

2016-17 PUBLIC ACCOUNTS

ISSUE: What is reported in the 2016-17 Public Accounts released on September 7, 2017?

KEY MESSAGES: PUBLIC ACCOUNTS

- The 2016-17 Public Accounts of Ontario show the province's deficit is \$991 million.
- This result is \$3.3 billion lower than projected in the 2016 Budget, and \$0.5 billion lower than the interim forecast in the 2017 Budget.
- This is a result of growth in revenue that exceeded growth in program expense, and lower than forecast interest on debt.
- Ontario has beaten its deficit target eight years in a row. Ontario's plan is working.
- As promised in the 2016 Budget, Ontario grew its economy while transforming healthcare, building vital infrastructure and investing in people's talents and skills.
- Due to our prudent fiscal management and Ontario's robust economic growth, we are projecting a balanced budget for the first time since the onset of the global recession in 2008.
- We remain on track to balance the budget this fiscal year as well as in 2018–19 and 2019–20.
- This is something that has been achieved only eight times in the last 40 years in Ontario.
- We will continue moving forward on our fiscally responsible plan that creates fairness and opportunity for all Ontarians.

KEY MESSAGES: OTHER HIGHLIGHTS

- We will continue to present the province's finances fairly and accurately and in accordance with Canadian Public Sector Accounting Standards.
- We also remain on track to balance the budget this fiscal year as well as in 2018–19 and 2019–20.
- Other highlights from this year's Public Accounts include:
 - Economic growth, with a 2.7 per cent increase in real gross domestic product (GDP), up 2.2 per cent in the 2016 Budget.
 - Total revenue of \$140.7 billion, up \$2.2 billion from the 2016 Budget.
 - Total spending of \$141.7 billion, down \$0.1 billion from the 2016 Budget.
 - Interest on debt of \$11.7 billion, down \$0.7 billion from the 2016 Budget.
- To help Ontarians better understand their government's finances, new digital tools have been developed that present the Public Accounts data in innovative, visual formats. These tools make Ontario's finances easier to understand, access and use.
- Presenting the Public Accounts data in innovative, visual formats is part of Ontario's commitment to Open Government.

KEY MESSAGES: ACCOUNTING CHANGES

BPS REVENUE PRESENTATION

- To increase transparency, the 2016-17 Public Accounts are presenting third-party revenues for hospitals, school boards and colleges, such as tuition fees, patient fees, research grants and donations, with provincial revenue.
- In prior years, these revenues were netted against the expenses of the respective sectors (health, education, post-secondary).
- This is a change in presentation only; the change increases total revenues and expenses by approximately \$8 billion, and does not impact the deficit, net debt or accumulated deficit.
- This change is consistent with public sector accounting standards and the reporting practices of other senior Canadian governments.
- The Auditor General is supportive of this change in presentation.

ACCOUNTING FOR ENERGY GOVERNMENT BUSINESS ENTERPRISES:

- The 2016-17 Public Accounts include the financial results of Ontario Power Generation (OPG) and Hydro One using International Financial Reporting Standards (IFRS).
- These two government business enterprises currently report their stand-alone financial results using Generally Accepted Accounting Principles in the United States (US GAAP).
- In prior years, the reported results of OPG and Hydro One were included in the results of the province based on US GAAP.
- This change does not have a material impact on this year's Public Accounts.
- The Auditor General is supportive of this change in presentation.

PENSION ACCOUNTING:

- The government established the Pension Asset Expert Advisory Panel following the release of the 2015-16 Public Accounts.
- The Panel delivered independent advice on how public sector accounting standards are interpreted as they apply to current net pension assets and the application of public sector accounting standards for two of Ontario's jointly sponsored pension plans; Ontario Teachers' Pension Plan (OTPP); and the Ontario Public Service Employees' Union Pension Plan (OPSEUPP).
- The Panel's report concluded that the province's share of the net pension assets of both the OTPP and the OPSEUPP should be recognized in Ontario's financial statements.
- The government accepted the Panel's recommendations, which have been reflected in the 2016-17 financial statements.
- The 2015-16 financial statements have also been restated to reflect the pension assets for these two plans.
- The Auditor General continues to not accept the application of the Public Sector Accounting Board (PSAB) standards in the 2016-17 Public Accounts regarding pension accounting for the province's jointly sponsored pension plans. For 2016-17, the Auditor General has qualified her opinion, stating that the province's deficit is understated by \$1.4 billion.

