement from Minister McMahon and Minister Sousa on the Auditor General's Review of the 2018 Pre-Election Report

April 25, 2018

We thank the Auditor General for her response to the Pre-Election Report. The Treasury Board Secretariat and Ministry of Finance work closely with the Auditor General of Ontario on a wide variety of issues on a regular basis, and her oversight and insight is welcomed both during our regular interactions and during the release of special reports, including this one.

The 2018 Pre-Election Report on Ontario's Finances presented the fiscal plan for 2018–19 to 2020–21 fiscal years. As verified by the Auditor General, the majority of the province's estimates regarding revenue, program expenses and interest on debt are based on prudent and cautious assumptions, as required by the Fiscal Transparency and Accountability Act. Ontario's fiscal policy also recognizes the need for flexibility to respond to an ever changing world. The Auditor General concluded overall that " the Pre-Election Report provides a reasonable and somewhat cautious underpinning for the medium-term fiscal forecasts."

In the Auditor General's response to the Pre-Election Report, she reviews two issues that represent ongoing technical accounting disputes – disagreements that have been reported on by the Auditor General in the past, have been the subject of technical briefings for both media and opposition and have also received media coverage in the past. The Auditor General has reported on these issues, and the government has responded in a comprehensive manner, on the following occasions: 2015-16 Public Accounts, 2016-17 Public Accounts, 2016 and 2017 Annual Reports as well as the Special Report on the Fair Hydro Plan and now again in the PER.

The government's opinions on these two matters are well supported by internal and external experts, and have always informed the government's ongoing reporting on its fiscal status. Given these disagreements on accounting questions, there is also a difference of opinion on deficit numbers between the Auditor General and the government.

The first item of dispute is the accounting treatment for a portion of the Fair Hydro Plan. We continue to believe that the government's accounting for the Fair Hydro Plan is appropriate, and specifically the use of rate- regulated accounting to account for the component of the plan recoverable from the ratepayers, is supported by United States Generally Accepted Accounting Principles, as Public Sector Accounting Standards are silent on this issue. The second issue is the accounting for the net pension assets of the Province's two jointly sponsored pension plans, which is supported by an expert panel of accountants, actuaries and lawyers. The government's opinion on these two matters has not changed.