

1 - Minister Update on Advisory Panel Progress V1.pptx



Office of Provincial Controller

Pension Asset Expert Advisory Panel – Update

Objective



- To provide an update on the status of the Pension Asset Expert Advisory Panel (the 'Panel'), as it works to provide advice and recommendations to the government on the application of public sector accounting standards to Ontario's net pension assets.

General Overview



- On November 10, 2016, the Province announced the appointment of four members to the Panel (See Appendix A).
- OPCD met with the Chair on November 8 for a preliminary discussion, including expectations, roles, responsibilities, and logistics.
- There were four all-day meetings: November 18, December 5, December 12, and December 13.
- The Panel was reminded about their responsibilities not to share and use information obtained as part of the Panel for their business and personal gain.

General Overview



- OPCD briefed the Panel on the OTPP, OPSEU, HOOPP, & CAATPP accounting position papers.
- Deloitte briefed the Panel on their opinion of the appropriate application of certain aspects of Canadian public sector accounting standard to the recognition of the accrued benefit asset related to OTPP.
- Ministry of Education, with support from TBS Legal, and BPS Pension, provided an overview of the OTPP.
- Briefing on the British Columbia and New Brunswick pension plans which the Auditor General referenced as comparators.
- OPCD briefed the Panel on Chapter 2 & 4 of the 2016 Annual Auditor General's report.

Recognition Issue



- The “asset” and “control” definitions were discussed as per the accounting standards. Control is one consideration whether an asset exits.
- The Panel considered other accounting standards in determining whether an asset can be recognized. In addition to the Public Accounting Standards, the Panel discussed Part IV – Pension Accounting, Government Partnerships, Joint Ventures, International Accounting Standards on Pension accounting.
- The Panel discussed the differences in the BC and NB plans compared to Ontario regarding the “control” issue.
- The Panel reviewed the various pension plan agreements and funding agreements to determine if the Province had a right to assess the surplus unilateral or jointly.

Recognition Issue



- The Panel considered the Auditor General's perspective in her Annual Report.
- The definition of “control” may need to be clarified by Public Sector Standards Board as part of their current review of pension accounting.
- Discussions of differences in the various types of pension plans – single versus jointly sponsored versus multi-employer.
- Each plan is unique and must be evaluated on its own merit.
- Discussion of the definition of “future benefits” and its implication on recording an asset

- Discussion on the discount rate used in pension valuation and measurement. Different rates can be used based on which standard is applied. The Public Sector Accounting Board may need to consider this as part of the pension standards review to determine a more consistent application.
- Holding all assumptions static, the discount rate used will determine whether an asset or liability occurs.
- Discussion on the different valuations – accounting versus funding versus ITA.
- Guidance in the standards as to the calculation of the present value of expected future accruals for service.
- Discussion as to how minimum contribution required to be made by the government regardless of the existence of a surplus affects the valuation

Reporting Status



- TBS Communications provided advice on the format, accessibility and translation requirements, and report is in “everyday language”.
- Report writer is assisting the panel in drafting the report.
- The report will consist of: an executive summary (approximately 3 – 4 pages) and a detailed analysis of the accounting issue with conclusions and recommendations of each item of the Terms of Reference.
- The report will focus on the OTPP and OPSEU as the plans are currently in a surplus position and a supplement to the report to be issued on the HOOPP and CAATPP which will be in a surplus position in the future.
- The report is in the drafting stage and the Panel is expected to provide their feedback during the week of January 2nd.

Communications Strategy



- TBS Communications reviewed the Media Protocol with the Panel – all media requests are directed to the Chair who is the official spokesperson for the Panel and supported by Communications as needed. The Chair will respond to questions directly related to the work of the Panel. All other questions are directed to TBS Communications.
- Release strategy is to be developed.

Interactions with Office of the Auditor General of Ontario



- The Chair sent an invitation to the Auditor General on November 22 2016.
- The Auditor General accepted the invitation and the meeting will occur on December 16 2016.

Appendix A – Panel Members



- Patricia O'Malley (Chair) – Chair of the Canadian Actuarial Standards Oversight Council, member of the Canadian Accounting Standards Oversight Council, Chair of the Canadian Accounting Standards Board and Chaired the International Forum of Accounting Standard Setters;
- Paul Martin – Comptroller with the Government of New Brunswick and previously a partner with the national accounting firm of Grant Thornton LLP;
- Uros Karadzic – Partner at EY's People Advisory Services Reward practice, which includes pension, benefit and compensation consulting; and
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- The requirement regarding control with respect to recognizing a pension asset for a joint defined benefit plan
- The requirement regarding control with respect to recognizing a pension asset for other pension plans
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- Recommendations to the Employee Future Benefits Task Force of the Public Sector Accounting Board regarding issues that should be considered in its review of the retirement and post-employment benefits standards.

10 - Email - January 11 2017 - FW_ HOOPP Historical Contribution Rates.pdf

From: [Ma, Patricia \(TBS\)](#)
To: [Tam, Nelson \(TBS\)](#)
Subject: FW: HOOPP Historical Contribution Rates
Date: January-11-17 2:53:28 PM

Hi Nelson,

I remember you asked me this question before the holidays. Below from Ingrid at IPPD is all I could really find out as the internal and publically available information on this is quite limited.

Patricia

From: Tsang, Ingrid (MOF)
Sent: January-11-17 12:31 PM
To: Ma, Patricia (TBS)
Subject: RE: HOOPP Historical Contribution Rates

We don't have that information. I spoke with someone worked there before. It appears that HOOPP did have a contribution reduction (not a complete holiday per se) at some point in the early 2000 when returns were exceptional. However, we are unable to find any information.

If it is absolutely necessary, someone would have to contact the Board for it.

Regards,

Ingrid

From: Ma, Patricia (TBS)
Sent: January 11, 2017 12:02 PM
To: Tsang, Ingrid (MOF)
Subject: HOOPP Historical Contribution Rates

Hi Ingrid,

As you may know, we are conducting some accounting analysis on the accounting for the Provincial pension plans. As part of the information gathering, I wanted to obtain information on HOOPP historical contribution rates, specifically whether and when HOOPP ever had a contribution holiday.

Would you have or would you know where I can might get this information?

