

RE: Post Question Period Scrums: Minister Thibeault & MPP Smith

From: "Donaldson, Mark (TBS)" <mark.donaldson@ontario.ca>
To: "Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca>, "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Date: Mon, 26 Mar 2018 14:27:12 -0400

This is started from what we prepped for SCOPA:

Are you concerned that the Auditor General will issue an adverse opinion on the province's next Public Accounts due to Ontario's Fair Hydro Plan accounting?

It would be inappropriate to speculate about how the Auditor General may issue an opinion for the 2017-18 Public Accounts, as the implementation of Ontario's Fair Hydro Plan (OFHP) is ongoing.

The province's financial statements are prepared in accordance with Canadian PSAS and will follow PSAS in accounting all transactions, including the Fair Hydro Plan, in 2017-18, and in following years.

Ontario has a strong record of producing high-quality financial reports on a timely basis. We will continue to move forward and present the province's finances fairly and accurately and in accordance with accounting standards for governments in Canada.

From: Hosick, Sarah (TBS)
Sent: March 26, 2018 1:50 PM
To: Veinot, Cindy (TBS); Donaldson, Mark (TBS)
Subject: FW: Post Question Period Scrums: Minister Thibeault & MPP Smith

Hi Cindy and Mark,

summaries of media scrums today (highlights my own) below

We'll likely be asked to prepare a response regarding "are you concerned about an adverse opinion?" in case Minister McMahon receives that question tomorrow.

Mark can you prepare a first draft of this response please?

Thanks
Sarah

From: Tharani, Alisha (TBS)
Sent: March 26, 2018 1:41 PM
To: Skoberne, Vivienne (TBS); Ue, Allison (TBS); Nelson, Dane (TBS); Walsh, Laura M. (TBS); Liu, Mary (TBS); Gallant, Gabrielle (TBS); Rubin, Jack (TBS); Prins, Sebastian (TBS); Hadisi, Lawvin (TBS); Loughton, Patrick (TBS); Hosick, Sarah (TBS)
Cc: @TBS-L-Issues and Media

Hi all,

See attached for two clips from post-Question Period media scrums with Minister Thibeault (on AG/IESO/accounting standards) and MPP Todd Smith (on Sunshine List and Hydro One salaries; IESO and the AG; and the AG and accounting standards).

Below are summaries of the clips (*not a transcript*):

1. Minister Glenn Thibeault

- AG, IESO, and accounting standards
 - o It's nothing new what the AG has raised
 - o Our accounting is supported by KPMG, external advisors, provincial controller. We're following PSAS.
 - o We've been transparent about our use of rate-regulated accounting. EY, KPMG support that we're following PSAS
 - o Q: Are you concerned about an adverse opinion?
 - § This is something you should talk to the President of the Treasury Board about
 - § IESO audit – instruct them to continue to work in cooperation with the AG
 - o Q: What should Ontarians make of this very public spat between you and the AG. Can't be taking confidence that you can't agree on accounting standards?
 - § We've talked with experts at KPMG, EY, Deloitte. We're meeting PSAS. Rate regulated accounting isn't new. Other jurisdictions are using it.
 - o Q: KPMG is a client of the government. Wouldn't the AG have more of an unbiased opinion?
 - § EY, KPMG, Deloitte – they are experts in the field
 - o Q: Is the AG not an expert?
 - § We go with what we're being told by experts in the field, like KPMG, like Deloitte.
 - o Q: Why does KPMG outweigh the AG?
 - § It's not just KPMG. It's Deloitte, it's EY. PSAS is silent on rate-regulated accounting.
 - o Q: The AG is saying that it's not ok. Private firms you are paying say don't worry, it's ok. PSAB so far is silent but they haven't back the government up in any way?
 - § Other jurisdictions are using this. Ontario Power Authority was using it, this isn't anything new. We listened to expert opinions of KPMG, EY, provincial controller.
 - o Q: Other provinces have had this questioned as well – like B.C. Given that it's so controversial, why is the government sticking with it?
 - § We're listening to world-renowned leading experts. They're telling us. PSAS silence means we can use it.

2. MPP Todd Smith

- Sunshine List & Hydro One salaries (0-1:50)
 - o Critical of the absence of Hydro One and that 'the government is not

- disclosing all those in the millionaire's club'
 - o PC government would have more transparency
 - o Government needs to stop handing out \$400,000 increases
 - o Not concerned about how many people are on the Sunshine List, rather more about the increases that are going to Liberal insiders.
- IESO & Auditor General reaction (1: 50-5:51)
 - o The government continues to hide from the Auditor General; there is no transparency.
 - o Recently from SCOPA, can see how frustrated the AG is in the IESO audit
 - o The AG calls the government's accounting scheme bogus
 - o People need to know how much this election scheme is going to cost
- AG & accounting standards – (10:19-12:25)
 - o Q: What are the implications of a long-term government spat with the AG?
 - § The AG is well respected. The government is using bogus numbers – her words, not mine
 - o Spending \$600,000 with KPMG to provide an audit
 - o We would have never gone down this path; a scheme of borrowing millions of dollars to make it appear electricity costs have gone down
 - o Q: Will a PC government adopt AG numbers?
 - § The AG numbers are true numbers. We have full trust in AG numbers – hers are the numbers I would choose we live with

Best,

Alisha

Alisha Tharani

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