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FYI

CP24: Interview With Auditor General Bonnie Lysyk On Recent Report

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Anchor: A review of the province's finances reveals that Ontario is deeper in debt than first reported. Ontario's Auditor General Bonnie Lysyk says the Ontario government's pre-election report was "not reasonable" because it understates the deficit by billions of dollars. Lysyk says the \$6.7 billion deficit projected by the government for the 2018/19 year will be instead be \$11.7 billion and the projected \$6.5 billion deficit for 2021 will be \$12.5 billion. To get more on this CP24's Karman Wong is live with more and of course the woman who has written this report. Karman.

Reporter: That's right. We've got the Auditor General Bonnie Lysyk, welcome to the show. Thank you for being here. You're an independent officer of the Legislature meaning that you don't have report to any or responsible to report to any political party and that you had to do this report because it's required by law to review the province's finances before an election. We talked a bit about those deficit numbers. I want to ask you about something else that you took issue with in your report which is the cut on hydro rates. Can you explain a bit of that?

Bonnie Lysyk, Ontario Auditor General: There is a Fair Hydro Plan. We didn't take issue with the cut because that's a government policy decision but in terms of the financing and the recording of expense system that was put in place, we took issue with that. When the pre-election report was completed during the process we quantified the impact of the government not recording all the expenses associated with paying the power generators and the interest expense on money that has to be borrowed in order to pay those generators so that makes up a component of the difference between the government's figure and our figures on the forecast. So about \$2.5 to \$3 billion isn't being included in the government's statements for those expenses. That have to be paid today.

Reporter: What does that mean for Ontario? Does it mean we're paying more than we thought for the cut?

Auditor General Lysyk: What it means is, in terms of the financial information that's put out in the pre-election report, the pre-election report understates the impact of that policy decision –government policy decision on government finances. So not all expenses are being properly recorded and so people don't have the proper information and all members of the Legislature don't have the full information to make decisions. And it does affect decisions because you can make decisions to spend money and you'll have to borrow even when you have a balanced budget, which really isn't the norm.

Reporter: The government is rather defensive about this today. They have chalked this up

to – and they have before – an accounting difference between you and the way they account for their stake in some pension funds. They say they've got \$11 billion that should be counted towards an asset in their books but you don't agree.

Auditor General Lysyk: We've been asking the government for evidence to support their position and that would be a letter from the unions saying that the government can withdraw a certain amount of surplus and also reduce minimum contributions and is if they provide us with that information to say they're going to do that, not a problem but they continue to pay about \$2 billion a year into those pension funds and so, like anybody, we say what's the value for that asset you have on your statements? So if you can give us proof we'll agree with you but we need proof. We're the auditors.

Reporter: And that hasn't come forward yet in any sort of way?

Auditor General Lysyk: That's correct.

Reporter: What do you make of this? We're just weeks away from an election. Obviously, this doesn't affect your report or what you say but it does affect how the oppositions will respond and how the government's responding.

Auditor General Lysyk: I mean, I think our hope in, again, communicating the issues with the completeness of the expenses and the projections would be that, down the road, there could be agreement and inclusion of those expenses in the government's financial statements in the upcoming year as well as in future years.

Reporter: Okay, Auditor General Bonnie Lysyk, thank you very much.

Auditor General Lysyk: Thank you.

Reporter: And, Nick, we do know the Premier has an event tomorrow morning and Doug Ford, the PC Leader, says he will respond to this Auditor's report tomorrow as well. Back to you.