Thank you,

Patricia

Patricia Ma CPA, CA

Senior Financial Analyst, Broader Public Sector Reporting

Office of the Provincial Controller I Treasury Board Secretariat

416.327.1408

<< OLE Object: Picture (Device Independent Bitmap) >>

2 - Email - December 14 2016 - RE_ Pre-brief_ Asset Panel Reportback.pdf

From: Tam, Nelson (TBS)
To: [Hosick, Sarah \(TBS\)](#)
Subject: RE: Pre-brief: Asset Panel Reportback
Date: December-14-16 4:20:00 PM
Attachments: [Minister Update on Advisory Panel Progress V2.pptx](#)

Sarah

Left a hard copy on your chair and previous draft with your comments. I don't want to speak for the Panel so the measurement and recognition are at a high level with little details.

Sent Bryant the information on the Communications Strategy for his input requesting a NOON response.

Reminder – I have a dentist appointment in the morning. The latest 11AM but hoping to be earlier. Just in case, I attached the electronic version as well.

Thanks

Nelson

X20514

From: Hosick, Sarah (TBS)
Sent: December-14-16 2:23 PM
To: Veinot, Cindy (TBS); Petsche, Nadine (TBS)
Cc: Tam, Nelson (TBS)
Subject: RE: Pre-brief: Asset Panel Reportback

Hi Cindy and Nadine

An update on this – I spoke with DMO to get more info on expectations for the Monday briefing with the Minister. I have passed along the info to Nelson, who is incorporating into a deck that can be used.

Sarah

-----Original Appointment-----

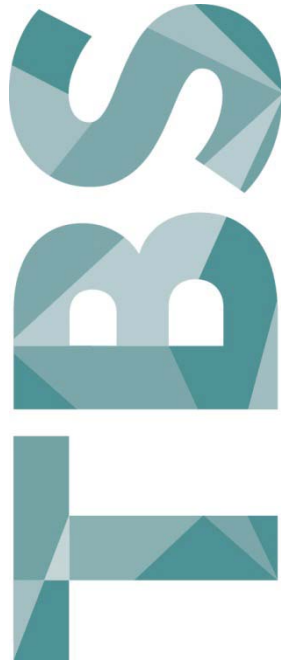
From: Laughton, Patrick (TBS) **On Behalf Of** Hughes, Karen (TBS)
Sent: December-14-16 2:03 PM
To: Veinot, Cindy (TBS); Hosick, Sarah (TBS); Tam, Nelson (TBS); Petsche, Nadine (TBS)

Subject: Pre-brief: Asset Panel Reportback

When: December-16-16 4:00 PM-4:30 PM (UTC-05:00) Eastern Time (US & Canada).

Where: Associate's Boardroom

Minister Update on Advisory Panel Progress V2.pdf



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General Overview



- In connection with the preparation and audit of the 2015-16 Public Accounts, the Office of the Auditor General and the government's professional accounting staff disagreed regarding the application of Public Sector Accounting Standards (PSAS) to pension assets related to two pension plans that the Province jointly sponsors – Ontario Teachers' Pension Plan (OTPP) and Ontario Public Service Employees' Union Pension Plan (OPSEUPP).
- The expert panel was established as a short-term advisory body to review the application of the Public Sector Accounting Standards (PSAS) to accounting for pension assets and provide advice to government.
- On November 10, 2016, the Province announced the appointment of four members to the Panel (See Appendix A).
- The Panel held four all-day meetings: November 18, December 5, December 12, and December 13.

General Overview



- Following briefings were provided to the Panel to assist them in their discussions and analysis:
 - OPCD accounting position papers;
 - Deloitte opinion on the appropriate application of certain aspects of Canadian public sector accounting standards to the recognition of the accrued benefit asset related to OTPP;
 - Ministry of Education overview of the Ontario Teachers' Pension Plan;
 - Communications media protocol;
 - British Columbia (BC) and New Brunswick(NB) pension plans which the Auditor General referenced as comparators; and
 - 2016 Annual Auditor General's report Chapter 2 & 4.

- The Panel discussed the two main pension issues: recognition and measurement.
- Recognition Issue:
 - Discussed the accounting definition of “asset” and “control”
 - Discussed the differences between the BC, NB, and Ontario plans specifically regarding “control”.
 - Discussed the Auditor General’s perspective on the issue.
 - Reviewed the various pension plan agreements to determine if the Province had a right to assess the surplus.
- Measurement Issue:
 - Discussed that the measurement guidance in the accounting standards, if a pension asset is recognized.

Report



- Report writer is assisting the panel in drafting the report. No other supports were requested by the Panel.
- The report will consist of: an executive summary (approximately 3 – 4 pages) and a detailed analysis of the accounting issue with conclusions and recommendations of each item of the Terms of Reference.
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- December 19th – Panel to submit their comments on the 2nd draft of the outline.
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- January 8th – The Panel will submit their comments to the report writer for consolidation.
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- January 11th – drafting of the Executive Summary
- January 16th – completion of final report

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Appendix A – Panel Members



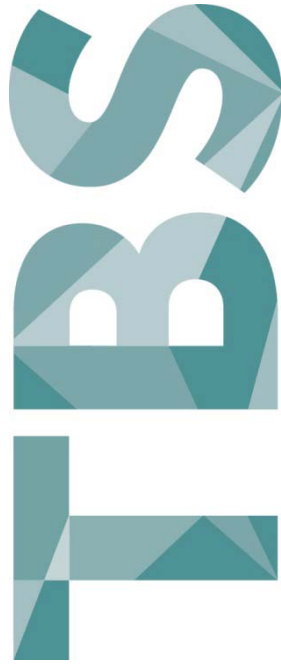
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Appendix B – Terms of Reference (Scope)



- The requirement regarding control with respect to recognizing a pension asset for a joint defined benefit plan
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2 - Minister Update on Advisory Panel Progress V2.pptx



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3 - Email - December 15 2016 - Minister Update on Advisory Panel Progress V4.pptx.pdf

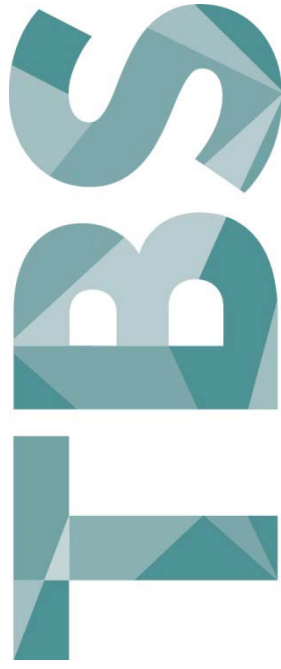
From: [Hosick, Sarah \(TBS\)](#)
To: [Veinot, Cindy \(TBS\)](#)
Cc: [Tam, Nelson \(TBS\)](#)
Subject: Minister Update on Advisory Panel Progress V4.pptx
Date: December-15-16 4:51:06 PM
Attachments: [Minister Update on Advisory Panel Progress V4.pptx](#)

Hi Cindy

Attached is a draft deck for both tomorrow's pre-brief and Monday's briefing for your review.

