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Subject: Transcript: Auditor General on CP24

CP24: Auditor General

October 19, 2017

Interview with Stephen LeDrew

We're live next to Steven with our special guest.

>> She's the Ontario auditor-general who brought down the report two days ago which was in my words, and I know you would never use this, but it's a damning indictment of the liberal government. Tell me from a professional point of view what you found about what they have done with the hydro finances if you will.

>> I guess the government is planning to put in place a complex accounting financing structure in order to avoid having the cost of the policy direction reflect on its bottom line and net debt balance on the government's consolidated statements.

>> Are some going to say that's just a different kind of accounting or is what the government doing unacceptable from any accounting standards?

>> Yeah so in accordance with Canadian public sector accounting standards it would be inappropriate for a government to pass a piece of legislation creating an asset where that asset affects the presentation of financial information. So the government can do that, but the accounting says that at the end of the day, the transaction costs have to be reflected on the government's financial statements.

>> Reporter: And is that going to be happening?

>> We hope. We put two recommendations forward to the government, one to revisit this finance structuring plan because it's going to cost people more than it has to. And it will affect the bottom line reflecting the impacts of this policy decision.

>> Reporter: And the government I understand responded to your report. They saw it in the advance and had the response, attached to the report, but in the house they responded and said they don't agree with your report.

>> Yeah, I I'm sorry but it's wrong. The financing accounting structure that's been put in place to avoid recording it in the government statements is wrong. We consulted with the -- a person formerly retired director of the public sector accounting standards board who agrees with us that it's wrong. My fellow auditor-generals across Canada agree.

>> Reporter: I know you're experienced and you're as I said the other da you're a straight shooter. But I guess just to buttress that, you did consult with other people, and did anybody come to this government's defence and say, well, there's a possibility that this could be proper?

>> You know, all of the advisors that we've used, and we've used a lot because this is important. And we didn't want to make a mistake on this. We didn't want to put out the wrong communication on this. So I do belief we got it right. I think the government's financing accounting is wrong. And we sought the expertise before taking that position. I mean, the only people that attest to a government's financial statements are auditor-generals across Canada. So you know, there are private sector auditors that were involved in the planning but they look at it at entity level. We're looking at it at the big picture. And that's the difference.

>> Reporter: Okay. So the bottom line to a taxpayer in Ontario will be that they do not know what the Rea truth is of what the government is spending?

>> If this plan comes to be and the accounting is as proposed the bottom line deficit will be misstated, net debt in the government statements will be misstated and the correct financing information won't be presented for legislators to use going forward.