Transcript: Minister's pre-cabinet scrum

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Present: Sabrina Nanji. Robert Benzie joins during the last couple of minutes.

Nanji: I just wanted to follow up with you after getting the panel's final recommendations. You've said you accepted them. Does that mean you guys are going to be applying it regardless of – wherever the Auditor General falls?

Minister: What we've said right in the beginning, if you go back to last fall, was we had a comptroller of the province, two deputy ministers, say keep doing the accounting the way you've been doing it for 14 years. We had the Auditor say do it quite differently. The way we solved the problem short-term was to put a regulation in that said put these numbers in our books. But we said at the same time, that we would appoint an expert panel and that we would see what the expert panel had to say and we would follow their advice. So we're doing actually exactly what we always said we would do. I was really pleased that we were able to appoint somebody with the experience that Tricia O'Malley, the chair of the panel, had. Because if you look at her record, she'd been the chair of the Canadian Accounting Standards Board. Then she'd got off for a number of years to be Canada's members on the international, and then she'd come back and was in the role as chair. So what I was gonna say is we had somebody who had twenty years' experience with interpreting standards, both at the Canadian level and the international level. And that's' why we worked so hard to have a panel of the quality that the panel was.

Nanji: So I guess that's a yes, right?

Minister: Yeah, yeah. The bottom line is the panel gave us advice and we're gonna follow the advice of the panel.

Nanji: Do you foresee maybe this being like a problem with the Auditor General going forward? Are we gonna have two sets of books?

Minister: Well we would never have two sets of books. So I don't want that idea to go out there. That's just not something that we would do. But I mean, right now I'm pleased that the Auditor General is taking time to study the report carefully. There is no urgency. I mean the fiscal year we're in right now still isn't over yet. And it's a long time before we have the books prepared and she needs to weigh in. She's got a long time to really review the report carefully and consider what's in it.

Nanji: OPSEU has sort of – Smokey Thomas put out this release yesterday saying that he wants a commitment that you guys won't, as you, do not have access to the fund, he wants the commitment that you guys will not be making chances to take the money out of those plans. Like I guess is that – was that ever on your radar?

Minister: We have no intention of doing anything like that. But more to the point, and you can check this out in the panel report, this is the beauty of them being so thorough with analyzing everything, is the panel actually talked about – that in the terms of the plan, that are agreed upon with OPSEU, between the government and OPSEU, as a jointly sponsored plan. It's embedded right in the terms of the plan, that the government cannot take cash out of the plan.

Nanji: So there's no plans to change the –

Minister: We have no plans to change the management terms of either plan. But just to finish up, the plan is very clear. That it is forbidden within the terms of that plan for the government to withdraw cash. And it is also clear within the terms of the plan that if there is a valuation surplus, which is different from an accounting surplus, if there is a valuation surplus, the terms of the plan actually say what should happen with that. Which is that there's two trust funds, one for the union, one for the government. And any valuation surplus will be split between those two trust funds. So that is embedded in the terms of the plan and there is absolutely no intent to change them.

Nanji: So with that, I guess the surplus for the valuation, like the accounting surplus. Are you guys gonna be rolling back the contributions that you guys make to the plan for OPSEU?

Minister: Again, as the panel points out – that is the traditional way in which the government would access the surplus. But note that it's right within the terms of the plan that that will be split and – that's the whole premise of the panel's report. Is that the way in which the government or any other employer in that situation would access the surplus, is by reducing the contribution rate. But it would be, and I'm honestly not sure, whether that has happened before with the OPSEU plan. It has certainly historically happened with the teacher's pension plan, that the Ontario teacher's federation represented teachers and the government of Ontario represented by the Minister of Finance, and the Minister of Education, have jointly agreed to reduce the contributions.

Nanji: Doesn't the agreement exist with OPSEU right now to roll back its contribution because –

Minister: Again, go and read what the panel had to say. What it says, because it is very, very clear in the OPSEU pension plan, if there is a valuation surplus, it is to be split into these two trust funds that – the way in which we would access the trust fund, is we would use the trust fund to pay the government contribution as opposed to cash. We would simply use the trust fund to pay the contribution to –

Nanji: I just want to clarify if that's something you're doing, or are in the process of doing.

Minister: Not right now because we don't have the valuation.

Nanji: But down the road –

Minister: If you look at what the panel says, that is what the panel would expect the government to do. You would simply take the money that's in the government share of the trust fund and use it to pay the contributions.

Nanji: So is that you're thinking with how this is actually something that should be accounted towards the public accounts – that eventually when you guys roll back to the contributions –

Minister: I mean what the pension – what the expert pension panel said, is that the way in which the government or any other employer, accesses a surplus, is to reduce contributions until you have used up the surplus. And historically that is certainly what has happened with the teacher's pension plan. And that's exactly the logic that the pension panel used to say yes there is a surplus here. It's because if you can reduce it works a little bit differently than mechanics of the two plans. But either way, we have to take less cash from the current operating budget of the government of Ontario to pay pension premiums. And that represents money, if we're not spending it on pension premiums, we can spend it on health care, or education, or highways or whatever you like. But we can spend it on something else other than pension contributions for a while. And that's exactly why it's a surplus.

Benzie: So Minister, you have, I assumed not heard back from the Auditor General if she's accepting the findings of the expert panel, have you?

Minister: As I've said to a number of people, there is no urgency. Because we haven't even come to the end of the fiscal year in question. We certainly haven't prepared the accounts for the fiscal year that hasn't ended yet. So there's no urgency in the auditor making up her mind. I'm actually quite pleased that she's taking the time to have a thorough look at what the panel had to say. Because my take-away from all of this is that I was very pleased with the very thorough, very technical analysis that the panel did. They talked to the comptroller, they talked to the Auditor, and then they pulled out every standard available that could possibly be applied and did a very technical analysis. And I think the report is valuable from that point of view. Because it's very transparent in terms of explaining how to properly apply the accounting standards.

Benzie: Now what happens if she doesn't agree with the findings and won't sign off on the public accounts. What then?

Minister: I think we're getting way ahead of ourselves. The pension panel has agreed with the view of the comptroller and the deputies, and bureaucrats past, from two different governments, and auditors past. The pension panel has agreed with their analysis with a very deep, thorough, technical analysis. And we did exactly what we said we would do, is we would appoint an expert panel. And we have accepted the findings of the panel. So that's all I can say.

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