Thanks
Sarah

Minister Update on Advisory Panel Progress V4.pdf



Office of Provincial Controller

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December 19, 2016

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 - 2016 Annual Auditor General's report Chapter 2 (Public Accounts of the Province) & 4.(Accounting Treatment of Pension Funds)

- The Panel discussed the two main pension issues: can a pension asset be recognized and, if so how should they be measured.
- Recognition Issue:
 - Discussed the accounting definition of “asset” and “control”
 - Discussed the differences between the BC, NB, and Ontario plans specifically regarding “control”.
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- **COMMUNICATIONS TO PROVIDE A COUPLE OF SLIDES TOMORROW. AWAITING DIRECTOR APPROVAL**
- TBS Communications reviewed the Media Protocol with the Panel – all media requests are directed to the Chair who is the official spokesperson for the Panel and supported by Communications as needed. The Chair will respond to questions directly related to the work of the Panel. All other questions are directed to TBS Communications.
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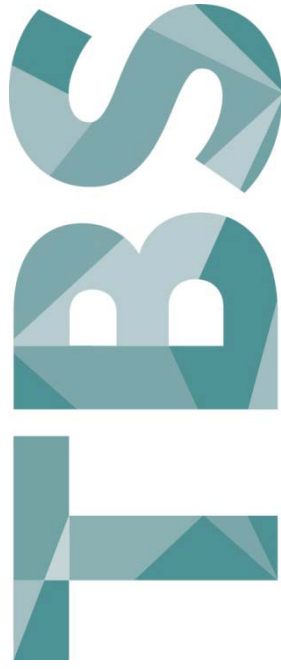
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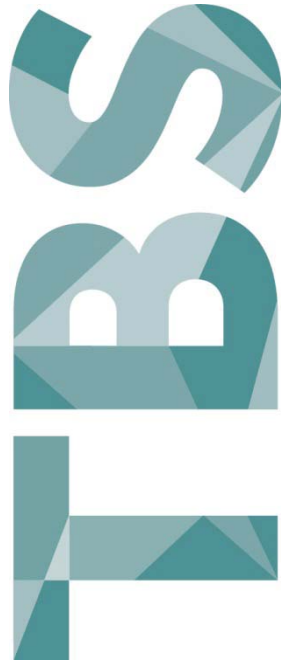
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Appendix B – Terms of Reference (Scope)



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To: [Hosick, Sarah \(TBS\)](#)
Subject: RE: Minister Update on Advisory Panel Progress V4.pptx
Date: December-16-16 9:05:00 AM
Attachments: [Minister Update on Advisory Panel Progress V5.pptx](#)

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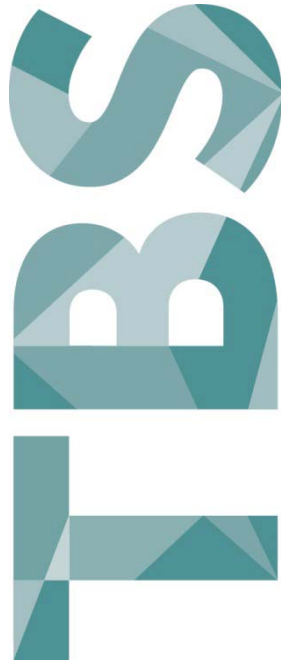
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Office of Provincial Controller

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December 19, 2016

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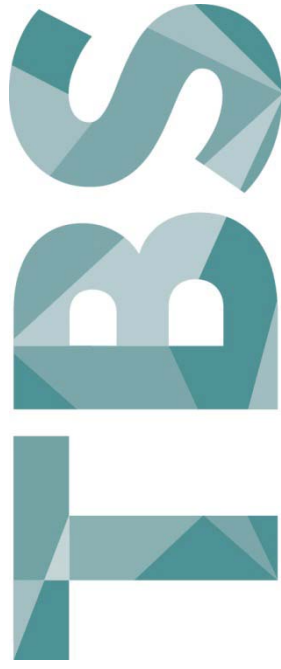
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Office of Provincial Controller

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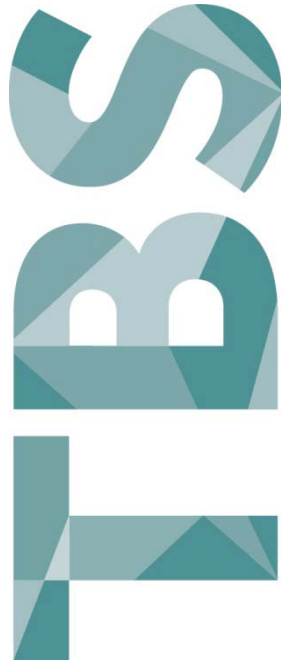
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Media Analysis



- There have been **23 articles** from **11 outlets** (print, TV, radio) since the release of Public Accounts in October.
 - 12 reference the Panel, all reference the pension asset issue.
 - See Appendix C: Media Content Analysis for a detailed breakdown of all media.
- The perceived dispute between the government and the Auditor General generated the most press, with another spike following the release of the Auditor General's Report on November 30.
- Since then, there has been no media coverage. For example, there was no mention of the matter in the Martin Regg Cohn piece, on December 12, that was highly critical of the Auditor General and her relationship with the government.
- Top coverage themes were:
 - Panel review
 - Accounting methods in question
 - Perceived dispute between the Auditor General and government

Communications



Strategy & Rollout

- A reactive, low to medium profile approach is recommended
- Messaging should remain neutral and high-level.
- Strategy needs to be adjustable in order to accommodate the Panel's findings, which are currently unknown.

