

MEDIA EVENT: MINISTERS' PRE-CABINET SCRUMS

April 25, 2018

Location:

Outside Legislative Chambers

Speakers:

Ministers Sousa and McMahon

Media Attendance:

Print – 10

TV – 7

Radio – 1

Media Outlets:

Loriggio – CP; Jeffords – CP; Benzie – Star; Rushowy – Star; Globe; Artuso – Sun; Smith Cross – QP Briefing; Hains – QP Briefing; Reynolds – QP Briefing; Reeves – QP Today; Crawley - CBC Radio/TV; Brule - Radio Canada/CJBC; Global; CTV Ontario; Rath - CHCH Television; Tumelty - City TV; Mulligan – City; Morissette – TFO; Walsh - iPolitics

Media Questions:**Questions for Ministers Sousa and McMahon**

Q: Mulligan: Minister are you fudging the numbers?

Sousa: Ontario has been noted for having the most transparent numbers from the Conference Board of Canada. Everything that is happening in Ontario is fully disclosed, transparent. The agencies and the other organizations have clean audits by their accounting firms. Nothing is hidden.

Q: Walsh: The AG says it's wrong. The AG says it's all disclosed and transparent but it is fundamentally wrong.

Sousa: The AG has stated that our pre-election report is actually very cautious and very prudent in our expectations and she further states that the organizations, I spoke to her at length yesterday. OPG, the center of this issue around the Fair Hydro Plan, she has said (inaudible) clean audit of that organization includes that disclosure of debt and the (inaudible). And she says it's all right. It is good.

Q: Walsh: So does she not get the numbers or do you not get the numbers?

Sousa: I'm telling you the things that I can control which we are doing is providing for full disclosure of the activities of the province, the president of the Treasury Board and myself, recognize how important it is for us to get those numbers up quickly and we have taken the appropriate steps to balance the budget. We do have a surplus. When it comes to the degree of pension acknowledgment that's between the auditor and professional accountants. That includes KPMG, Deloitte and ENY when it comes to the Fair Hydro Plan. All of which are expressed and we have no dispute with the auditor in that regard. We'll leave that to the professional accountants.

Q: Mulligan: Her point is that you are not being transparent about what the true cost

Sousa: Nothing is being hidden. In fact and very clear the President of Treasury Board today reconfirmed that

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of the hydro rebate will be. Why don't you just have it out there in one number instead of hiding it behind hydro?	\$1.5B is actually coming off the tax base to support reduction of hydro rate through the eight per cent on HST plus the additional reductions that we're doing to support rural communities with up to 40 and 60 percent reductions. The other part is on the rate case where it should be. We're refinanced and reamortized the asset and it's going through the system that have been prepared by KPMG and ENY.
Q: Walsh: Do you think voters want to see this? That the government is essentially ignoring the advice of the Financial Accountability Officer and the Auditor General? Do you think voters want to see that from their government?	Sousa: We are not ignoring anything. In fact we're taking all that into consideration. The dispute is between professional accountants and the auditors, not us. McMahon: I think it's important to underscore and put this precisely where it belongs. This is an accounting dispute. We respect the Auditor General. I met with her yesterday as well and we had a good conversation about the need to continue our relationship in a really professional way, keep those doors open. We value her opinion. I said to her yesterday and say it again to you today and so we have a dispute here between what she believes is the way we should be doing our accounting and in fact our expert opinion on both the pension issue and area where we have a dispute with the auditor general and the IESO and the rate regulated accounting, we had significant outside accounting firms telling us that our approach was acceptable, it was in keeping with general accounting principles and in fact there are jurisdictions across North America that use rate regulated accounting in looking at their assets. And so again as the Minister of Finance says we have a difference of opinion and we respect those differences but our opinion hasn't changed. In essence the pre-election report today was by the way our government instituted in 2004 after a previous Conservative government left us with a \$6B hangover and we decided that voters needed to know the transparency and the truth and that's what we've done here so we respect the Auditor General for what she's done and we thank her and we appreciate the advice but our opinions haven't changed and we continue to differ on both the pension issue and the rate regulated accounting issue.
Q: Mulligan: Why should voters trust you over the AG?	Sousa: Trust KPMG, trust Deloitte, trust ENY, trust the professional accountants and the professional civil service that provided for these initiatives. They are accountants and they are a world renowned firm that's that we are dealing with. McMahon: I want to speak to the issues of our civil servants for a moment because what I took great exception to in the house and so that the Minister of Finance is sense that our government who employs the best civil servants in the country has somehow decided to part with their advice and really not proceed on a

	professional basis. What the minister of finance and I have the pleasure of doing is being served by a public service that is extraordinary, that is exceptional. They have to sign off on our budget and they have to sign off on that back to balance, one regarding pensions, one regarding right regulated accounting – we not only had their assistance, but we went outside for other opinions and all of those folks agreed with us. So again, we come back to the fact that we have a difference of opinion. We have a difference of opinion between accounting firms and our auditor general and that difference of opinion remains and we respect that difference.
Q. Crawley: If you guys are leaving Ontario with a five billion dollar deeper deficit than what you're actually saying – when we go into an election and another party gets elected, doesn't that basically give them carte blanche to start slashing and burning, and blaming you guys. That you guys have left us with a bigger deficit than you said...	Sousa: So, let's be clear. We have balanced the budget and we actually have a surplus right now. The accounting principles that are being disputed by the auditor and other accounting firms and other professional accountants - I can't control their dispute. I can control what we can deliver upon. What we delivered upon is the transformation of our practices, improvements to our economy, support for the things that matter to the people of Ontario. Furthermore, the opposition themselves, have taken the very accounting principles that we are talking about they've adopted them in their plan...when of course, they threw their plan out, but they used that very same plan to support their platform. So, they have agreed with us, in respect to both the pensions, and the Fair Hydro Plan and they acted on top of that in their projections.
Q: Walsh: When you paid KPMG, you paid to (inaudible), so there is no independence when you're paying this company and you're using them as your backup. Independent Auditor General is a gold standard, is she not?	Sousa: You are now implying that world renowned firms would compromise their positions – I doubt that very much. These are firms that have a reputation and a duty and a responsibility to their craft. I take no question with their service -
Q: Tumelty: Then who was not acting professional?	Sousa: I am not going to get into that. All I can do is provide for the plan and the projections that we put forward. The Auditor has affirmed that they are very cautious. The Auditor has stated that we've taken the appropriate steps. The Auditor has agreed with OPG's accounts and the audit, the clean out that was provided. We're moving forward with those numbers.
Q: Tumelty: Who is not acting professionally? (Inaudible).	McMahon: What I said earlier – no, no, no. What I was objecting to, were comments in the House by one of the opposition members who cast aspersions on our officials and we take exception to that.
Q: Jeffords: Ministers, you've known this was coming for a long time. I mean this dispute has been going on for a while. Why haven't you done anything to resolve it? It's a black eye. It must be a black eye.	Sousa: This, the matter is no different than what it was a year and two years ago. This is an ongoing disagreement between professional accountants - that hasn't changed. But what I am, what I am confirming today - what the Auditor General has confirmed is that the plan that we put

	forward is prudent, it's cautious, it's appropriate. She disputes these two issues and that she's been just disputing those two issues with professional accountants for the last couple of years.
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N.B.: Comments captured are not verbatim quotes

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