KEY MESSAGES: IESO ACCOUNTING

- The Independent Electricity System Operator (IESO) reports its financial results in accordance with Public Sector Accounting Standards.
- In 2016, IESO changed its accounting policy to begin recognizing market assets (amounts due *from* power distributors) and liabilities (amounts due *to* power generators). In previous years, these amounts were omitted from IESO's financial statements.

- This change has no impact to the province's annual deficit, net debt or accumulated deficit.
- IESO also adopted rate-regulated accounting for deferred charges, such as the cost of smart meters, which will be recovered from users of these meters over time.
- Public Sector Accounting Standards are silent on rate-regulated accounting, and as a result, as provided for in the accounting standards, IESO considered other sources of guidance to assess the appropriateness of applying rate regulated accounting.
- Prior to the 2015 merger with the IESO, the Ontario Power Authority (OPA) reported market accounts and used rate-regulated accounting under PSAS. The statements of the OPA were not qualified during that time by OPA's external auditor or the Auditor General. This accounting treatment is not new to Ontario.
- The Auditor General qualified her opinion in 2016-17 based on the recognition of the IESO's market accounts. The Auditor General also noted in her opinion that the use of rate regulated accounting under PSAS is not permitted, but did not qualify on the issue of rate regulated accounting, as the impact was not material in the current year.
- The reporting changes implemented by the IESO were approved by their management and board, and received an unqualified audit opinion from their external auditor. The province's Office of the Provincial Controller also supports the changes.

**KEY MESSAGES: AUDITOR GENERAL'S 2017 ANNUAL REPORT –
CHAPTER ON PUBLIC ACCOUNTS**

- The government thanks the Auditor General for her recommendations, and remains committed to assisting the Office of the Auditor General in providing its independent views to the Legislative Assembly.
- The government has a strong track record of producing high-quality financial reports on a timely basis and continues to present the province's finances fairly and

accurately and in accordance with Canadian Public Sector Accounting Standards.

- The government's use of external expertise for accounting and financial reporting matters supplements its own resources on complex or emerging accounting and reporting matters.
- The province will continue to provide financial statements according to Canadian Public Sector Accounting Standards that support transparency and accountability in reporting to the public, the legislature, and other users.
- The government will continue to build on its track record of responsible fiscal management.

CURRENT STATUS

- December 20, 2017 – the Treasury Board Secretariat (TBS) has been called to appear before the Standing Committee on Public Accounts (SCOPA), to review Chapter 2 – Public Accounts of the Province (Volume 1 of the 2017 Annual Report of the Office of the Auditor General of Ontario). In addition to officials from TBS, requests to attend were issued to officials from Cabinet Office, the Ministry of Finance, the Ontario Financing Authority, the Ministry of Energy, the Independent Electricity System Operator and Ontario Power Generation. Attendees will be required to provide the committee with a response to the Auditor General's report, and to answer any questions the committee members may have. Hearings are scheduled for February 28, 2018.
- As per Standing Order 108(h), the SCOPA is empowered to review and report to the House its observations, opinions and recommendations on the Report of the Auditor General and the Public Accounts, which documents shall be deemed to have been permanently referred to the committee as they become available.
- The committee may meet weekly when the Legislative Assembly is sitting. With the approval of the House, it may also meet at any time when the Legislative Assembly is not sitting.
- All meetings are open to the public with the exception of those dealing with the setting of the committee's agenda and the preparation of committee reports.
- All public committee proceedings are recorded in Hansard.

