RE: Pension Extract

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Many thanks to Ron and Alana for pulling the pension language extracts from the yellows for us to review altogether in one package. I've read all the references to the pensions across all the chapters and have the following observations. Ron is setting up a meeting for us on Tuesday to for 30 minutes to talk about this so we can avoid revisiting this constantly during ADM sign-off later in the week.

Key observations:

- Accountability and Transparency Chapter – talks all about 2015-16 Public Accounts process and outcome, but makes no reference to what we're doing in the out-years. I'd recommend we mention something about how we're treating in the out-years for consistency. Right now it reads as if we're awaiting the outcome of the Panel and then will decide what to do after that.
    - This chapter also refers to "conservative treatment" which was language Cindy wanted removed to be replaced with "cautious".

- Chapter 3b – makes explicit connection to the draw down of the reserve and the impact of the pension accounting change. This is a decision point and we should discuss. It calls the pension change "unbudgeted" and "unexpected."

- Chapter 3B – in referencing the 2016-17 change in pension expense, it describes it as "reflecting the most recent actuarial valuations of the pension plans" which I didn't realize the numbers did. Thought these numbers were based off of what we did in January/February of this year for budget? This is the only place where we reference this updated valuation in the whole document. Is this accurate and should we be saying it at all?

- Borrowing Chapter – has very different language than the other chapters on this. Refers to "prudent and risk-averse approach" (instead of conservative or cautious) and calls it a "pension adjustment" rather than an accounting change, and calls it a "legislated change" rather than a "regulated change." Will need to align it with other chapters once we land that language.

- Miscellaneous – the language in the footnotes and the text is not always consistent and is challenging to cross reference. Is it a change in accounting treatment, or a pension adjustment; is it accounting for pension assets or pension expense?

Hoping a meeting will help us create some symmetry across all the papers on this.

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From: Schuurman, Tim (MOF)
Sent: October-28-16 12:35 PM
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Subject: Pension Extract

Ron, Alana

Wondering if, as part of landing today's distribution, if we could request a pull of all the paragraphs and language across the fiscal, debt and other chapters (responsible management) that talk about the pensions accounting change. This is something that both Cindy and I would like to review across the whole document to make sure we're treating it consistently, accurately, and effectively.

- Tara can help locate all the references in the fiscal chapter
- Ken K can help locate all the references in the debt chapter
- Nadine can help locate all the references in the Financial Accountability chapter.

We can make sure that Cindy, myself, Gadi, and Karen receive a copy of this pull later tonight for weekend review.

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