

Summary of Question Period for Wed. April 25, 2018

From: "Flowers, Robert (TBS)" <robert.flowers@ontario.ca>
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Please see the attached select or full summaries of Question Period for today.

>> The Speaker: Seeing no further introductions, I beg to inform the house that the following document was tabled. [A review of the 2018 pre-election report on Ontario's finances from the office of the Auditor General of Ontario.](#)

MPP Fedeli (PC) to the Premier and Minister McMahon re: the Pre-Election Report about Ontario finances

>> Vic Fedeli: Good morning, Speaker. And thank you. My question is for the Premier. The opening centres of the auditor general's blistering report says it all. The numbers from the Liberal government are, quote, not a reasonable presentation of Ontario's finances. There you have it, Speaker. Auditor Bonnie Iysyk revealed that Ontario's deficit this year is actually \$11.7 billion, up 5 billion from the numbers the Liberals just reported. They're off by 75%. Next year, they're off by 85% and the deficit grows to 12.2 billion. And the year after that the Liberals understate the number by almost 100% as the deficit hits 12.5 billion. The Liberal government cannot be trusted, Mr. Speaker. Will the government finally come clean about the true state of Ontario's finances?

>> Premier Wynne: Thank you very much, Mr. Speaker. And I appreciate the question from the opposition member. I know that the Minister responsible for the treasury board secretariat is going to be happy to respond in supplementary and I've already answered the question in the public realm with the media today, Mr. Speaker. Thank the auditor general for her response to the pre-election report. I know that the treasury board secretariat and the ministry of finance have been working closely with the auditor general of Ontario, Mr. Speaker, on a wide variety of issues. There are issues that the auditor general has raised in her response, Mr. Speaker, that she has raised before and these are ongoing conversations and, you know, we have worked closely with accounts. We've been very, very careful, Mr. Speaker, as we made the decision as a government to reduce people's electricity bills by 25%, Mr. Speaker. We knew that that was necessary and we worked very, very hard to make it clear that that would mean a cost over a period of time. We worked with accountants to create that plan, Mr. Speaker.

>> Vic Fedeli: Thank, Mr. Speaker. Back to the Premier. The auditor general's scathing report is an indictment of this Liberal government. Auditor Bonnie Iysyk said, quote -- the government did not properly record the true financial impact of the fair hydro plan. She said, quote -- neither the expense to pay power generators nor the interest on the funds borrowed has been included. There's billions in cash going out the door, but they're not listing it as an expense. They're borrowing money to pay the bills but not reporting the

cheque. So it appears there's money in the bank when there isn't any. Only Liberals think they can get away with that. Mr. Speaker, why does this government present numbers that are off by 100%?

>> **Premier Wynne:** Mr. Speaker, all of that -- all of those numbers are reported -- recorded. And there is an accounting disagreement, Mr. Speaker, and -- Mr. Speaker, all of those numbers are recorded. They are clearly laid out as definitely carried in the electricity system, Mr. Speaker. We made a decision that people need today have relief on their electricity bills, Mr. Speaker, and we are spreading the cost -- the billions of dollars of investments that we have made over -- A longer period of time, Mr. Speaker. And carrying that within the electricity system where it appropriately resides, Mr. Speaker. And it is done in other jurisdictions. There is an accounting disagreement that has been going on, Mr. Speaker. I recognize that. We acknowledged that and we will work with the auditor general.

>> **Vic Fedeli:** Back to the **Premier**. I have to say, Speaker, that is 100% wrong. It is not recorded. It is recorded as an asset, something they legislated, Speaker. Only a Liberal would legislate a debt as an asset. As if that isn't enough, the government then recorded pension revenue that wasn't there and listed insufficient pension expenses. The auditor said, quote, it should not have been done. She added, quote, the incorrect reporting of pension revenues and expenses is an understatement of expenses. Speaker, the government's books are off by up to 100%. They simply cannot be trusted. Nothing they ever tell us should ever be believed again and the auditor has proved that. Mr. Speaker, how can the people of Ontario ever trust one word from this -- this government says?

