From: Birks, Ryan (MOF) []
To: Schuurman, Tim (MOF) [Tim.Schuurman@ontario.ca]; Esmail, Selena (MOF) [Selena.Esmail@ontario.ca]
Subject: FW: Meeting with the Pension Asset Panel
Date: Friday, February 10, 2017 16:33:34
Attachment 1: image001.png

FYI, the Pension Panel meeting with the FAO has been finalized for this Monday.

From: Tam, Nelson (TBS)
Sent: February-10-17 11:25 AM
To: Birks, Ryan (MOF)
Cc: Hosick, Sarah (TBS)
Subject: FW: Meeting with the Pension Asset Panel

Ryan

As requested in a previous email to Sarah. I am forwarding the message sent to Catherine at the FAO confirming time and location.

Thanks

Nelson

X20514

From: Tam, Nelson (TBS)
Sent: February-10-17 11:24 AM
To: 'Catherine Robinson'
Subject: RE: Meeting with the Pension Asset Panel

Catherine

Thank you for the information. This is to confirm that the invite was sent to David West, Mario Angastiniotis, Luan Ngo, Matt Gurnham, and Matt Stephenson for Monday, February 13th from 11:30 – 12:30 at Frost Building South, 2nd floor, 7 Queen's Park Crescent, ADM Boardroom.

Have a great weekend.

Nelson

416-212-0514

From: Catherine Robinson [mailto:crobinson@fao-on.org]
Sent: February-10-17 11:17 AM
To: Tam, Nelson (TBS)
Subject: RE: Meeting with the Pension Asset Panel

Hi Nelson, here are the emails for Mario and Matt:

mangastiniotis@fao-on.org

mgurnham@fao-on.org

Please let me know if you have any further requests.

Thanks,

Catherine Robinson

Executive Assistant

http://www.fao-on.org/

2 Bloor Street W, Suite 900, Toronto, Ontario M4W 3E2 | c.416.317.4935 |
crobinson@fao-on.org | www.fao-on.org

From: Tam, Nelson (TBS) [mailto:Nelson.Tam@ontario.ca]
Sent: February 10, 2017 10:47 AM
To: Catherine Robinson <crobinson@fao-on.org>
Subject: Meeting with the Pension Asset Panel

Catherine

I am in the process of sending an invite for Monday, February 13th meeting between the FAO and the Pension Asset Expert Advisor Panel.

I was unable to find the email address for Mario Angastiniotis and Matt Gurnham.

Please send their email address to me so I can add them to the invite before I send it out.

Thanks

Nelson

Nelson Tam, CPA, CA, CIA

Project Manager, Pension Asset Evaluation

Treasury Board Secretariat, Office of Provincial Controller

Frost Building South

7 Queen’s Park Crescent, Floor 2

Toronto, Ontario

M7A 1Y7

Telephone – 416-212-0514

Email – nelson.tam@ontario.ca

FAO

Financial
Accountability
Office of Ontario

From: McLean, David (MOF) []
To: Thompson, Scott (MOF) [Scott.Thompson@ontario.ca]; Schuurman, Tim (MOF) [Tim.Schuurman@ontario.ca]
CC: Birks, Ryan (MOF) [Ryan.Birks@ontario.ca]
Subject: FW: Pension Asset Panel
Date: Friday, September 01, 2017 14:05:22
Attachment 1: PA 2016-17_NR_Backgrounder_Acct Changes_v6_DirADM_20170829.docx
Attachment 2: PA 2016-17_Backgrounder_Qualified Opinion_v1.docx

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FYI.

They're still plugging away on the tech deck, which they hope to share later today.

Pw: Ontario150

From: Sullivan, Bryant (TBS)
Sent: August-31-17 2:29 PM
To: MacIntyre, Kyle (TBS)
Cc: DiMuzio, Sofie (TBS)
Subject: RE: Pension Asset Panel

Hi Kyle,

We're addressing the pension issue in both our proactive media backgrounder and our reactive QsAs (below).

For the backgrounder, there are two options in play – one that speaks to all 4 accounting changes in a neutral, factual way, and another that speaks to the basis of the qualified opinion, and the government's position on those items. We're likely going to combine both backgrounders into one so it speaks to both the changes, and the basis for qualification. This can be used to supplement the technical briefing.

We're also trying to get a copy of the Deloitte summary letter and the EY analysis letter (if there is one). We can also reference the Panel's report on OPSEUPP/OTPP, and the supplemental on HOOPP/CAATPP.

Bryant

Q. Why are you still fighting with the Auditor General over pension accounting?

In preparing last year's Public Accounts, the Province's professional accounting staff and the Auditor General's Office engaged in discussions about the appropriate application of Public Sector Accounting Board standards regarding pension accounting for the Province's jointly sponsored pension plans.