BACKGROUND:

- The Public Accounts of Ontario is a key accountability and transparency document in the government's financial cycle. It's a look back that compares Ontario's actual performance to what was planned in the Budget.
- The Public Accounts present the financial statements of the Province, provide financial highlights of the past fiscal year, and report on performance in priority areas.
- Public Accounts is audited by the Auditor General and is typically released in the fall of the following fiscal year.
- When preparing the 2016-17 Public Accounts, Ontario's professional accounting staff adopted accounting changes to further enhance accountability and transparency.
- These changes include:
 - **Accounting for hospitals, school boards and colleges** - third-party revenues (i.e. tuition fees, patient fees, research grants and donations) are now reported together with provincial revenue. This change increases transparency and is supported by the Auditor General.
 - **Accounting for energy sector government business enterprises** - the financial results of investments in Hydro One and Ontario Power Generation (OPG) now reflect International Financial Reporting Standards. Previously, these results were reported using U.S. Generally Accepted Accounting Principles. This change was made to meet Public Sector Accounting Board standards and is supported by the Auditor General.
 - **Accounting for the Independent Electricity System Operator (IESO)** - the IESO has adopted rate-regulated accounting, and is now recognizing its market accounts assets and liabilities in its financial results.
 - **Accounting for net pension assets of jointly sponsored pension plans** - the Province is reporting net pension assets for jointly sponsored pension plans. This is in line with Public Sector Accounting Board standards and the recommendations of the independent Pension Asset Expert Advisory Panel.

Pension Asset Expert Advisory Panel

- On November 10, 2016 Ontario established the Pension Asset Expert Advisory Panel to provide independent advice and recommendations to the government on the application of public sector accounting standards to Ontario's net pension assets.
- The Panel was comprised of accounting, legal and pension experts in the areas of jointly sponsored pension plans, actuarial modelling for pension plans and Public Sector Accounting Standards.
- The Panel members were:
 - Tricia O'Malley; (Chair)
 - Murray Gold;
 - Uros Karadzic; and,
 - Paul Martin.
- Panel members also provided advice on how to value net pension assets reported on the province's books, taking into account future decisions which might be made by the plan's sponsor or sponsors.

- The Panel issued its report in February 2017. Upon receiving the report, the government, supported by its own research and analysis, accepted the Panel's recommendation and has reported the pension assets of the Ontario Teachers' Pension Plan (OTPP) and Ontario Public Service Employees' Union Pension Plan (OPSEUPP) in its 2016-17 consolidated financial statements (with restatement of 2015-16).
- The Panel issued a supplementary report in March 2017 with respect to the Healthcare of Ontario Pension Plan (HOOPP) and Colleges of Applied Arts and Technology Pension Plan (CAATPP) recommending that a full valuation allowance be recorded on the net assets of both of these plans, based on the difference in governance structure between these plans and OTPP and OPSEUPP. The province agreed and has recorded a valuation allowance for CAATPP in the year (amount is not material). The HOOPP plan is not in a net asset position for accounting purposes at March 31, 2017.

Independent Electricity System Operator

- The Independent Electricity System Operator (IESO) is a not-for-profit, non-taxable corporation established pursuant to Part II of the *Electricity Act, 1998*. The Ontario Power Authority and the IESO merged on January 1, 2015.
- One of IESO's roles is to settle the market accounts, which are the amounts due to the entities that provide electricity to the market (e.g. power generators) and due from those who consume electricity (e.g. local distribution companies on behalf of their consumers).
- Rate regulated accounting is appropriate where the rates an entity is able to charge to its customers are set by another party (i.e. a regulator), provided specified criteria are met. Rate-regulated accounting permits the entity to defer costs that would otherwise be expensed to the period that the related revenue is charged to customers. Costs able to be deferred by the IESO include:
 - Unrecovered smart metering expenses; and,
 - Unrecovered pension and post-employment benefits related to PSAB transition.
- During 2016, IESO made two accounting changes (1) to recognize the market accounts in its financial statements – these amounts were not previously recognized in the IESO's financial statements, and (2) to apply rate-regulated accounting.
- The IESO received an unqualified audit opinion from KPMG (their external auditor) with respect to the financial statement presentation in their 2016 audited financial statements. IESO management, IESO's Audit Committee, IESO's Board of Directors, IESO's external auditor, and the Office of the Provincial Controller all support the recognition of the market accounts and the use of rate-regulated accounting by IESO.