Pre-Launch	Launch (mid to late February TBC)	Post-Launch
▪ Receive draft report (January 16 TBC) ▪ Three weeks for translation, design and production (based on assumption report is 40 pages) ▪ Prepare media Qs & As, update HBN ▪ Engage MOF	▪ Post Bulletin (or News Release) ▪ Release Report (online only)	▪ Update HBN and media Qs & As ▪ Budget 2017 in March

Narrative

- Since the release of the Public Accounts, the government has taken action to establish a Pension Asset Expert Advisory Panel.
- The Pension Asset Expert Advisory Panel has released its advice and recommendations to the government on the application of public sector accounting standards to Ontario's net pension assets.
- The results of the Panel will help inform the province's future accounting treatment.

Considerations

- Coordination with the MOF.
- Outreach to Auditor General, OPSEU and OTPPB.
- FAO's position on the pension asset matter.

Timelines



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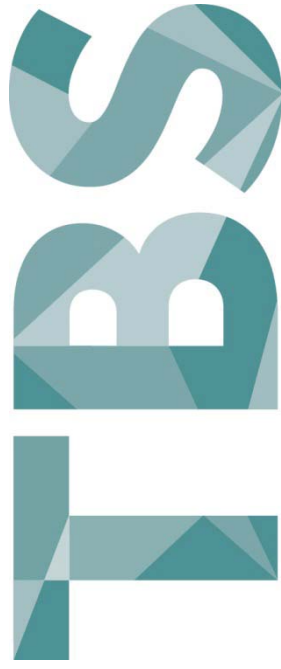
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Appendix C: Media Content Analysis (October 3-December 1, 2016)



	MEDIUM			TONE			GOV'T KEY MESSAGE PICKUP		GOV'T SPOKESPERSON QUOTED		3RD PARTY QUOTED	
	PRINT	RADIO	TV	POS.	NEU.	NEG.	YES	NO	YES	NO	YES	NO
TOTAL	20	2	1	0	6	17	10	13	11	12	19	4
%	86.9	8.6	4.3	0	26	74	43.4	56.5	47.8	52.2	82.6	17.4

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Media Analysis



- There have been **23 articles** from **11 outlets** (print, TV, radio) since the release of Public Accounts in October.
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 - Panel review
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Communications



Strategy & Rollout

- A reactive, low to medium profile approach is recommended
- Messaging should remain neutral and high-level.
- Strategy needs to be adjustable in order to accommodate the Panel's findings, which are currently unknown.

Pre-Launch	Launch (mid to late February TBC)	Post-Launch
▪ Receive draft report (January 16 TBC) ▪ Three weeks for translation, design and production (based on assumption report is 40 pages) ▪ Prepare media Qs & As, update HBN ▪ Engage MOF	▪ Post Bulletin (or News Release) ▪ Release Report (online only)	▪ Update HBN and media Qs & As ▪ Budget 2017 in March

Narrative

- Since the release of the Public Accounts, the government has taken action to establish a Pension Asset Expert Advisory Panel.
- The Pension Asset Expert Advisory Panel has released its advice and recommendations to the government on the application of public sector accounting standards to Ontario's net pension assets.
- The results of the Panel will help inform the province's future accounting treatment.

Considerations

- Coordination with the MOF.
- Outreach to Auditor General, OPSEU and OTPPB.
- FAO's position on the pension asset matter.

Timelines



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- January 16th – Completion of final report

Appendix A – Panel Members



- Patricia O'Malley (Chair) – Chair of the Canadian Actuarial Standards Oversight Council, member of the Canadian Accounting Standards Oversight Council, Chair of the Canadian Accounting Standards Board and Chaired the International Forum of Accounting Standard Setters;
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Appendix B – Terms of Reference (Scope)



- The requirement regarding control with respect to recognizing a pension asset for a joint defined benefit plan
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- Recommendations to the Employee Future Benefits Task Force of the Public Sector Accounting Board regarding issues that should be considered in its review of the retirement and post-employment benefits standards.

Appendix C: Media Content Analysis (October 3-December 1, 2016)



	MEDIUM			TONE			GOV'T KEY MESSAGE PICKUP		GOV'T SPOKESPERSON QUOTED		3RD PARTY QUOTED	
	PRINT	RADIO	TV	POS.	NEU.	NEG.	YES	NO	YES	NO	YES	NO
TOTAL	20	2	1	0	6	17	10	13	11	12	19	4
%	86.9	8.6	4.3	0	26	74	43.4	56.5	47.8	52.2	82.6	17.4

4 - Email - December 15 2016 - RE_ Minister's Slide Deck Briefing - December 19th.pdf

From: Tam, Nelson (TBS)
To: [Hosick, Sarah \(TBS\) \(Sarah.Hosick@ontario.ca\)](mailto:Sarah.Hosick@ontario.ca)
Subject: RE: Minister's Slide Deck Briefing - December 19th
Date: December-15-16 4:26:00 PM
Attachments: [Minister Update on Advisory Panel Progress V3.pptx](#)

Sarah

Updated version

Nelson

From: Tam, Nelson (TBS)
Sent: December-15-16 4:04 PM
To: Hosick, Sarah (TBS) (Sarah.Hosick@ontario.ca)
Subject: Minister's Slide Deck Briefing - December 19th

Sarah

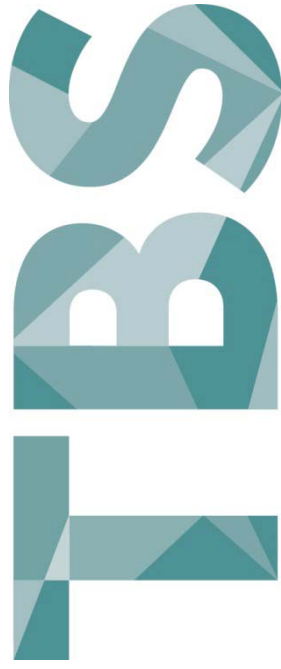
Attached is the updated version of the Minister slide deck briefing for your and then Cindy's review. Communication slides is with Sofie for review and hope to receive tomorrow morning.

Left a copy on your chair.

Thanks

Nelson
X20514

Minister Update on Advisory Panel Progress V3.pdf



Office of Provincial Controller

Pension Asset Expert Advisory Panel – Update

December 19, 2016

Objective



- To provide an update on the status of the Pension Asset Expert Advisory Panel (the 'Panel'), as it works to provide advice and recommendations to the government on the application of public sector accounting standards to Ontario's net pension assets.
- To discuss report delivery timing and communication release strategy

General Overview



- In connection with the preparation and audit of the 2015-16 Public Accounts, the Office of the Auditor General and the government's professional accounting staff disagreed regarding the application of Public Sector Accounting Standards (PSAS) to pension assets related to two pension plans that the Province jointly sponsors – Ontario Teachers' Pension Plan (OTPP) and Ontario Public Service Employees' Union Pension Plan (OPSEU PP).
- The expert panel was established as a short-term advisory body to review the application of the Public Sector Accounting Standards (PSAS) to accounting for pension assets and provide advice to government.
- On November 10, 2016, the Province announced the appointment of four members to the Panel (See Appendix A).
- The Panel held four all-day meetings: November 18, December 5, December 12, and December 13.

