RE: FINAL PER statement

From: "Killorn, Bill (OPO)" <"/o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=killorn, bill (opo)0f4">
To: "Gallant, Gabrielle (OPO)" <gabrielle.gallant4@ontario.ca>, "MacKenzie, Rebecca (OPO)" <rebecca.mackenzie@ontario.ca>, "Bevan, Andrew (OPO)" <andrew.bevan@ontario.ca>, "Jancik, Mike (OPO)" <mike.jancik@ontario.ca>, "Forgione, Andrew (OPO)" <andrew.forgione@ontario.ca>
Cc: "Hadisi, Lawvin (TBS)" <lawvin.hadisi@ontario.ca>, "Pichelli, Jason (TBS)" <jason.pichelli@ontario.ca>, "Giroux Namian, Orli (MOF)" <orli.girouxnamian@ontario.ca>
Date: Wed, 25 Apr 2018 10:06:58 -0400

It needs to be more explicit.

The big question will be why is the AG's deficit number bigger than ours.

We need to explain that and also mention that it has been reported on previously.

From: Gallant, Gabrielle (OPO)
Sent: April-25-18 10:05 AM
To: MacKenzie, Rebecca (OPO); Bevan, Andrew (OPO); Jancik, Mike (OPO); Killorn, Bill (OPO); Forgione, Andrew (OPO)
Cc: Hadisi, Lawvin (TBS); Pichelli, Jason (TBS); Giroux Namian, Orli (MOF)
Subject: RE: FINAL PER statement

My understanding was that it needed to reflect the deficit question, which it does in para 5, and the nature of the two accounting disputes, which it does in para 6.

From: MacKenzie, Rebecca (OPO)
Sent: April 25, 2018 10:04 AM
To: Gallant, Gabrielle (OPO); Bevan, Andrew (OPO); Jancik, Mike (OPO); Killorn, Bill (OPO); Forgione, Andrew (OPO)
Cc: Hadisi, Lawvin (TBS); Pichelli, Jason (TBS); Giroux Namian, Orli (MOF)
Subject: RE: FINAL PER statement

Hi, this doesn't have the elements we discussed at Sr staff

Sent with BlackBerry Work (www.blackberry.com)

From: "Gallant, Gabrielle (OPO)" <Gabrielle.Gallant4@ontario.ca>
Sent: Apr 25, 2018 9:57 AM
To: "Bevan, Andrew (OPO)" <Andrew.Bevan@ontario.ca>; "MacKenzie, Rebecca (OPO)" <Rebecca.MacKenzie@ontario.ca>; "Jancik, Mike (OPO)" <Mike.Jancik@ontario.ca>; "Killorn, Bill (OPO)" <Bill.Killorn@ontario.ca>; "Forgione, Andrew (OPO)" <Andrew.Forgione@ontario.ca>
Cc: "Hadisi, Lawvin (TBS)" <Lawvin.Hadisi@ontario.ca>; "Pichelli, Jason (TBS)" <Jason.Pichelli@ontario.ca>; "Giroux Namian, Orli (MOF)" <Orli.GirouxNamian@ontario.ca>

Subject: FINAL PER statement

- AG in SCOPA right now
- Report tabled at 10:30
- Statement jointly attributed to Sousa/ McMahon to go out at 10:30 from TBS press sec to gallery, no news room
- Jason Pichelli to walk gallery with Andrea at 11am
- Final statement below, with relevant paras highlighted. TBS senior officials on board.

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.

Our government introduced the Fiscal Transparency and Accountability Act in 2004, which sets out the principles governing fiscal planning and public reporting requirements in Ontario. The Act is reflective of our commitment to openness and transparency. Through the Pre-Election Report and the Office of the Auditor General's (OAG's) analysis, Ontarians are given the information they need to make an informed decision ahead of a provincial election.

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."

We know Ontario's economy has grown steadily in recent years, but we know that more must be done to encourage increased growth and create more jobs in an uncertain global economy. As we move forward, we must also ensure that the benefits from this growth are equally shared. 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 Auditor General mentions two specific topics that represent ongoing conversations and technical accounting disputes between government and her office, and these two disputes have in turn led to a difference of opinion regarding deficit numbers.

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.

Gabrielle Gallant
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Special Advior | Office of the Premier