As a result, the Pension Asset Expert Advisory Panel was established to deliver independent advice and recommendations to the Province on the issue. The independent panel members concluded the Province's share of the net pension assets of both the Ontario Teachers' Pension Plan and the Ontario Public Service Employees' Union Pension Plan should be recognized in Ontario's financial statements.

After significant deliberation, including consideration of the recommendations of the panel, Ontario confirmed that the accounting for these plans prior to 2015-16 was appropriate. Further, Ernst & Young LLP provided additional analysis and concluded that no valuation analysis was required for either plan. The 2016-17 financial statements include these pension assets, and we continue to apply the accounting treatment of pension assets that the Province has used consistently since 2001.

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

Q. What was the panel's rationale for its decision?

The Pension Asset Expert Advisory Panel recommended that the Province's share of the net pension assets of both the Ontario Teachers' Pension Plan (OTPP) and the Ontario Public Service Employees Union Pension Plan (OPSEUPP) should be recognized as an asset in Ontario's financial statements.

The panel said that:

· Recognizing the asset will provide a faithful representation of the Province's financial position.

· The accounting surplus in the plan has a future economic benefit.

· The government controls access to that accounting surplus.

· The accounting surplus exists as the result of past transactions and events.

· It would be misleading not to recognize the Province's share of the assets in Public Accounts.

In addition, the panel concluded that the government will be able to benefit from the full amount of each net pension asset, and as a result, no reduction in the value is necessary.

Ernst & Young LLP provided additional analysis and concluded that no valuation analysis was required for either plan, confirming the independent panel's recommendation.

Q. The Auditor General was critical of the panel's authority and credibility. What's your response to this?

The panel members are all highly-qualified experts in their field. They were carefully chosen for their expertise in the areas of jointly sponsored pension plans, actuarial modelling for pension plans and public sector accounting standards:

· **Patricia O'Malley (panel chair)** is a Chartered Professional Accountant. She has been a member of the Canadian Accounting Standards Oversight Council since 2013, was Chair of the Canadian Accounting Standards Board and was a member of the International Accounting Standards Board from 2001 to 2007.

· **Murray Gold** is a leading legal practitioner and senior pension and benefits partner at Koskie Minsky LLP.

· **Uros Karadzic** is a senior actuary at Ernst and Young's People Advisory Services Reward practice, which includes pension, benefit and compensation consulting.

· **Paul Martin** is a Chartered Professional Accountant, Comptroller with the Government of New Brunswick and previously a partner with the national accounting firm of Grant Thornton LLP.

The panel was completely independent from government, and arrived at its advice based on its own analysis of this complex issue.

Q. How much did you pay the panel members? Do you think that money was justified?

The total cost of the panel was $221,113. This included compensation and travel expenses for the four panelists, as well as procurement. These rates are consistent with the Agencies and Appointments Directive, which specified up to $2,000 per day for appointees with unique and specialized expertise, or urgent issues affecting government priorities and requiring intense time commitments over a short period of time.

The panel members have expertise in the areas of jointly sponsored pension plan governance, actuarial modelling for pension plans and public sector accounting standards, and provided independent advice on how to move forward with how Public Sector Accounting Board standards should be applied to current and potential future net pension assets.

From: MacIntyre, Kyle (TBS)
Sent: August-31-17 8:57 AM
To: DiMuzio, Sofie (TBS); Sullivan, Bryant (TBS)

Subject: Pension Asset Panel

Hi Sof / Bryant –

Can you have one of your peeps send me all the products we are using/developing to address the pension asset issue for the roll out of PA?

thx

K.

ment PA 2016-17_NR_Backgrounder_Acct Changes_v6_DirADM_20170829.docx (50688 Bytes) cannot be converted to PDF

Attachment PA 2016-17_Backgrounder_Qualified Opinion_v1.docx (43008 Bytes) cannot be converted to PDF format.

From: Young, Gwendolynne (MOF) []
To: Schuurman, Tim (MOF) [Tim.Schuurman@ontario.ca]; Birks, Ryan (MOF) [Ryan.Birks@ontario.ca]
Subject: FW: Pension Panel Report
Date: Wednesday, February 08, 2017 12:22:30
Attachment 1: image001.png
Attachment 2: 17 02 06 Executive Summary final.docx
Attachment 3: 17 02 06 Pension Asset Expert Advisory Panel Report Final.docx

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Here you go

Gwen Young

p: 416.325.0741 | bb: 647.982.2419

From: McLean, David (MOF)
Sent: February 8, 2017 11:21 AM
To: Young, Gwendolynne (MOF)
Subject: RE: Pension Panel Report

Yes, Scott and Gadi have it. Sorry, I assume Tim did too. See attached.

