RE: ok, here's what i wrote up quick...

From: Ken Kandeepan <ken.kandeepan@ofina.on.ca>
To: "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>, "Lemcke, Bonnie (OFA)" <bonnie.lemcke@ofina.on.ca>
Cc: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>, "Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca>
Date: Mon, 13 Feb 2017 15:46:34 -0500

Looks good to me, one small edit below

Thanks

Ken K

From: Petsche, Nadine (TBS) [mailto:Nadine.Petsche@ontario.ca]
Sent: Monday, February 13, 2017 3:41 PM
To: Bonnie Lemcke <Bonnie.Lemcke@ofina.on.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: ok, here's what i wrote up quick...

Hi Bonnie.
Not sure if Cindy has had a chance to review yet, but sending along my suggested edits.
Nadine

From: Bonnie Lemcke [mailto:Bonnie.Lemcke@ofina.on.ca]
Sent: February 13, 2017 1:56 PM
To: Veinot, Cindy (TBS)
Cc: Petsche, Nadine (TBS); Hosick, Sarah (TBS); John Psinas; Kandeepan, Ken (OFA); Wynberg, Lynsey (OFA); Mayman, Gadi (OFA)
Subject: FW: ok, here's what i wrote up quick...
Importance: High

Hi Cindy,

Warren Lovely from CIBC is writing a short piece on the accounting issue. He wants to release very quickly. We are reviewing but please get back to me as soon as possible if you have any concerns.

Thanks,
Bonnie

From: Lovely, Warren [mailto:warren.lovely@nbc.ca]
Sent: Monday, February 13, 2017 1:40 PM
To: Bonnie Lemcke <Bonnie.Lemcke@ofina.on.ca>
Subject: ok, here's what i wrote up quick...

Quick Hit — How do you spell relief? P-E-N-S-I-O-N

The Ontario government received some good news today, as a specially struck *Pension Asset Expert Advisory Panel* recommended that net assets in two jointly sponsored pension plans (one for teachers, the other for civil servants) “should be recognized as an asset in Ontario’s financial statements”. This may sound like an esoteric accounting matter, but don’t be fooled: there are some non-trivial implications for the

Ontario credit. (for Ontario's credit rating?) If you followed the earlier dispute between accountants at the provincial government and the provincial Auditor General you know that "pension adjustments" created some notable changes in Ontario's income statement and balance sheet in the 2016 fall update and the 2015-16 public accounts. By adopting the Panel's recommendation, Ontario will be able to record a smaller deficit for the 2016-17 fiscal year, relative to the AG's more conservative treatment which Ontario temporarily adopted in a fall update. In addition, when the government presents its 2015-16 comparative results in the upcoming Public Accounts, ~~So~~ last fiscal year's shortfall will be adjusted ~~shrink~~ from $5.0 billion to $3.5 billion (just 0.5% of GDP). The fiscal relief will be ~~even more~~ pronounced going forward, with Ontario in a position to sidestep a "pension adjustment" charge that had been pegged in the Province's Fall Economic Statement at $2.2 billion for 2016-17, $2.8 billion for 2017-18 and as much as $3.7 billion by 2018-19 ~~in the fall~~ (??) . Thus, reverting to the province's historical ~~traditional~~ pension accounting treatment removes what could have been something of a fiscal headache for a government seeking to take the long-awaited step out of the red and into the black. And don't forget the corresponding reduction in net debt, as in accepting the Panel's recommendations, Ontario will also ~~we~~ reverse the $10.7 billion of pension-related debt (or writeoff of net pension assets) put on the books in the fall statement, knocking nearly 1.5%-pts from the net debt-to-GDP ratio. Ontario, like all provinces, still has challenges to contend with, but when it comes to pension accounting, this expert panel delivered some welcome news, even if the Auditor General might not fully agree. Stay tuned for a supplemental report in the coming weeks, exploring accounting treatment on potential future net assets in two separate pension plans (HOOPP and CAATPP).

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