Ontario

NEWS

Treasury Board Secretariat

Pension Asset Expert Advisory Panel Finds Ontario's Accounting Methods Accurate

Province's 2015-16 Deficit Lowered from $5B to $3.5B

NEWS February 13, 2017 (TBC)

An independent expert panel has released its advice and recommendations on the application of public sector accounting standards to Ontario's jointly sponsored pension plans. In its report, the panel supports the accounting treatment that Ontario adopted in 2001.

By applying the panel's advice to the Province's 2015-16 finances, Ontario's deficit has been lowered to $3.5B, from the $5B originally reported in the 2015-16 Public Accounts.

Ontario accepts the panel's recommendations, which will inform the preparation of the Province's future financial statements.

The Province remains committed to achieving a balanced budget by 2017-18, and remaining balanced in 2018-19.

Responsible financial management is part of the government's plan to create jobs, grow the economy and help people in their everyday lives.

QUOTES

"I would like to thank the expert advisory panel for their thorough analysis and recommendations on this complex accounting issue. We are pleased that the Panel's advice aligns with the province's professional accounting staff's view that net pension assets should continue to be recognized in Ontario's financial reports, as they have been for the past 14 years."
— Liz Sandals, President of the Treasury Board

"With the help of the unique professional skillsets and perspectives of the independent advisory panel, we now have clarity on how to account for jointly-sponsored pension assets. This advice will help us continue to present the province's finances fairly and accurately, as we work toward balancing the budget in 2017-18."
— Charles Sousa, Minister of Finance (TBC MOF)

QUICK FACTS

- In preparing the 2015-16 Public Accounts of Ontario, the Province's professional accounting staff and the Auditor General's Office engaged in discussions about the appropriate application of Public Sector Accounting Board (PSAB) standards regarding pension accounting for the Province's jointly-sponsored pension plans, the Ontario Teachers' Pension Plan (OTPP) and the Ontario Public Sector Employees' Union Pension Plan (OPSEUPP).

- On November 10, 2016, the government formed the Pension Asset Expert Advisory Panel to deliver advice and recommendations on how public sector accounting standards are interpreted as they apply to net pension assets. The panel members have expertise in the areas of jointly-sponsored pension plans governance, actuarial modelling for pension plans and Public Sector Accounting Standards.

- The panel's report concluded that the net pension assets of both the OTPP and the OPSEUPP should be recognized in Ontario`s financial statements. Applying the accounting standards shows no valuation allowance is required to reduce the amount of either asset.

- In the coming weeks, the panel will issue a supplemental report that will provide advice and recommendations on how to account for potential future net pension assets related to the Healthcare of Ontario Pension Plan (HOOPP) and the Colleges of Applied Arts and Technology Pension Plan (CAATPP).

ADDITIONAL RESOURCES

Read the panel's report*: [insert hyperlink]*

Pension Asset Expert Advisory Panel Members

Pension Asset Expert Advisory Panel Terms of Reference

Read the 2015-16 Public Accounts of Ontario

Learn about the government's fiscal cycle

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