Ontario

NEWS

Treasury Board Secretariat

Pension Asset Expert Advisory Panel's Findings Confirm Ontario's Pension Asset Accounting Policy

Province's 2015-16 Deficit Lowered From $5B To $XB

Commented [CV1]: To complete as discussed

NEWS February 13, 2017 (TBC)

The Expert Advisory Panel put in place to provide advice on complex pension accounting matters released its advice and recommendations today. The Panel's report studied the application of public sector accounting standards in relation to Ontario's jointly sponsored pension plans. The Panel's findings support the accounting treatment that Ontario had historically used for its jointly-sponsored pension plans as appropriate.

The Province has accepted the Panel's advice and will apply it to the Province's 2015-16 finances, resulting in a reduction of Ontario's deficit to $XB, from the $5B originally reported in the 2015-16 Public Accounts.

Commented [CV2]: See previous comment

Commented [CV3]: I would have expected to see mention of the impact on net debt to GDP – is this purposefully excluded?

The Panel's recommendations will also inform the preparation of the Province's upcoming Budget and 2016-17 financial statements.

Commented [CV4]: are we purposefully using Public Accounts in the last sentence and financial statements in this sentence – I think it would be better to use the same wording – I would use "consolidated financial statements"

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

Commented [CV5]: assuming MOF will confirm this statement

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 Ontario's view that net pension assets should continue to be recognized in the Province'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)

"TBC PLACEHOLDER"
— Tricia O'Malley, Chair, Pension Asset Expert Advisory Panel

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 Standards (PSAS) 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 reflects a thorough examination of the facts related to both the OTPP and the OPSEUPP, and the application of PSAS in relation to jointly sponsored pension plans. The Panel concluded that the net pension assets of both the OTPP and the OPSEUPP should be recognized in the financial statements of the Province and that application of the accounting standards demonstrates that no valuation allowance is required to reduce the amount of either asset.

- In the coming weeks, the Panel will issue a supplemental report providing advice and recommendations on accounting 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

Matt Ostergard, Minister's Office, 416-326-3839
Jason Wesley, Communications Branch, 416-327-4023