From: Young, Gwendolynne (MOF)
Sent: February 8, 2017 11:18 AM
To: McLean, David (MOF)
Subject: FW: Pension Panel Report

Does Scott have the actual pension panel report? Could you check his inbox?

Gwen Young

p: 416.325.0741 | bb: 647.982.2419

From: Schuurman, Tim (MOF)

Sent: February 8, 2017 11:14 AM
To: Young, Gwendolynne (MOF); Birks, Ryan (MOF)
Subject: RE: Pension Panel Report

Wow, Scott doesn't have it?

From: Young, Gwendolynne (MOF)
Sent: February 8, 2017 11:13 AM
To: Schuurman, Tim (MOF); Birks, Ryan (MOF)
Subject: RE: Pension Panel Report

No, I do not have the final report. I asked the TBS DMO for it last week and got rejected.

Gwen Young

p: 416.325.0741 | bb: 647.982.2419

From: Schuurman, Tim (MOF)
Sent: February 8, 2017 11:12 AM
To: Birks, Ryan (MOF); Young, Gwendolynne (MOF)
Subject: Pension Panel Report

I was talking to Cindy about briefing the FAO on the pension panel report, and requested a copy of the report. She has our DMO has it – wondering if you guys could share it with us.

Tim Schuurman

Assistant Deputy Minister

Office of the Budget, Ministry of Finance

7 Queen’s Park Cres.

Toronto ON M7A 1Z1
Tel: 416-327-0173

Office of the Budget
MINISTRY of FINANCE

Attachment 17 02 06 Executive Summary final.docx (32256 Bytes) cannot be converted to PDF format.

Attachment 17 02 06 Pension Asset Expert Advisory Panel Report Final.docx (104448 Bytes) cannot be converted to PDF format

From:	Schuurman, Tim (MOF) []
To:	Hughes, Karen (TBS) [Karen.Hughes@ontario.ca]; Veinot, Cindy (TBS) [Cindy.Veinot@ontario.ca]
CC:	Birks, Ryan (MOF) [Ryan.Birks@ontario.ca]
Subject:	Fw: Briefing FAO on Pension Asset Panel Report
Date:	Wednesday, February 08, 2017 08:03:04

Sounds like this is a go. Just let me know what time works for you on Friday and I can help set it up.

Tim

From: Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>
Sent: Wednesday, February 8, 2017 6:56 AM
To: Orsini, Steve (CAB); Angus, Helen (TBS)
Cc: Bevan, Andrew (OPO); Rowe, Mary (OPO); Davidson, Steven (CAB); Bromm, William (CAB); Kwamena, Boafoa (CAB); Schuurman, Tim (MOF)
Subject: Re: Briefing FAO on Pension Asset Panel Report

Thanks Steve. Yes we're on it. Inviting them in to read ahead of release.
Thanks
Scott

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Orsini, Steve (CAB)
Sent: Wednesday, February 8, 2017 12:10 AM
To: Angus, Helen (TBS); Thompson, Scott (MOF)
Cc: Bevan, Andrew (OPO); Rowe, Mary (OPO); Davidson, Steven (CAB); Bromm, William (CAB); Kwamena, Boafoa (CAB)
Subject: Briefing FAO on Pension Asset Panel Report

I think it would be a good idea for TBS and Finance to brief or share an embargoed copy of the Panel report with the FAO.

==================

‘More flexibility’ to balance budget if pension panel sides with government, FAO says

07.02.2017 Sabrina Nanji

Should the panel studying an accounting clash with the auditor general conclude that billions of dollars worth of pension assets should be counted on Ontario's balance sheet after all, the government will get more flexibility to balance the budget as promised, the Financial Accountability Office (FAO) says.

The spat came to a head late last year when the government sought an independent review to help clarify a measure that adds or subtracts $10.7 billion to the province's net debt and $1.5 billion to the 2015-16 deficit, depending on your vantage point. In auditor general **Bonnie Lysyk**'s opinion, two jointly-sponsored pension plans (the Ontario Teachers' Pension and the Ontario Public Service Employees' Union Plans) should not be included on the financial statements, as the government has done for years, because the funds aren't accessible.

Multiple sources reportedly told *Toronto Star* columnist **Martin Regg Cohn** that the Pension Asset Expert Advisory Panel has made its decision and sided with the government.