Revenue Highlights

Against the Restated 2016 Budget:

- Revenues for 2016-17 came in at \$140.7 billion, or \$2.2 billion higher than forecast in the 2016 Budget. This was largely due to higher than projected taxation revenues, non-provincial source revenues from hospitals, school boards and colleges, and income from GBEs, partially offset by lower than projected Government of Canada transfers and other non-tax revenue.

Against the Restated Interim Estimates in the 2017 Budget:

- Revenues for 2016-17 came in at \$140.7 billion, or \$0.6 billion lower than the interim forecast in the 2017 Budget. This was largely due to lower than projected taxation revenues and Government of Canada transfers, partially offset by higher than projected income from GBEs.

Expense Highlights

Against the Restated 2016 Budget plan:

- Total expense in 2016-17 was \$141.7 billion, or \$0.1 billion lower than forecast in the 2016 Budget plan. Program spending was \$130.0 billion, up by \$0.6 billion from a planned spending of \$129.4 billion and interest on debt was \$11.7 billion, lower by \$0.7 billion from planned interest cost of \$12.4 billion. Program spending was higher by \$0.6 billion largely due to higher than projected spending in the health, community and social services, justice sector and general government and other.

Against the Restated interim Estimates in the 2017 Budget:

- Total expense in 2016-17 was \$141.7 billion or \$1.1 billion lower than the interim forecast in the 2017 Budget. Program spending was \$130.0 billion, \$0.9 billion lower than the interim forecast of \$130.9 billion in the 2017 Budget. Interest on debt was \$11.7 billion, lower by \$0.2 billion from planned interest cost of \$11.9 billion. Program spending was lower by \$0.9 billion largely due to lower than projected spending in the health and education sectors, and other programs.

Net Debt

- Net debt as of March 31, 2017, was \$301.6 billion, which was \$6.7 billion lower than forecast in the 2016 Budget. Net debt grew by \$6.2 billion during the year, representing a \$6.6 billion increase in liabilities that was partially offset by a \$0.4 billion increase in financial assets.

Auditor General's 2017 Annual Report: Chapter on Public Accounts

- On December 6, 2017, the Office of the Auditor General released their 2017 Annual Report.
- The Auditor General's Annual Report, Chapter 2, makes 10 recommendations regarding the Public Accounts of the Province.
- The recommendations largely reflect opinions that have been expressed in previous reports, including the Auditor General's audit opinion in the 2016-17 Public Accounts and the Special Report on the Fair Hydro Plan.
- Treasury Board Secretariat and Ministry of Finance disagree with the characterization of the majority of the recommendations, and re-iterate the government's commitment to producing high-quality financial statements on a timely basis and in accordance with Canadian Public Sector Accounting Standards (PSAS).

Financial Accountability Office's Economic and Fiscal Outlook, Fall 2017 Update

- On December 11, 2017, the Financial Accountability Office released its Economic and Fiscal Outlook, Fall 2017 Update.
- During the media event, the FAO said "since the government has not adopted the Auditor General's recommended accounting for both the Fair Hydro Plan and net pension assets, it is becoming more difficult for legislators and the public to assess the government's fiscal projections. This has reduced the transparency and reliability of Ontario's fiscal plan."

