

RE: Response to FAO report

From: "Gallant, Gabrielle (OPO)" <gabrielle.gallant4@ontario.ca>
To: "Bevan, Andrew (OPO)" <andrew.bevan@ontario.ca>, "Jancik, Mike (OPO)" <mike.jancik@ontario.ca>, "MacKenzie, Rebecca (OPO)" <rebecca.mackenzie@ontario.ca>
Cc: "Forgione, Andrew (OPO)" <andrew.forgione@ontario.ca>, "Killorn, Bill (OPO)" <bill.killorn@ontario.ca>
Date: Wed, 02 May 2018 08:30:49 -0400

Thanks all

From: Bevan, Andrew (OPO)
Sent: May 2, 2018 8:30 AM
To: Jancik, Mike (OPO); Gallant, Gabrielle (OPO); MacKenzie, Rebecca (OPO)
Cc: Forgione, Andrew (OPO); Killorn, Bill (OPO)
Subject: Re: Response to FAO report

Yep

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Jancik, Mike (OPO)
Sent: Wednesday, May 2, 2018 7:53 AM
To: Bevan, Andrew (OPO); Gallant, Gabrielle (OPO); MacKenzie, Rebecca (OPO)
Cc: Forgione, Andrew (OPO); Killorn, Bill (OPO)
Subject: RE: Response to FAO report

The word I would use is reflect. Sentence might need to change a little, but the FAO's number's reflect the AGs position.

From: Bevan, Andrew (OPO)
Sent: Wednesday, May 02, 2018 7:46 AM
To: Gallant, Gabrielle (OPO); MacKenzie, Rebecca (OPO); Jancik, Mike (OPO)
Cc: Forgione, Andrew (OPO); Killorn, Bill (OPO)
Subject: Re: Response to FAO report

Except he has not adopted her position. He is just using it. Adopts implies he agrees with it. I don't believe he has ever said that. Clearly he feels obliged to use it but that's a different point.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Gallant, Gabrielle (OPO)

Sent: Wednesday, May 2, 2018 7:42 AM

To: Bevan, Andrew (OPO); MacKenzie, Rebecca (OPO); Jancik, Mike (OPO)

Cc: Forgione, Andrew (OPO); Killorn, Bill (OPO)

Subject: RE: Response to FAO report

That's a good point. He bases his analysis on her assumptions – could I just use that phrasing?

One more pitch for using “adopts” – that positioning makes it clear that this is the same story as last week's AG PER story.

From: Bevan, Andrew (OPO)

Sent: May 2, 2018 7:38 AM

To: Gallant, Gabrielle (OPO); MacKenzie, Rebecca (OPO); Jancik, Mike (OPO)

Cc: Forgione, Andrew (OPO); Killorn, Bill (OPO)

Subject: Re: Response to FAO report

I don't think the report says that FAO shares the ag opinion on accounting. They just use it

Unless I've missed that in reading the report

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Gallant, Gabrielle (OPO)

Sent: Tuesday, May 1, 2018 5:14 PM

To: Bevan, Andrew (OPO); MacKenzie, Rebecca (OPO); Jancik, Mike (OPO)

Cc: Forgione, Andrew (OPO); Killorn, Bill (OPO)

Subject: RE: Response to FAO report

Hi there – with updates to reflect your feedback, Andrew, and an additional line to reflect that our position is substantiated by a range of experts.

I'm kicking the tires on the 500 jobs / day number and it doesn't seem to hold up. I'll chase down where it originates.

If everyone is comfortable with this, we'll have it go out from the FIN press sec at 10am to coincide with the release of the report.

We thank the Financial Accountability Office for their annual Economic and Budget Outlook. We are pleased that he notes that this year the "Ontario economy recorded the strongest pace of growth since the early 2000s," and that "job growth surged last year, with 128,400 net new jobs."

While our economic growth has outpaced that of most countries in Europe and North America, and our unemployment is at a 17 year low, we know that not everyone has benefited from that growth. That is why the government has made a deliberate decision to invest in people – in high quality childcare, homecare, support for seniors and pharmacare, with OHIP+, for children, youth and seniors. The FAO affirms the importance of investing in these programs, acknowledging that that these investments will provide "significant social and economic benefits for Ontarians."

In the Economic and Budget Outlook, the FAO shares the Auditor General's position regarding ongoing technical accounting disputes. These are 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. Reports by internal and external experts, including opinions by internationally renowned accounting firms and former members of the Canadian Accounting Standards Board, have informed the government's reporting and full disclosure of its fiscal status.

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.

From: Bevan, Andrew (OPO)
Sent: May 1, 2018 3:43 PM
To: Gallant, Gabrielle (OPO); MacKenzie, Rebecca (OPO); Jancik, Mike (OPO)
Cc: Forgione, Andrew (OPO); Killorn, Bill (OPO)
Subject: RE: Response to FAO report

Thanks. I don't think we shd say that FAO "adopts" the AG 's position u less that language is used somewhere in the report.

At top of report this is the language: "consistent with"

So let's be softer than "adopts".

By the way in terms of job #s, how does 128,400 equal 500 jobs created day? People keep repeating the factoid including the premier – from what is it sourced/

On G7 growth – again I worry about q 4 results which will change 2017 facts. G7 not understood as a term either.

From: Gallant, Gabrielle (OPO)
Sent: May 1, 2018 1:19 PM
To: Bevan, Andrew (OPO); MacKenzie, Rebecca (OPO); Jancik, Mike (OPO)
Cc: Forgione, Andrew (OPO); Killorn, Bill (OPO)
Subject: Response to FAO report

Hi there – sharing this statement for approval.

The FAO will post and do a presser at 10am tomorrow morning.

He adopts the AG's position on pension assets and FHP accounting and as a result, comes to similar conclusions re debt and deficit. He says that we'll have to restrain spending to below inflation to balance on schedule, and thinks that best case scenario would be balancing a year after our plan. He concludes that we have a structural deicit b/c of a "fundamental imbalance btwn revenues and spending."

This statement is based off our AG response, with a different hat on. Changes from that

statement are highlighted in yellow.

We thank the Financial Accountability Office for their annual Economic and Budget Outlook. We're pleased that he notes that this year the "Ontario economy recorded the strongest pace of growth since the early 2000s," and that "job growth surged last year, with 128,400 net new jobs."

While our economic growth has led the G7 nations and our unemployment is at a 17 year low, we know that not everyone has benefited from that growth. That is why we made the decision to invest in programs that will make life more affordable for people in the province like free tuition, free prescription drugs for those 25 and under and free pre-school. The FAO affirms the importance of investing in these programs, acknowledging that that these investments will provide "significant social and economic benefits for Ontarians."

In the Economic and Budget Outlook, the FAO adopts the Auditor General's position regarding ongoing technical accounting disputes. These are 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 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 FAO 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.

