

Hansard: Fedeli to Sousa (McMahon) -- AG Pre-Election Report

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INSTANT HANSARD

>> **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&v, 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 .**

N.B.: Transcripts are captured by a closed captioning system and may contain errors.