RECENT MEDIA COVERAGE:

- January 12, 2018 – The Toronto Star ran an opinion column by Martin Regg Cohn, “Independence is not infallibility when it comes to Ontario’s financial books,” arguing Auditor General “Lysyk’s paranoia about partisan advertising is a depressing case study on how she approaches the vital role of an auditor general, which is meant to be a check and balance on the power of government — not a grudge match grounded in distortions over picayune disputes. All’s fair in politics and accounting, unless you’re an auditor gone awry.”
- January 9, 2018 – The Toronto Sun runs a column by Ben Eisen, director of the Fraser Institute’s Ontario Prosperity Initiative entitled “Ontario’s finances are still a mess.” Eisen argues that people should treat the government’s balanced budget claims with skepticism, writing “For starters, many analysts, including Ontario Auditor General Bonnie Lysyk, have called the government’s accounting techniques into question, arguing proper accounting would show continued deficits. Others, including the government’s Financial Accountability Office, warn that without additional policy changes to reduce spending, or raise taxes, Ontario will likely slip back into deficits.”
- December 17, 2017 – The Ottawa Sun’s Lorrie Goldstein writes that “with less than six months to go before the June 7 election, two independent, non-partisan financial watchdogs of the Ontario Legislature say the books of Premier Kathleen Wynne’s Liberal government cannot be trusted.” Goldstein highlights the disagreement between the Auditor and the government on the pension asset accounting issue, also noting the expert advisory panel: “Lysyk argues the government is improperly claiming the \$11.5 billion surplus in the Ontario Teachers’ Pension Plan as an asset, because it cannot access these funds without the permission of Ontario’s teacher unions [...] In November 2016 it hired what it described as an expert, four person pension advisory panel, with a budget of up to \$435,000 for salaries, excluding expenses, which in February 2017 backed the government’s accounting on the teachers’ pension plan.”
- December 17, 2017 – The Toronto Sun’s Jim Warren cautions that “the role of the Auditor General is shifting in troubling ways,” arguing that the Auditor General’s increasing outspoken role is “making matters worse.” Specifically referencing the pension asset accounting issue, Warren writes “For the first time in 16 years, Lysyk in 2016 decided to change her office’s opinion on how the Ontario government presents pension assets in the audited financial statements and fought the government’s claim it had balanced the budget in 2017-18. Wynne’s Liberals asked an independent expert panel to determine the appropriate accounting treatment of the pension assets and they sided with the government. Lysyk provided her advice to the government and that should have been the end of it. Instead, in her latest annual report she rehashed the same issue and has gone from proving independent oversight to being an advocate for her own position.”
- December 14, 2017 – The Record runs an opinion piece, “To sort out truth from pre-election fictions, turn to Bonnie Lysyk,” writing that the Auditor General “warned that the Liberal government is making its financial position look rosier than it really is in part because it has counted as government assets two pension plans, including the plan of Ontario’s teachers. That’s extremely sketchy accounting practice. The teachers’ pension plan is an independent organization and not owned by the provincial government. For the government to claim it as an asset is as dishonest as if you were to apply for a bank loan and, when you were asked to show what assets you own, telling the bank that you actually own your neighbour’s home and car.”
- December 13, 2017 – The Toronto Sun runs a comment piece, entitled “Liberals hiding deficit, second watchdog says” covering the Financial Accountability Officer’s (FAO) fiscal outlook report. The article highlights the pension asset accounting issue, writing that the FAO’s report “says these projections are based on weaker revenue growth and the Wynne government’s rejection of “the Auditor General of Ontario’s recommended accounting treatment for both the government’s Fair Hydro Plan and the net pension assets of jointly-sponsored pension plans.” Defying the auditor general, the Wynne government hired what it called an expert panel, which endorsed its pension accounting.”