General Overview



- The following briefings were provided to the Panel to assist in their analysis:
 - OPCD accounting position papers;
 - Deloitte opinion on the appropriate application of certain aspects of Canadian public sector accounting standards to the recognition of the accrued benefit asset related to OTPP;
 - Ministry of Education overview of the Ontario Teachers' Pension Plan;
 - Communications media protocol; and
 - 2016 Annual Auditor General's report Chapter 2 (Public Accounts of the Province) & 4.(Accounting Treatment of Pension Funds)

- The Panel discussed the two main pension issues: can a pension asset be recognized and, if so how should they be measured.
- Recognition Issue:
 - Discussed the accounting definition of “asset” and “control”
 - Discussed the differences between the BC, NB, and Ontario plans specifically regarding “control”.
 - Discussed the Auditor General’s perspective on the issue.
 - Reviewed the various pension plan agreements to determine if the Province had a right to assess the surplus.
- Measurement Issue:
 - Discussed that the measurement guidance in the accounting standards, if a pension asset is recognized.

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- A report writer is assisting the panel in drafting the report. No other supports were requested by the Panel.
- The report will consist of: an executive summary (approximately 3 – 4 pages) and a detailed analysis of the accounting issue with conclusions and recommendations of each item within the Terms of Reference (see Appendix B).
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Communications Strategy



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- TBS Communications provided advice on the format, accessibility and translation requirements, and report is in “everyday language”.
- Release strategy is under development.
- **COMMUNICATIONS TO PROVIDE A COUPLE OF SLIDES TOMORROW. AWAITING DIRECTOR APPROVAL**

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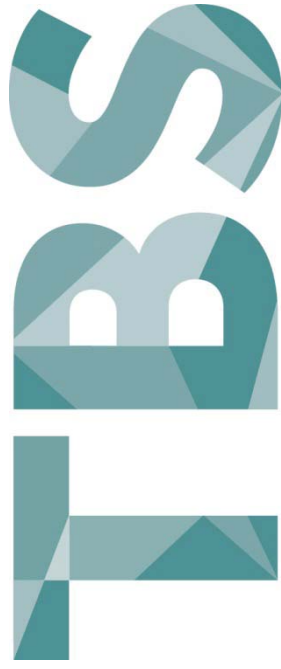
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4 - Minister Update on Advisory Panel Progress V3.pptx



Office of Provincial Controller

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December 19, 2016

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- To provide an update on the status of the Pension Asset Expert Advisory Panel (the 'Panel'), as it works to provide advice and recommendations to the government on the application of public sector accounting standards to Ontario's net pension assets.
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5 - Email - December 16 2016 - RE_ Minister Briefing - Communication slide.pdf

From: [Ovenden, Erin \(TBS\)](#)
To: [Tam, Nelson \(TBS\)](#)
Cc: [Sullivan, Bryant \(TBS\)](#)
Subject: RE: Minister Briefing - Communication slide
Date: December-16-16 2:37:52 PM
Attachments: [PAEAP Comms Slide v4 SM 20161216.pptx](#)

Hi Nelson!

I just finished formatting them. We've done four slides. One is the Media Analysis followed by two Communications slides. These three should replace your current Communications Strategy please. The fourth is an Appendix, currently labelled C.

We'd like to be clear to all involved that we won't have a final comms strategy until we see the final report. This represents our best comms advice at this time.

Can you please cc Sofie and Bryant on your email to DMO? I would also love a copy of the final deck.

Thank you again for your patience!

Erin Ovenden

Senior Communications Consultant

Communications Branch | Treasury Board Secretariat

77 Wellesley Street West, Ferguson Block

Toronto, ON M7A 1N3

Tel: 416-326-7727

From: Tam, Nelson (TBS)
Sent: December-16-16 2:12 PM
To: Ovenden, Erin (TBS)
Subject: RE: Minister Briefing - Communication slide

Erin

We are going ahead with the draft deck I sent you earlier for the Associate DM meeting at 4PM. The Minister's briefing is at 9AM on Monday morning.

Is it possible to get your slides to me by 3:30 so I can incorporate and send to DMO? Even high level for now would be appreciated.

Thanks

Nelson

From: Ovenden, Erin (TBS)
Sent: December-16-16 10:30 AM
To: Tam, Nelson (TBS)
Subject: RE: Minister Briefing - Communication slide

Noted. I will keep it near and dear to my heart.

Erin Ovenden

Senior Communications Consultant

Communications Branch | Treasury Board Secretariat

77 Wellesley Street West, Ferguson Block

Toronto, ON M7A 1N3

Tel: 416-326-7727

From: Tam, Nelson (TBS)

Sent: December-16-16 10:28 AM

To: Ovenden, Erin (TBS)

Subject: RE: Minister Briefing - Communication slide

Erin

Please don't share the slide deck with MO. It is only for Communications.

Thanks

Nelson

From: Ovenden, Erin (TBS)

Sent: December-16-16 10:22 AM

To: Tam, Nelson (TBS)

Subject: RE: Minister Briefing - Communication slide

Appreciated. Thank you Nelson. I'll be in touch.

Erin Ovenden

Senior Communications Consultant

Communications Branch | Treasury Board Secretariat

77 Wellesley Street West, Ferguson Block

Toronto, ON M7A 1N3

Tel: 416-326-7727

From: Tam, Nelson (TBS)

Sent: December-16-16 10:19 AM

To: Ovenden, Erin (TBS)

Subject: RE: Minister Briefing - Communication slide

Erin

Attached is the draft slide deck as discussed.

Send me a quick note at NOON to let me know if I should just forward the attached version.

Thanks

Nelson
X20514

From: Tam, Nelson (TBS)
Sent: December-16-16 9:56 AM
To: Ovenden, Erin (TBS); Sullivan, Bryant (TBS)
Subject: RE: Minister Briefing - Communication slide

Erin, Bryant

Any update on timing. I updated my slide deck for Cindy's changes and I want to re-send to her with your slides.