David West, the FAO's chief economist, said he had not heard about any conclusions from the panel, but noted that if it has decided to count the pension assets, it gives the government more breathing room to achieve balance. He reiterated that the FAO would defer to whatever final resolution the government, auditor general and panel come to (assuming a consensus is reached).

"If it turns out that the government can indeed claim the assets of the (pension plan), then this increased expense wouldn't appear on their books, so the deficit would approve by those amounts," West said.

The FAO's economic outlook last fall proffered two economic scenarios, with and without the pension assets. With the auditor general's opinion, the deficit for 2016-17 was an estimated $5.2 billion and $2.6 billion in 2017-18.

The government's Fall Economic Statement came shortly after and projected the deficit for 2016-17 at $4.3 billion. The impact of the auditor general's opinion amounts to $2.2 billion in 2016-17, $2.8 billion in 2017-18 and $3.7 billion in 2018-19, it added. In spite of this, the Liberals say they'll balance the budget in 2017-18 and 2018-19.

"(Our) conclusions are pretty much the same," West said. "Based on our projections, we would anticipate the government having a small deficit in 17-18, but as we acknowledged, there's enough flexibility in the government's plans and even more flexibility is available to them when the number is smaller...They could schedule the timing of asset sales or restrain program spending on a temporary basis in the year. So, they are even more likely to achieve a balance in 17-18 if they don't have to claim the $2.2 billion in additional expense that they would have under the auditor general's recommended accounting treatment."

West declined to weigh in on whether he thought the pension assets should be counted on the books, or if he thought the auditor general is being political or the government undermining. He did concede that the accounting clash has not made the job of the financial accountability office easier.

Last fall, the government tabled the public accounts later than expected with the auditor's opinion, despite disagreeing with it, which required a temporary regulation. (The current public accounts for the last fiscal year show an annual deficit of $5 billion for 2015-16, whereas the government's numbers would have shown $3.5 billion, and a net debt of $305.2 billion, compared with $294.5 billion, per the government's rubric.)

Because the panel's recommendation isn't public yet, Lysyk declined to confirm or comment directly.

"I really don’t have any comment. I guess I just want to respect the process and I think that process is there is no report that’s been released," Lysyk told *QP Briefing* Tuesday.

However, Lysyk's comments last fall seemed to suggest she was digging in her heels and would not be swayed from her original opinion.

"I as well have external advice that I seek prior to addressing a significant issue, so I'm really confident that we've done our homework and that we have it right," Lysyk said at Queen's Park in October. "I have no vested interest in the outcome of this other than making sure it's right in accordance with public sector accounting standards ... at this point I'm pretty confident that we got it right."

Premier **Kathleen Wynne** gave little away when pressed at an unrelated news conference Tuesday morning, pointing out that the government's panel were experts with "vast experience in this area" and proceeded to name each expert and their qualifications. ("I anticipated this question," Wynne quipped after pulling prepared notes from the stack in front of her.)

"What we have to do as government is get the best advice that we can ... We asked an objective independent panel to weigh in on this and give us advice and we're going to take that independent advice very, very seriously," Wynne said.

Panel members include **Murray Gold**, **Uros Karadzic**, and **Paul Martin** (not the former prime minister)**,** who were each paid a $1,900 per diem, and the chair, former head of the Canadian Actuarial Standards Oversight Council, **Tricia O'Malley,** who earned $2,000 a day.

To contact the reporter on this story:
snanji@qpbriefing.com
416-212-5789
Twitter: @sabrinananji

From: Thompson, Scott (MOF) []
To: Orsini, Steve (CAB) [Steve.Orsini@ontario.ca]; Angus, Helen (TBS) [Helen.Angus@ontario.ca]
CC: Bevan, Andrew (OPO) [Andrew.Bevan@ontario.ca]; Rowe, Mary (OPO) [Mary.Rowe@ontario.ca]; Davidson, Steven (CAB) [Steven.Davidson@ontario.ca]; Bromm, William (CAB) [William.Bromm2@ontario.ca]; Kwamena, Boafoa (CAB) [Boafoa.Kwamena@ontario.ca]; Schuurman, Tim (MOF) [Tim.Schuurman@ontario.ca]
Subject: Re: Briefing FAO on Pension Asset Panel Report
Date: Wednesday, February 08, 2017 07:56:09

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Sent: Wednesday, February 8, 2017 12:10 AM
To: Angus, Helen (TBS); Thompson, Scott (MOF)
Cc: Bevan, Andrew (OPO); Rowe, Mary (OPO); Davidson, Steven (CAB); Bromm, William (CAB); Kwamena, Boafoa (CAB)
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To contact the reporter on this story:
snanji@qpbriefing.com
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Twitter: @sabrinananji


Annual
Report