

NORTH BAY TAXPAYERS' ASSOCIATION

Letter to the Editor of North Bay Nugget

Date: October 25, 2017

Comparing the Mayor's Plan to the Liberal government handling of their "Fair Hydro Plan"

The recent damming report by the Auditor General, Bonnie Lysyk, regarding Liberal accounting practices concerning their "Fair Hydro Plan" should be old news to North Bay taxpayers.

By implementing the Mayor's Plan, the City had North Bay Hydro Distribution Ltd (NBHDL) borrow \$19.5 million which transfers the debt off the City's books to NBHDL and understates the amount shown as long term debt on City records. This is the same trick used by the Liberals who had Ontario Power Generation (OPG) borrow funds to reduce consumers' hydro bills. Both NBHDL and OPG are wholly owned corporations of their respective governments and are exclusively supported by funds from taxpayers.

In the opening statements in her report, Lysyk says; "When governments pass legislation to make their own accounting rules that serve to obfuscate the impact of their financial decisions, their financial statements become unreliable." and "When organizational structures and transactions are designed to remove transparency and accountability, and unnecessarily cost Ontarians billions of dollars, the responsibility of an Auditor General is to apprise the Legislature and the public in accordance with the Auditor General's mandate."

A few examples of council's actions in this regard follow:

Loan proceeds from NBHDL were included in budgeted revenues in 2016 and the plan is to continue this practice. The practice is in violation of the Municipal Act (2001)

In its report to council regarding the 2016 consolidated financial statements, North Bay senior staff boasted that cash on hand had increased by \$20.8 million over last year but failed to mention that the amounts receivable from NBHDL had been reduced by \$19.5 million. The net effect being that there has been no negligible effect on City assets.

The report further praised the fact that the City long term liabilities has decreased by \$6.2 million which ignored the \$19.5 million owing to outside lenders now showing in NBHDL long term liabilities. A curious omission considering the report was dealing with the consolidated financial statements of the City and NBHDL.

The Auditor General's report condemned the Liberal plan as well as its explanation of the benefits of the plan and its presentation of the financial effects of the plan in consolidated financial statements.

To paraphrase her comments, the substance of the issue in North Bay is straightforward. As a result of the loan proceeds received from NBHDL being used to finance current operating expenses, the tax levy will be artificially decreased for a few years. However, electricity users will be forced pay the \$19.5 million owing to outside lenders. We estimate that in addition to funds required to repay borrowings, there will be additional costs of \$1 million per year for the next 20 years. These expenditures will only benefit outside lenders and provincial coffers.

The North Bay Taxpayers' Association has cautioned since 2015 about the millions being lost to taxpayers as a direct result of the Mayor's Plan. We have spoken to council members, made presentations to council, met with current senior officials and made a presentation to the Chamber of Commerce regarding the effects of Mayor McDonald's plan. We have received no rebuttal of our figures.

We suggest the individual taxpayers contact council members and the Mayor to question why they continue to deny the damage being done by the Mayor's Plan.

Don Rennick
North Bay Taxpayers' Association