

Re: Public Accounts - Canadian press evening write-thru - Minister Sandals quoted

From: "Sullivan, Bryant (TBS)" <bryant.j.sullivan@ontario.ca>
To: "Cairns, Alan (TBS)" <alan.cairns@ontario.ca>, "Ostergard, Matt (TBS)" <matt.ostergard@ontario.ca>, "Prins, Sebastian (TBS)" <sebastian.prins@ontario.ca>, "Tedesco, Lauren (TBS)" <lauren.tedesco@ontario.ca>, "Jancik, Mike (TBS)" <mike.jancik@ontario.ca>
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Date: Mon, 03 Oct 2016 18:53:03 -0400

The Star's Robert Benzie has now posted a story:

<https://www.thestar.com/news/queenspark/2016/10/03/accounting-spat-leads-to-differing-ontario-deficit-figures.html>

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Cairns, Alan (TBS)
Sent: Monday, October 3, 2016 6:15 PM
To: Ostergard, Matt (TBS); Prins, Sebastian (TBS); Tedesco, Lauren (TBS); Jancik, Mike (TBS)
Cc: Arruda, Artur (TBS); Cheung, Dorothy (TBS); Coghill, Jay (TBS); Foster, Bruce (TBS); Graham, Helen (TBS); Hughes, Karen (TBS); Kennedy, Richard (TBS); Liscio, Joe (TBS); Sharda, Raj (TBS); Whitehead, Cam (TBS); Wuschnakowski, Gary (TBS); @TBS-L-Issues and Media; Arbabzadeh, Nina (TBS); Simone, Nicole (TBS); Laughton, Patrick (TBS); Hurley, Richard (TBS); Sawosch, Mercedes (TBS); Balgobin, Sueanne (TBS); Cusumano, Josephine (TBS); Habib, Zahra (TBS); MacIntyre, Kyle (TBS); Thompson, Mark (TBS); Simos, Louise (TBS)
Subject: Public Accounts - Canadian press evening write-thru - Minister Sandals quoted

Quotes and mentions from Minister Sandals are below, shaded in yellow.

>Ontario< government disputes auditor general's accounting methods (Ont-Economy) By Allison Jones

THE CANADIAN PRESS

TORONTO **>Ontario<**'s Liberal government is in a spat with the auditor general over accounting practices that would affect the province's deficit by \$1.5 billion.

Auditor general Bonnie Lysyk's office and public-sector accountants disagree about how pension numbers should appear on the books. Under her interpretation, **>Ontario<**'s deficit for 2015-16 was \$5 billion, but under the government's accounting the deficit would be \$3.5 billion.

>Ontario< has been following the same pension accounting treatment for the past 14 years, said Treasury Board President Liz Sandals.

"In fact, the current auditor general has accepted this treatment for the last two years...(and) three previous auditors general have also accepted it," she said. "There has been no change to the relevant accounting standard over the past 14 years."

The auditor sent the government written notice of this just two weeks before the deadline for the tabling of the public accounts, Finance Minister Charles Sousa said. The dispute between the auditor's office and the public-sector accountants means neither will sign off, he said. That meant that the government missed the deadline of 180 days after the end of a fiscal year, which was Sept. 27, for the release of the 2015-16 information _ so it released the unaudited financial statements Monday.

Lysyk was "disappointed" the government decided to release unaudited statements for the first time in **>Ontario<**'s history, but "governments will do what governments will do," she said.

Her office first raised the accounting issue with the government in June, she said, so her formal letter this month should not have caught them unaware.

Lysyk's team started a more in-depth look at pension assets, which was how the issue came to their attention, she said.

"It's quite complicated and they took a deep dive and in June of this year we mentioned to the Ministry of Finance that we had some concerns around the pension asset valuation," Lysyk said. "Really it came about from looking at it quite deep. The amount was increasing so we were seeing the adjustments to the pension asset go up."

The issue is with the accounting of the **>Ontario Public Service<** Employees Union Pension Plan and the **>Ontario<** Teachers' Pension Plan, which are jointly sponsored with the government.

They have a surplus, as they have had for the past 14 years, when the rules were last changed. The auditor general told the government it did not have a legally enforceable right to unilaterally access the assets, so they should not appear on the balance sheets.

That would mean the \$10.7-billion pension surplus _ including a \$1.5-billion increase during the last fiscal year _ would be written off with no value.

In addition to adding \$1.5 billion to the deficit, the auditor general's accounting treatment adds \$10.7 billion to the net debt.

Sandals said releasing the unaudited statements ``really truly is not about politics." But Sousa pointed to questioning from the Progressive Conservatives, who got wind of the dispute, in the legislature.

``We can't have that lack of confidence in the public realm," he said. ``We need to ensure that people understand what is out there, what our numbers mean and what our financial state of affairs (is)."

The government said Monday it is tapping an expert panel to review the pension accounting standards.

PC finance critic Vic Fedeli said the government is ``in full panic mode."

``It's apparent they're trying to usurp the auditor general," he said.

It's not the first time the Liberals have clashed with Lysyk.

Former energy minister Bob Chiarelli didn't like the auditor's work on the government's \$2-billion smart meter program and suggested the electricity file was too complicated for Lysyk, who spent 10 years working at Manitoba Hydro. She has also frequently criticized their revamp of advertising rules, suggesting that partisan ads are now being funded by taxpayer dollars.

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From: Cairns, Alan (TBS)

Sent: October-03-16 5:45 PM

To: Ostergard, Matt (TBS); Prins, Sebastian (TBS); Tedesco, Lauren (TBS); Jancik, Mike (TBS)

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Subject: Public Accounts - media scan

Please find attached clips package from today's news conference on public accounts issue.

Summary is below and on page 2 of the document itself.

Alan Cairns

IMMR

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SUMMARY

The dispute over whether Ontario's pension assets should be deducted from or added to

the deficit was reported by more than 30 media outlets across the province today.

But the reporting sources were few, with Canadian Press supplying copy to all but a few sources.

Of the major GTA media, the Globe and Mail was the only major outlet using its staff reporter for coverage.

A brief Canadian Press story that moved at just after 3 p.m. was used by almost all media. One paragraph in the story had a mitigating impact on what were mostly negative headlines:

The government says the (pension) plans have a surplus, but the auditor general says that should not be on the province's balance sheet.

Only one story offered opposition comment.

A piece by insidetoronto.com writer David Nickle. quoted PC finance critic saying the Wynne government is "in full panic mode. The only way they're going to reach balance is a one-time sale of assets. Then we plunge back into deficit. It's an artificial balancing of the budget."

QP Briefing offered both sides of the story, explaining why the two sides are at odds in the second paragraph.

While the Toronto Sun used CP copy in the early afternoon, writer Shaun Jeffords offered a story in Canoe.ca shortly after 4:20 p.m. The story title was a bit torqued: Spat with AG sees Ontario debt soar.

At the time this document was compiled, the Toronto Star had not filed a story.