>> **Minister McMahon:** Thank you, Mr. Speaker. I'm delighted to have the opportunity to respond to the auditor general's pre-election report and start by thanking the auditor, Speaker. As an independent officer of legislature, the auditor general brings a value to an incredibly important perspective to our work as government. We work closely with her and her officials and I do want to take this opportunity to thank the outstanding officials in our government, Speaker, who have worked so closely with the auditor in her work. Our government passed the fiscal transparency and accountability act in 2004, Speaker, precisely because it was under a previous government we woke up to a \$6 billion surprise and we have fixed that, Speaker. Why? Because on this side of the House, we believe that transparency and accountability are foremost in our thinking, Speaker. And that is why -- We are delighted to have this pre-election report today as an opportunity to once again be accountable to Ontarians. Thank you, Mr. Speaker.

MPP MacLeod (PC) to Minister Sousa and Minister McMahon - re: the Pre – Election Report

>> **MPP MacLeod:** Thank you very much, Speaker. My question back to the **Premier**. The auditor said perception is created that the government has more money available than it actually does. The real deficit numbers are astounding and they are double what they told us in this House. \$11.7 billion next year. \$12.2 billion the year after that. \$12.5 billion the year after that. After they promised us that they would balance the budget. The deficit is out of control and the government -- They can heckle all they want but what they really want to do is pull the wool over the people of Ontarians' eyes. Will the **Premier** come clean and admit that the real numbers in her budget are double?

>> **Minister Sousa:** Mr. Speaker, I appreciate the work the auditor general has done and I recognize that, throughout her deliberations, and we did ask yesterday for some time. She

says this, Mr. Speaker. The pre-election report provided, which is the one that we presented just at the time of the budget, are reasonable and if cautious underpinning a fiscal forecast. She reaffirms that our track back to balance is actually prudent. She recognizes that the forecast to look forward is actually cautious. And, Mr. Speaker, furthermore, she is again referencing two issues that the accountants, professional accounting firms is in dispute with the auditor general in his reflection of those requirements but is fully transparent the debt is reflected. The amount of transactions are apparent. There for all to be seen. And furthermore, it's reaffirmed and reinforced by the investors who are making the loan in respect to those very issues, Mr. Speaker .

>> MPP MacLeod: Speaker, you can tell their numbers are bogus because they're playing musical chairs to answer over there. What the auditor actually said is that the election report is not a reasonable presentation of Ontario's election finances. How can this government be trusted? The actual deficit will be double at \$11.7 billion. The auditor is here to hold the government accountable, and they -- her aside like she's a nuisance. She's here for the good of the public. The Premier is only there for the good of the Liberal party. So I ask, Speaker, why is this government so intent on avoiding accountability, and where is the secret hidden ledger?

>> Minister Sousa: Mr. Speaker , attacking the public service. The accounting of this organization. She's attacking KPMG, who actually performed the audit forieso. She's attacking deloitte, who's reaffirmed the process that's been made. She's attacking, Mr. Speaker, e&y, who's audited the work of O.P.G.. Clean audit on both cases, Mr. Speaker . Furthermore she's attacking deloitte -- She's attacking deloitte who is also reflected on the issue of pensions. Let me be clear, we slay the deficit based on the work we've done. We balanced the budget. We have a \$600 million surplus and going --

>> MPP MacLeod: The finance Minister would be still at the bank would be fired. This government is intent on hiding the truth from Ontario taxpayers. When the real deficit -- Withdrawn. But I'm not attacking our valued public servants. I'm not attacking outside auditors who don't have the full picture the auditor general does but am attacking Thi government for withholding -- Ontario taxpayers. \$6.7 billion deficit when in fact it is double and they're going to continue to double it over the next three years. The deficit and that's going to hurt future generations including your kids, including your grandkids, including my daughter. So where is the secret ledger? Why won't you provide it to this legislature today?

>> Minister McMahon: Thank you, Mr. Speaker. Thank you, Mr. Speaker. You know, Speaker, I know that on days like today, when tensions can be high in the House, things can be said, Speaker. But I want to join the Minister of finance in outlining the fact that the member opposite has just cast aspersions on our professional public service. And I think -- Speaker, these are people who work hard. They are among the best public servants in the country. They are also working incredibly diligently with the auditor general, Speaker. That's what we know. That's what we expect, and the member opposite should actually be taking those comments back, Mr. Speaker. I will say this. The auditor general has said that our books are prepared with accordance of prudence and. Assumptions.

