FW: Public Accounts and the Change in Accounting Treatment for Jointly Sponsored Pension Plans

From:	"Laughton, Patrick (TBS)" <patrick.laughton@ontario.ca>
To:	"Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Cc:	"Sawosch, Mercedes (TBS)" <mercedes.sawosch@ontario.ca>
Date:	Tue, 04 Oct 2016 18:32:36 -0400

FYI

From: Hughes, Karen (TBS)
Sent: October-04-16 6:20 PM
To: Schuurman, Tim (MOF)
Cc: Laughton, Patrick (TBS)
Subject: RE: Public Accounts and the Change in Accounting Treatment for Jointly Sponsored Pension Plans

Thanks – I agree – let's raise – I think this might require a conversation with David before they get into putting numbers into the plan.

Karen

From: Schuurman, Tim (MOF)
Sent: October 4, 2016 6:18 PM
To: Hughes, Karen (TBS)
Cc: Laughton, Patrick (TBS)
Subject: Fw: Public Accounts and the Change in Accounting Treatment for Jointly Sponsored Pension Plans

Karen - I've flagged this for Scott and suggested that we would tell them the government has announced an independent review so we can't say what the number would be.

For the documents travelling to cabinet on public accounts, does it mention any out year impacts? I haven't seen a version since Friday.

Tim

From: David West <dwest@fao-on.org>
Sent: Tuesday, October 4, 2016 6:06 PM
To: Schuurman, Tim (MOF); Hughes, Karen (TBS)
Cc: Mario Angastiniotis; Luan Ngo
Subject: Public Accounts and the Change in Accounting Treatment for Jointly Sponsored Pension Plans

Hi Karen and Tim,

As you know, we are preparing our updated Economic and Fiscal Outlook report, and trying to reflect the revised accounting treatment for the jointly sponsored pension plans.

As seems to be clear from the public accounts, this revised accounting treatment raises 'Other Program' expense by $1.5 billion in 2015-16.

However, we need to project program spending over the next five years to prepare our fiscal outlook, including the impact of this revised accounting treatment. We will also make it clear in our report that a PSAB task force and expert panel will undertake an independent review of the accounting standards for retirement benefits and that this might impact the appropriate accounting treatment in the future.

Can you provide any guidance on what would be an appropriate assumption for the projection of this additional $1.5 billion expense over the next five years? Any direction or guidance on how we might project this adjustment forward would be appreciated.

Without any additional information, we will likely just assume a fixed increase of $1.5b in spending over our fiscal projection.

Happy to discuss.

David West
Chief Economist

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