- December 12, 2017 – The Canadian Press reports on the Financial Accountability Officer's (FAO) fiscal outlook report, writing that the report says "a long simmering accounting dispute between the Liberal government and Auditor General Bonnie Lysyk over how to count two public-sector pension plans is contributing to uncertainty."
- December 12, 2017 – The Toronto Star's Robert Benzie reports on the Financial Accountability Officer's (FAO) fiscal outlook report, noting that the FAO adopts the Auditor General's accounting treatment of pension assets, resulting in a \$4 billion deficit in 2017-18, "even though the Liberals maintain the books are in the black."
- December 12, 2017 – Ottawa Citizen's David Reevely also reports on the FAO report, writing: "We're up to three different versions of the provincial government's books, depending on how you count surpluses in a couple of public pension funds and money the government is borrowing to lower electricity prices temporarily. Without getting into the weeds on these disputes, the Liberals want to run the numbers in a way that makes them look good and they're not obviously wrong, but all the government's independent officers with anything to say about it - the auditor general, the financial accountability officer - say what they're doing is not OK."
- December 7, 2017 – Following the release of the Auditor General's 2017 Annual Report, the Toronto Star's Robert Benzie and Rob Ferguson outline the Auditor's various recommendations for the government. On the pension asset accounting front, the reporters write: "Even though a government-appointed expert panel of accountants concluded she is wrong about excluding the publicly owned assets of two joint-sponsored pension plans on the government's bottom line, Lysyk continues to claim she is in the right on the actuarial tiff."
- December 7, 2017 – CBC, The Star, and other news outlets report on the Auditor General's 2017 Annual Report, referencing the ongoing "accounting disagreements" between the Auditor General and the government, including reference to IESO accounting and pension asset accounting.
- October 25, 2017 – In follow-up to the release of the Auditor General's special report on the Fair Hydro Plan, the Toronto Sun runs a column "Number's up for Wynne's government," using disagreement regarding pension asset accounting as support for the Fair Hydro Plan not being the first time the government and the Auditor General have disagreed: Last year, the government and the auditor general publicly disagreed over the appropriate way to treat assets held by public pension plans. That dispute had implications for the important question of whether the government would post a balanced operating budget, or a deficit, this year."
- October 18, 2017 – The Toronto Star's Martin Regg Cohn writes "Watch out for watchdogs who don't like being watched," commenting "The last time Lysyk attacked the government's deficit calculations, an outside panel of experts rejected her arguments- because not even an auditor can make a surplus disappear from a balance sheet. There is no permanent arbiter for auditors, but Lysyk is no longer the last word on accounting disputes - merely one of many voices, right or wrong. Expect that voice to grow louder next year when she formally assesses the 2018-19 spring budget - and once again challenges Liberal claims of deficit elimination."
- November 15, 2017 – Ontario PC Finance Critic Vic Fedeli pens a column in the Toronto Sun on the Fall Economic Statement, making reference to the Auditor General's qualified audit opinion on the province's Public Accounts two years in a row.
- October 16, 2017 – CBC News looks to the province's Public Accounts to highlight "Four surprising things about the Ontario government's finances," including: "personal income tax revenue is dropping," "corporate tax revenue is soaring," a "real estate windfall," and "booze revenue poised to top gambling revenue."
- September 8, 2017 -- Post Media's David Reevely quotes the AG's statement that rejects the contents of the Public Accounts "The Legislature and all Ontarians must be able to rely on the province's consolidated financial statements to fairly report the fiscal results for the year. This year they cannot do so." The article mentions the FAO's commentary this week saying the FAO and AG have 'made a businesslike routine of pointing out all the extreme assumptions and accounting stretches the

government is using to make the books look good in an election year.” The article concludes that considering what happened to the world economy a decade ago the government has ‘done all right’ but is critical of ‘dismissing’ the government’s two most prominent independent financial experts. **Minister Sandals** mentioned in reference to releasing the PA.