MPP Fedeli (PC) to Minister Sousa (Finance) and Minister McMahon (TBS) re: Pre-Election Report from AG

\ >> Vic Fedeli: Thank you, Speaker. My question is for the **Premier**. This government had been warned for well over a year that what they were doing with our finances was not right. The financial accountability office warned that because of the hydro scheme, MPP S should obtain assurance from the auditor that the province's accounting meets the public sector accounting standards. They were that worried, Speaker. The F.A.O. Also stated that, beyond this year, expect a, quote -- significant increase in the budget deficit due to growing impact of the fair hydro plan. They knew, Speaker. The government knew that they were jeopardizing Ontario's fiscal position. They were told over and over. Speaker, why does this **Premier** and this government think they're above the rules?

>> Minister Sousa: Mr. Speaker, the member opposite makes reference again to the principles of accounting, which all lead to the accountants. Deloitte, KPMG, e&y, all of whom had prepared and provided for the structure that we have before us and affirmed by them. And the member opposite talks about the concerns that would happen with the investment community. Well, Mr. Speaker, it was them who was actually proposing and investing in these very issues. Furthermore dbrs, a rating agency just confirmed our double-a rating as stable, Mr. Speaker, in light of all of these situations as well. We're moving forward with the appropriate accounting principles that's approved by world-renowned accounting firms, Mr. Speaker .

>> Vic Fedeli: Back to the **Premier**. The government didn't listen to the financial accountability office, and now they won't listen to the auditor general. This is from the auditor, quote -- it is clear the government's intention in creating their accounting to handle the costs of the electricity rate reduction was to avoid affecting its fiscal plan. She's onto them. Quote -- the intention was to avoid showing a deficit in the province's budget and consolidated financial statements and to likewise show no increase in the provincial debt. Quote -- and by end the way they finance it could, quote, cost Ontarians \$4 billion more in interest. So, Speaker, why is this **Premier** and this government putting the province's finances in jeopardy just to cling to power?

>> Minister McMahon: Thank you, Mr. Speaker. You know, at the core of this issue -- and again we thank the auditor general for her report, Speaker -- is an issue about accounting differences of opinion, Speaker. The ieso is a rate regulated agency, Speaker. Rate regular ewe -- and thus uses rate regulated accounting. The change in the ieso's accounting practice has done a couple of really impnt things, Speaker, and I'll get to those in a quick second. Thank you, Speaker. Before I get to that, Speaker, I just want to remind the member opposite of a couple of important things. Number one, we took \$1.5 billion, Speaker, off the tax base and we put it onto the rate base, Speaker. Which we saw a very important issue regarding fairness. You know, the ieso accounting practice that we adopted has eliminated a second set of books, has brought greater transparency to \$17 billion. Worth of transactions, Speaker .

MPP Vanthoff (NDP) to Minister McMahon (TBS) re: Pre-Election Report

>> MPP Vanthof: Thank you. My questn is to the **Premier**. First of all I'd like to thank the auditor general for her work on behalf of the people of Ontario. Today she reported that the government's pre-election -- that the government's pre-election report is, quote, not a reasonable presentation of Ontario's finances. And that's pardonly because the government is using a complicated private financing scheme to keep billions of dollars of hydro debts off the government's books. Not only does this scheme wa \$4 billion for no other purpose than to hide this debt. It clearly violates public accounting standards as the

government knew it would. Why is the **Premier** hiding the truth about what his \$40 billion hydro borrowing scheme -- I withdraw. Why is the **Premier**, um -- Why is the **Premier** involved in this \$40 billion hydro scheme which will cost the public even more money?

>> Minister McMahon: Speaker, thank you very much to the Honourable member for his question. And I think it's important, Speaker, to just remind, the pre-election report really is an important opportunity for the auditor general to give us some very important advice, Speaker. The accounting practices that the member opposite talks about have done some really important things for our economy and for ratepayers, Speaker. Because this change in the ieso's accounting practice has eliminated a second set of books that was previously kept, has brought greater transparency to \$17 billion worth of transactions. Furthermore it's consistent with the accounting practices every ieso's predecessor the O.P.A.. We respectfully disagree with the auditor general on this, Speaker. We made a significant policy decision to lower the cost of energy for Ontarians, Speaker. And that is a decision that will stand. Thank you, Mr. Speaker.