Thanks

Nelson
X20514

From: Ovenden, Erin (TBS)
Sent: December-15-16 3:50 PM
To: Tam, Nelson (TBS); Sullivan, Bryant (TBS)
Subject: RE: Minister Briefing - Communication slide

Hi Nelson-

The slides are with Sofie for review. We should be able to get something to you in the morning.

Thanks,

Erin Ovenden

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Communications Branch | Treasury Board Secretariat
77 Wellesley Street West, Ferguson Block
Toronto, ON M7A 1N3
Tel: 416-326-7727

From: Tam, Nelson (TBS)
Sent: December-15-16 3:35 PM
To: Sullivan, Bryant (TBS)
Cc: Ovenden, Erin (TBS)
Subject: RE: Minister Briefing - Communication slide

Bryant

We are in the process of finalizing the slide deck for Cindy's review. We have a briefing with the Associate DM at 4PM tomorrow.

Please advise when I can expect your two slides so I can incorporate them into ours.

Preference is early tomorrow morning.

Thanks

Nelson
X20514

From: Sullivan, Bryant (TBS)
Sent: December-14-16 7:10 PM
To: Tam, Nelson (TBS)
Cc: Ovenden, Erin (TBS)
Subject: Re: Minister Briefing - Communication slide

Hi Nelson, yes we'll put together a slide or two on the comms strategy.

Just flagging that noon is probably not do-able as we need to have a couple of conversations on our side first.

We'll get it to you as soon as we can.

Bryant

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Tam, Nelson (TBS)
Sent: Wednesday, December 14, 2016 4:13 PM
To: Sullivan, Bryant (TBS)
Subject: Minister Briefing - Communication slide

Bryant

We are preparing a slide deck for Monday's briefing the Minister. Included in the slide deck is the below slide information. Please review/edit/add as needed. I will incorporate the changes in the final version. Please submit your changes by NOON tomorrow if possible.

Communication Strategy

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Nelson
X20514

PAEAP_Comms Slide_v4_SM_20161216.pdf

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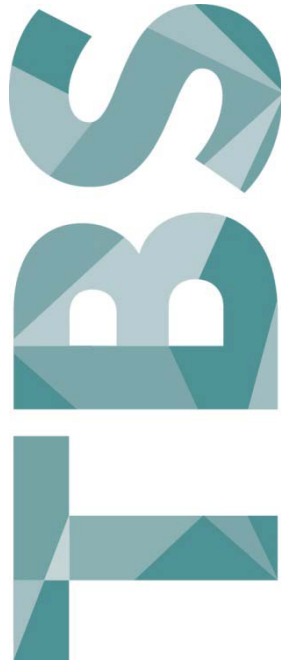
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5 - Minister Update on Advisory Panel Progress V5.pptx



Office of Provincial Controller

DRAFT – Pension Asset Expert Advisory Panel – Update

December 19, 2016

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5 - PAEAP_Comms Slide_v4_SM_20161216.pptx

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- Strategy needs to be adjustable in order to accommodate the PAEAP’s findings, which are currently unknown.

Pre-Launch	Launch (mid to late February TBC)	Post-Launch
▪ Receive draft report (January 16 TBC) ▪ Three weeks for translation, design and production (based on assumption report is 40 pages) ▪ Prepare media Qs & As, update HBN ▪ Engage MOF	▪ Post Bulletin (or News Release) ▪ Release Report (online only)	▪ Update HBN and media Qs & As ▪ Budget 2017 in March

Narrative

- Since the release of the Public Accounts, the government has taken action to establish a Pension Asset Expert Advisory Panel.
- The Pension Asset Expert Advisory Panel has released its advice and recommendations to the government on the application of public sector accounting standards to Ontario's net pension assets.
- The results of the Panel will help inform the province's future accounting treatment.

Considerations

- Coordination with the MOF.
- Outreach to Auditor General, OPSEU and OTPPB.
- FAO's position on the pension asset matter.

Appendix C: Media Content Analysis (October 3-December 1, 2016)



	MEDIUM			TONE			GOV'T KEY MESSAGE PICKUP		GOV'T SPOKESPERSON QUOTED		3RD PARTY QUOTED	
	PRINT	RADIO	TV	POS.	NEU.	NEG.	YES	NO	YES	NO	YES	NO
TOTAL	20	2	1	0	6	17	10	13	11	12	19	4
%	86.9	8.6	4.3	0	26	74	43.4	56.5	47.8	52.2	82.6	17.4

6 - Email - December 14 2016 - RE_ AG Meeting - Bullet Points for Minister Briefing.pdf

From: [Hosick, Sarah \(TBS\)](#)
To: [Tam, Nelson \(TBS\)](#)
Subject: RE: AG Meeting - Bullet Points for Minister Briefing
Date: December-14-16 3:52:24 PM

Hi Nelson

Definitely don't want to give the indication we want the Chair to give a formal report in or disclose anything specific on their meeting with the AG. It was more so high-level confirmation that the meeting did happen, it went as they expected, anything we need to raise etc.

If we can't have any indication of how it went at a high-level, we will just need to figure out how to position this for the Minister's briefing, as there will definitely be questions about it.

Also can you please extend the January meeting invite to Tricia if you haven't already.

Thanks
Sarah

From: Tam, Nelson (TBS)
Sent: December-14-16 3:39 PM
To: Hosick, Sarah (TBS)
Subject: FW: AG Meeting - Bullet Points for Minister Briefing

From: Patricia O'Malley [<mailto:plomalley@outlook.com>]
Sent: December-14-16 3:30 PM
To: Tam, Nelson (TBS)
Cc: Murray Gold; Uros Karadzic; Martin, Paul (FIN)
Subject: Re: AG Meeting - Bullet Points for Minister Briefing

Nelson

First, our meeting with the AG will not be over until 2:30 so it would be impossible for me to provide you with anything by 3.

Second, I think it is inappropriate for me to share anything with the Minister that arises in a private meeting with the AG.

Your group has concluded that you should not attend the meeting, partly on the basis that the

AG might not be as forthcoming if you were there. I could not fail to inform the AG that I would be providing a report on our meeting to the Minister. I believe that would have an even more chilling effect. Besides perhaps fatally undermining our ability to describe the process as independent and be believed.