- September 7, 2017 -- Toronto Star says the “stakes are high in the accounting slugfest between the government and the auditor general.” The article mentions Minister Sandals “shrugging off” the AG’s accounting interpretation. “The experience last year was the books were qualified on the same issue and it didn’t impact the credit ratings,” the treasury board president said. “Quite frankly, I don’t think the public is terribly hung up on accounting disagreements.”
- September 7, 2017 -- QP Briefing reports financial watchdogs aren’t smiling about the government lowering the deficit to \$1 billion, but instead are ‘baring their teeth’. The article says auditor general Bonnie Lysyk said yesterday the government “significantly understated” its deficit, while the Financial Accountability office this week called the plan to reduce the debt burden “unlikely.” Minister Sandals is quoted “The public wants to know, are you managing your deficit?” “Is your deficit getting smaller? Are you going to balance the budget this year? Quite frankly, I don’t think the public is terribly hung up on accounting disagreements.” The article also notes AG Lysyk is warning that the complex accounting behind the hydro bill reduction could add to a bigger than expected deficit next year, and that a special report will be tabled this fall.
- September 7, 2017 -- The CP article about Public Accounts quotes Minister Sandals “The public wants to know, are you managing your deficit?” she said. “Is your deficit getting smaller? Are you going to balance the budget this year? Quite frankly, I don’t think the public is terribly hung up on accounting disagreements.” The coverage says AG Lysyk disputes the government figures and that “the statements were not prepared following Canadian Public Sector Accounting Standards.” This article was picked up by several media outlets but coverage was not widespread.
- February 20 & 21, 2017 -- Toronto Sun report on Minister Sandals’ memo to OPSEU that “the OPSEU pension plan....clearly states that no amount of the surplus shall be paid out of the plan to either sponsor”. This is followed by a column by OPSEU President Warren Thomas saying Ontario's public service workers and retirees feel like we are about to get robbed.
- February 18, 2017 – Toronto Star, Toronto Sun and Ottawa Sun coverage of the ongoing pension accounting issue between the government and Auditor General.
 - Ottawa Sun says NDP Leader Horwath trusts the Auditor General’s math.
 - Toronto Sun quotes Minister Sandals who said in a statement that she will accept the findings of the panel.
 - Toronto Star columnist Martin Regg Cohn wrote that the Auditor General is no hero, and her “bizarre claim turns out to be a sideshow, designed to cover up her own miscalculations after an outside panel of experts found the auditor herself had conflated facts and confused figures.”
- February 17, 2017 -- Hamilton Spectator, QP Briefing, and Windsor Star have coverage.
 - The Spectator’s opinion piece is negative toward Auditor General Lysyk.
 - QP Briefing’s piece written by Bryne Purchase, former deputy minister of finance, sides with the AG.
 - Windsor Star published the CP story that says the AG is not satisfied after the expert panel’s report on the \$10.7 billion pension dispute and that she is asking to see “the letter that says you can use that pension money with permission, with an agreement.”

- February 16, 2017 – The Toronto Star, Toronto Sun & QP Briefing have coverage of the Auditor General's response to the panel's report.
 - The Toronto Star and QP Briefing say the Auditor General is demanding proof in writing from the unions that they are okay with the government using taxpayer-funded pension surpluses for accounting purposes and describes it as an “escalating a \$10.7 billion standoff”.
 - QP Briefing quotes Minister Sandals from her statement: “They (the panel) concluded that the government does not need a letter from either of the unions because the joint pension agreements spell out how the surplus will be dealt with. They also concluded that there are no public-sector accounting standard requirements for any additional letter to be in place specifying when or by how much contributions will be reduced beyond the joint pension plan agreements already in place.”
 - The Toronto Sun has two articles on the number crunching aspect of the expert panel and that the government spent up to \$435,000 on it. OPSEU's Warren 'Smokey' Thomas was livid and notes that he wants a guarantee the government won't raid his members' pension fund.
- February 15, 2017 -- QP Briefing quotes Minister Sandals about it being too soon to weigh in on what might happen if the Auditor General stands her ground in the pension accounting dispute.
- February 14, 2017 – high profile media coverage of the Pension Asset Expert Advisory Panel report release the day before.
 - Toronto Star columnist Martin Regg Cohn is critical of the Auditor General saying she has been caught out in a \$10.7-billion miscalculation.
 - The Star's coverage also included article about the panel report and that \$10.7 billion in government-sponsored pension plans should count toward the province's bottom line.
 - The Ottawa Sun's David Reevely says about the panel report “...we're talking serious money - the stakes in what's otherwise the most arcane public-accounting battle ever to spill out of a comptrollers' seminar and into the streets.”
 - OPSEU's Smokey Thomas writes that the dispute between the government and the Auditor General is not “just a paper war” and that he “unequivocally supports” the AG's position.
- On February 13, 2017 QP Briefing reports the government has accepted the panel's conclusion that pension surpluses are assets. The Auditor General's stance won't be known until later in the week. The article includes comments from Tory finance critic Vic Fedeli: “Basically, they've gone out and hired people whose findings would be more convenient for them ... They have appointed a private panel of auditors to come to the province's conclusion.” OPSEU president Warren (Smokey) Thomas said he's concerned the panel's conclusion was politically motivated: “If I was going to fall on a side of advice, I'd fall on the advice of the auditor general,” he said. “The government has gone to extraordinary length to have somebody try to disagree and discredit the auditor general.”
- February 7 & 8, 2017 – Toronto Star and QP Briefing have coverage about the pension asset advisory panel's soon-to-be-released report.
 - PC Finance Critic Vic Fedeli tells the Star, that the people have to ask themselves who they are going to believe-- the independent auditor general or a scandal-plagued Liberal government?”
 - Columnist Martin Regg Cohn writes the AG has gone out on a fiscal limb by effectively wiping away nearly \$11 billion in government assets and she won't climb down.
- November 14 & 30th, 2016 -- QP Briefing has coverage of the expert panel announced to study the accounting dispute over pension assets.