>> MPP Vanthof: Again to the **Premier**. The **Premier's** \$40 billion hydro borrowing sch does not permanently lower bills for Ontarians. Over the long run, it will add \$40 billion in hydro debt and interest onto bills, which will have to be repaid once again by the people who use hydro. The government is needlessly wasting \$ billion on private financing schemes whose sole purpose is to keep that debt off the government's books. Instead of violating public sector accounting standards, why won't the **Premier** just tell T Ontario public the truth, that their hydro bills have not really gone down, but over the long run will skyrocket higher than ever before?

>> Minister McMahon: Thank you, Mr. Speaker. I want to go back to the premise of this rept, Speaker, and remind the member opposite that the auditor general actually, in issuing her report today, underscored the fact that our government has prepared our books with a degree of prudence that she underscores as being extremely important. So that's an important piece of context. You know, Speaker, when the public accounting standards, as deloitte pointed out, are silent on the question of how to account for the impacts of rate regulation, it is appropriate for a public sector entity -- and this is their opinion, Speaker -- to select accounting policys that would result in the recognition of the impacts of rate regulation. This again, Speaker, is an area of disagreement with the auditor general that we have another area of disagreement with her as well on pensions. We are please today have a report today. We respect her opinion. And we, again, you know, underscore the fact that this is an act of transparency on our part to publicize this pre-election report, something Ontarians previously didn't have. Thank you.

MPP MacLeod (PC) to Minister Sousa (Finance) re: Pre – Election Report from AG

>> MPP MacLeod: Thanks very much, Speaker. My question goes back to finance Minister. Just like at enron the secret hidden ledger was finally revealed, and when it was, the real deficit and the deficit figures are now accounted for. The net debt per Ontario resident is \$23,670 per person. Let me bring you back to 2003, when they were brought into office. It was only \$11,324. That figure is going to raise by \$24,950 per person next year, and \$26,240 per person the year after that. So this government is leaving my daughter and the next generation with an unsustainable amount of debt that is going to hurt our very core and valued public services. So I want to know why is this government,

including that Premier, content with leaving our children over \$26,000 worth of debt because of their mismanagement?

>> Minister Sousa: Mr. Speaker, I have three kids of my own and I want to leave them with opportunity in the future. And let me be clear. The member opposite is talking about one side of the ledger. There's something else that's extremely important here, extremely worth noting, and that is Ontario is indeed one of the largest subnational economies in the world, Mr. Speaker. Over \$800 billion. We're going to be up to a trillion soon, Mr. Speaker. That strength of our economy, that work that is also important that calculation. And we take into account the degree of debt as a percentage of that overall value, the people of Ontario have a huge net worth, Mr. Speaker, of close to \$40,000 each. My children are going to benefit because of the investments we make in transit, in schools, in hospitals. In the economic growth. They'll have opportunity. They're denying them that right. We'll continue to invest in Ontario.

>> MPP MacLeod: What we really are is the largest subnational debtor in the world, Speaker. And that Minister over there -- \$78,000 to pay for his share but most Ontario families, the people of Ontario don't have an extra \$80,000 kicking around to pay for their mismanagement. Under the Liberal government immediately will owe -- a child born -- will owe \$26,000 thanks to that Minister. I care about the future. I care about my daughter. I care about the kids on our hockey team. I care about the pages. But they are putting all of that at risk with unsustainable and reckless spending. I want to know from the Minister, is he ok with saddling every single child born in 2018 with \$26,000 of additional debt? Because I can tell you, me, vic fedeli and Doug Ford certainly aren't.

>> Minister Sousa: Mr. Speaker, in 40 years, there's been only 8 balanced budgets, three of them by the Conservatives, the rest by us. Mr. Speaker, the largest deficit in Canadian history was over \$15 billion by the Conservative government, Mr. Speaker. Not by anybody else. Furthermore this is all about choice. The member opposite is talking about what they choose to do. We have no idea because they have no plan. But we know what they are going to do. They're going to cut. We want to support child care for people. Mental health and addictions. More supports for hospitals. More supports for our seniors. More supports for our children and our students, Mr. Speaker. To put them at their best going forward in our future. We're investing in those programs. They are going to cut those programs. They're putting at risk the future of Ontario, Mr. Speaker. We're fiscally strong and we're going to continue to be strong. Because the people of Ontario deserve that, Mr. Speaker.