Tricia

Tricia O'Malley

Mobile +1(416) 570 1924

From: Tam, Nelson (TBS)

Sent: Wednesday, December 14, 2016 14:37

To: Patricia O'Malley (plomalley@outlook.com)

Subject: AG Meeting - Bullet Points for Minister Briefing

Patricia

We are preparing a slide deck for the Minister briefing on Monday.

After your meeting with the Auditor General, please send me two or three high-level bullet points on what transpired at the meeting especially any issues of concern raised.

Please send the bullet points by 3PM so I can incorporate into the slide deck.

Thanks

Nelson

416-212-0514

7 - Email - December 16 2016 - MO Briefing Slide Deck - December 19 2016.pdf

From: [Sullivan, Bryant \(TBS\)](#)
To: [Tam, Nelson \(TBS\)](#); [DiMuzio, Sofie \(TBS\)](#)
Cc: [Ovenden, Erin \(TBS\)](#)
Subject: Re: MO Briefing Slide Deck - December 19 2016
Date: December-16-16 6:23:13 PM

Looks great. Thanks Nelson.

Bryant

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Tam, Nelson (TBS)
Sent: Friday, December 16, 2016 4:52 PM
To: DiMuzio, Sofie (TBS); Sullivan, Bryant (TBS)
Cc: Ovenden, Erin (TBS)
Subject: MO Briefing Slide Deck - December 19 2016

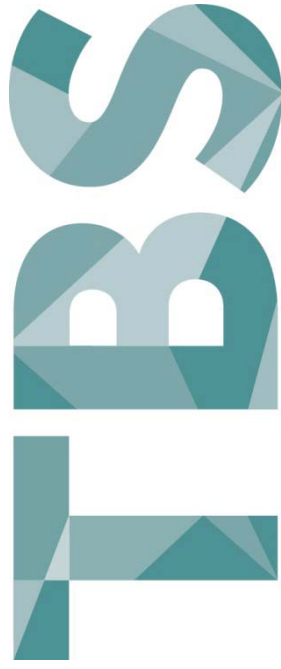
Sofie, Bryant

Attached is the slide deck sent to MO for Monday's briefing.

Thank you for your assistance on the Communication slides.

Nelson
X20514

7 - Minister Update on Advisory Panel Progress Final.pptx



Office of Provincial Controller

Pension Asset Expert Advisory Panel – Update

December 19, 2016

Objective



- To provide an update on the status of the Pension Asset Expert Advisory Panel (the 'Panel'), as it works to provide advice and recommendations to the government on the application of public sector accounting standards to Ontario's net pension assets.
- To discuss report delivery timing and communication release strategy

General Overview



- In connection with the preparation and audit of the 2015-16 Public Accounts, the Office of the Auditor General and the government's professional accounting staff disagreed regarding the application of Public Sector Accounting Standards (PSAS) to pension assets related to two pension plans that the Province jointly sponsors – Ontario Teachers' Pension Plan (OTPP) and Ontario Public Service Employees' Union Pension Plan (OPSEUUPP).
- The expert panel was established as a short-term advisory body to review the application of the Public Sector Accounting Standards (PSAS) to accounting for pension assets and provide advice to government.
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- The Panel held four all-day meetings: November 18, December 5, December 12, and December 13.

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- The following briefings were provided to the Panel to assist in their analysis:
 - OPCD accounting position papers;
 - Deloitte opinion on the appropriate application of certain aspects of Canadian public sector accounting standards to the recognition of the accrued benefit asset related to OTPP;
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- Recognition Issue:
 - Discussed the accounting definitions of “asset” and “control”
 - Discussed the differences between the BC, NB, and Ontario plans specifically regarding “control”.
 - Discussed the Auditor General’s perspective on the issue.
 - Reviewed the various pension plan agreements to determine if the Province had a right to access the surplus.
- Measurement Issue:
 - If a pension asset is to be recognized, the Panel discussed the application of the measurement guidance in the accounting standards.

Report



- A report writer is assisting the panel in drafting the report. No other support was requested by the Panel.
- The report will consist of: an executive summary (approximately 3 – 4 pages) and a detailed analysis of the accounting issue with conclusions and recommendations of each item within the Terms of Reference (see Appendix B).
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Communications



Strategy & Rollout

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- The results of the Panel will help inform the province's future accounting treatment.

Considerations

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- Outreach to Auditor General, OPSEU and OTPPB.
- FAO's position on the pension asset matter.

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Appendix B – Terms of Reference (Scope)



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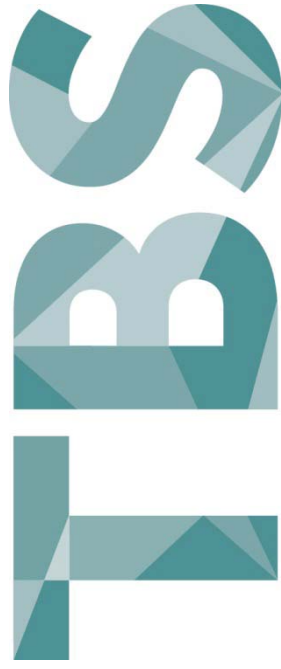
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7A - Email - December 16 2016 - Minister Update on Advisory Panel Progress Final.pptx.pdf

From: [Hosick, Sarah \(TBS\)](#)
To: [Tam, Nelson \(TBS\)](#)
Subject: Minister Update on Advisory Panel Progress Final.pptx
Date: December-16-16 4:44:46 PM
Attachments: [Minister Update on Advisory Panel Progress Final.pptx](#)

Version for Monday

Minister Update on Advisory Panel Progress Fi.pdf



Office of Provincial Controller

Pension Asset Expert Advisory Panel – Update

December 19, 2016

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- To provide an update on the status of the Pension Asset Expert Advisory Panel (the 'Panel'), as it works to provide advice and recommendations to the government on the application of public sector accounting standards to Ontario's net pension assets.
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- Recognition Issue:
 - Discussed the accounting definitions of “asset” and “control”
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Communications



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Timelines



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7B - Email - December 16 2016 - Materials for Minister Update on Advisory Panel Progress.pdf

From: [Hosick, Sarah \(TBS\)](#)
To: [Veinot, Cindy \(TBS\)](#)
Cc: [Jack, Shannon \(TBS\)](#); [Tam, Nelson \(TBS\)](#); [Petsche, Nadine \(TBS\)](#)
Subject: Materials for Minister Update on Advisory Panel Progress
Date: December-16-16 3:10:57 PM
Attachments: [Minister Update on Advisory Panel Progress V6.pptx](#)

Hi Cindy,

Please see attached for the materials to be used at the 4pm pre-brief with Karen.