- October 9, 2016 -- Focus Ontario (Global tv) and the Toronto Sun have coverage of the 2015-16 Public Accounts and the disagreement with the Auditor General.
 - Focus Ontario coverage balanced.
 - Toronto Sun opinion piece expresses surprise that the government elevated the tussle over pensions to the political realm by tabling the financial statements without the Auditor General's opinion.
- October 6, 2016 -- The Financial Post has a highly critical commentary by analysts with the Fraser Institute, while QP Briefing reports the public accounts for 2015-16 have been tabled almost two weeks after months of back and forth between the auditor general and the government over whether the bottom line should include assets for two jointly-sponsored provincial pension plans.
- October 3, 2016 -- The Globe and Mail and Canadian Press report the government is 'fighting' with the Auditor General. Globe notes focuses on the AG's \$1.5-billion discrepancy in last year's deficit and a \$10.7-billion difference in Ontario's net debt. CP story (picked up by 40 media outlets) says the Auditor General is taking issue with their pension asset accounting, though it says these are rules that have been used for the past 14 years.

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Appendix

Preparation and Tabling:

The Public Accounts for each fiscal year are prepared under the direction of the President of Treasury Board, as required by the *Financial Administration Act*.

The Public Accounts of Ontario consist of the Annual Report and three supplementary volumes. The Annual Report includes the province's audited consolidated financial statements and a financial statement discussion and analysis section. Supplementary information is contained in three volumes:

- Volume 1: Ministry statements for expenses, assets, revenue, detailed debt and other supplementary schedules. It provides a comparison of appropriations with actual spending.
- Volume 2: Financial statements of significant provincial corporations, boards, commissions that are part of the government's reporting entity, and other miscellaneous statements.
- Volume 3: Detailed schedules of payments made by ministries to vendors and transfer payment recipients.

The *Financial Administration Act* requires the President of Treasury Board to submit the province's Annual Report and consolidated financial statements to the Lieutenant Governor in Council (LGIC) on or before 180 days after fiscal year-end. This year, the deadline was September 27, 2017.

The process for release of the Public Accounts is as follows:

- The Public Accounts are approved by the Lieutenant Governor in Council.
- The LGIC lays the Public Accounts before the Assembly, if the Assembly is in session, and the Public Accounts are then released on the same day.
- If the Assembly is not in session on the day of the release of the Public Accounts the LGIC is required to make the Public Accounts public and the Public Accounts are laid before the Assembly on or before the tenth day of the next session.