TBS Media Calls - April 25

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Hi all,

We had a couple media interviews today on the Pre-Election Report.

Below is a summary.

Lawvin

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1. Post QP Scrums
Transcript Below

Reporter: 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 speaks)

Minister McMahon:

Yeah I just uh 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 that to her yesterday, I'm saying 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 an area where we have a dispute with the auditor general and on 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, which by the way our government instituted in

2004 after a previous conservative government left us with a 6 billion dollar hang over 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.

Reporter: Why should voters trust you over the AG?

(Sousa Speaks)

Minister McMahon: I want to speak to the issue of our civil servants for a moment. Because what I took great exception to in the house and so did the minister of finance is the 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, they have to sign off on our path back to balance, and when we looked at these 2 very complex issues, one regarding pensions, and one regarding rate regulated accounting, we not only had their assistance but we went outside for other opinions and all of those folks agreed with us.

And so o 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 of opinion.

Reporter: Who's not acting professional?

Minister McMahon: I don't think we need to get into to that, 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 dispersions on our officials and we take exception to that.

(Sousa Speaks)

Minister McMahon: It's a continued disagreement.

2. Globe and Mail – Matt McClearn
Transcript Below – Post QP

Reporter: Why is it in the public interest to report for the Fair Hydro Plan the way that you have?

A: I am going to back up a little bit and talk about the hydroelectric system and the decisions that we made...

Reporter: That is not what I am asking.

A: No I know. Can I get there? Can you give me the opportunity to get there? I will get there and you can come at me if I don't. But it helps me to help you if I can contextualize it. If you don't mind. It's easier for me. So, we made a policy decision to take the investments that we made in the hydroelectric system start in 2003 that were significant. Yes, it created a cost but at the same

time we are creating an asset and so we decided because we wanted to get relief to rate payers because people were telling us the cost of their hydro was becoming [inaudible]. And there were certain inequities in the system, people in northern Ontario, people in rural Ontario those of us who have cottages for example were paying significantly more. And so in order to leverage that asset that we had created we made a decision to create the Fair Hydro Plan which as you know so well has meant that would take the cost associated with creating that asset and spread them out over a number of generations because those people are also going to benefit from the investments that we made. So it's not just the people now who are benefiting from the asset, but it's an asset that will generate significant value for years to come. So that is why in response to your question in our view it was a responsible decision to create the asset, spread the cost over time and to charge the people who are going to realize the benefit of that asset. That is why we made the decision that we did.

Reporter: Why not...provided the rate relief and borrow in the most efficient way and report it on the province's books?

A: So this is all reported on the province's books - I am going to push back with you a little bit on that one. This is all transparent. When we created the Pre-Election Report back in 2004, in response to a government that hid a $6B deficit from the Ontario public. And we haven't done that nor will we ever. And this is legislation and the report that has been done today ensures that. In perpetuity, people will know unless future government decides not to do it or cancel the legislation, we will not. We made that decision, so the notion that we aren't being transparent or we aren't being forthcoming is absolutely incorrect. And I will get back to the fact that the AG and me have a difference of opinion. It is at its core a difference in opinion on how assets should be treated and we have two broad areas of disagreement.

Reporter: and expenses.

Back to answer: And we have two broad areas of disagreement. One having to do with the Fair Hydro Plan and one having to do with pensions. Of note there are other jurisdictions in Canada and in fact in North America that also use rate-regulated accounting. And....

Reporter: Do any of those report under PSAS?

A: Those auditor generals have also rendered decisions in disagreement by the way. There is disagreement that happens, when we went out with the plan, when we created the plan that we did we did significant conversations and consultations with the major accounting firms.

Reporter: Interestingly not with the Auditor General, why not?

A: I would have to ask the Minister of Energy that question because what I can tell you is that we decided...the AG is the ways in on the state of our finances that we decided to go outside and get some opinions from world class accounting firms to tell us if were headed in the right direction. The AG has rendered her opinion, we are aware of it now and I don't see that changing over time. Largely because it comes back to a difference in accounting treatment. We respect her, we respect her opinion, we do not share it. As often the case, accountants can disagree about the treatment of assets and expenses. On the bottom line this is an instance where we got opinions from auditors, different opinions from the auditor general. I think it's important to realize that the reason that we did, the way we went that we did was because we looked at an issue of fairness. And this for us is about fairness, fairness for the rate payer, fairness for future generations, fairness in accounting the asset and creating the asset.

Reporter: Did the government know that the Auditor General was going to object before the IESO released its statement in March 2017?

A: I don't know.

Reporter: This is an important question. Let me tell you why. The Auditor General says she was deliberately [inaudible].

A: Well that's her opinion.

Reporter: No - she says it's based on evidence. Emails that I do not have access to. Your government said that you did not predict what she was going to do. But this is critical. It goes into what...an honest and open relationship...

A: We have an honest and open relationship with the AG. I met with her yesterday, Minister of Finance met with her yesterday. What did I talk to her about? Ongoing communication, how pleased I was for having the chance to meet, how important it is to have those doors opened. She agreed. We had a very good conversation between two professional. We have always had a professional relationship with the AG. And that will never change. It is has been professional from Day 1, it has been professional with my officials.

Reporter: She very much disagrees with that.

A: We have an open door policy. And again, she can disagree. We are going to disagree on stuff.

Reporter: Why was she kept in the dark?

A: No she wasn't kept in the dark. I want to go back to this again. I am not. We are not making this a personal thing. This is not about personalities. This is about differences in accounting treatments between professionals. And they disagree. That is what is at the core of this. Professional disagreements. I will leave it at that.

3. The John Oakley Show
Note: A request has been made for the transcript

4. The Evan Soloman Show
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