Shannon, please add to LINKS.

Thanks
Sarah

From: Tam, Nelson (TBS)
Sent: December-16-16 3:05 PM
To: Hosick, Sarah (TBS)
Subject: RE: Minister Update on Advisory Panel Progress V4.pptx

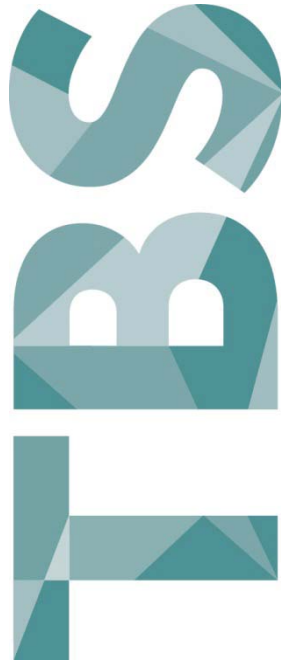
Sarah

Attached is the updated slide deck with Communications slides.

Thanks

Nelson

Minister Update on Advisory Panel Progress V6_1.pdf



Office of Provincial Controller

DRAFT – Pension Asset Expert Advisory Panel – Update

December 19, 2016

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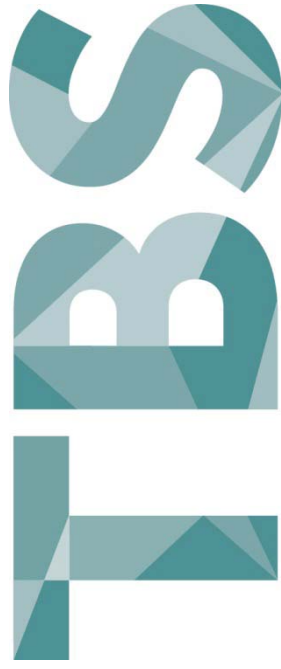
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Communications



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Narrative

- Since the release of the Public Accounts, the government has taken action to establish a Pension Asset Expert Advisory Panel.
- The Pension Asset Expert Advisory Panel has released its advice and recommendations to the government on the application of public sector accounting standards to Ontario's net pension assets.
- The results of the Panel will help inform the province's future accounting treatment.

Considerations

- Coordination with the MOF.
- Outreach to Auditor General, OPSEU and OTPPB.
- FAO's position on the pension asset matter.

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Appendix A – Panel Members



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Appendix C: Media Content Analysis (October 3-December 1, 2016)



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	PRINT	RADIO	TV	POS.	NEU.	NEG.	YES	NO	YES	NO	YES	NO
TOTAL	20	2	1	0	6	17	10	13	11	12	19	4
%	86.9	8.6	4.3	0	26	74	43.4	56.5	47.8	52.2	82.6	17.4

7C - Email - December 16 2016 - RE_ Materials for Minister Update on Advisory Panel Progress.pdf

From: Tam, Nelson (TBS)
To: [Hosick, Sarah \(TBS\)](#)
Subject: RE: Materials for Minister Update on Advisory Panel Progress
Date: December-16-16 4:40:00 PM
Attachments: [Minister Update on Advisory Panel Progress Final.pptx](#)

Sarah

Attached is the final version of the slide deck.

Thanks

Nelson

From: Hosick, Sarah (TBS)
Sent: December-16-16 3:11 PM
To: Veinot, Cindy (TBS)
Cc: Jack, Shannon (TBS); Tam, Nelson (TBS); Petsche, Nadine (TBS)
Subject: Materials for Minister Update on Advisory Panel Progress

Hi Cindy,

Please see attached for the materials to be used at the 4pm pre-brief with Karen.

Shannon, please add to LINKS.

Thanks
Sarah

From: Tam, Nelson (TBS)
Sent: December-16-16 3:05 PM
To: Hosick, Sarah (TBS)
Subject: RE: Minister Update on Advisory Panel Progress V4.pptx

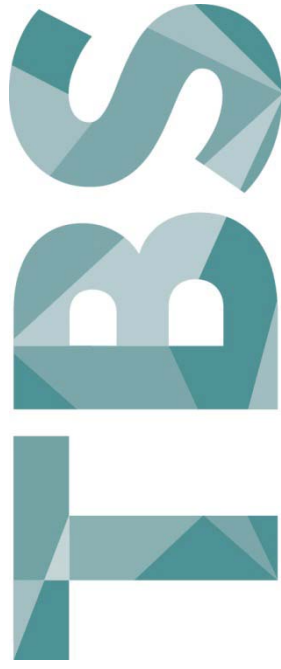
Sarah

Attached is the updated slide deck with Communications slides.

Thanks

Nelson

Minister Update on Advisory Panel Progress Fi_1.pdf



Office of Provincial Controller

Pension Asset Expert Advisory Panel – Update

December 19, 2016

Objective



- To provide an update on the status of the Pension Asset Expert Advisory Panel (the 'Panel'), as it works to provide advice and recommendations to the government on the application of public sector accounting standards to Ontario's net pension assets.
- To discuss report delivery timing and communication release strategy

General Overview



- In connection with the preparation and audit of the 2015-16 Public Accounts, the Office of the Auditor General and the government's professional accounting staff disagreed regarding the application of Public Sector Accounting Standards (PSAS) to pension assets related to two pension plans that the Province jointly sponsors – Ontario Teachers' Pension Plan (OTPP) and Ontario Public Service Employees' Union Pension Plan (OPSEUUP).
- The expert panel was established as a short-term advisory body to review the application of the Public Sector Accounting Standards (PSAS) to accounting for pension assets and provide advice to government.
- On November 10, 2016, the Province announced the appointment of four members to the Panel (See Appendix A).
- The Panel held four all-day meetings: November 18, December 5, December 12, and December 13.

General Overview



- The following briefings were provided to the Panel to assist in their analysis:
 - OPCD accounting position papers;
 - Deloitte opinion on the appropriate application of certain aspects of Canadian public sector accounting standards to the recognition of the accrued benefit asset related to OTPP;
 - Ministry of Education overview of the Ontario Teachers' Pension Plan;
 - Communications media protocol; and
 - 2016 Annual Auditor General's report Chapter 2 (Public Accounts of the Province) & Chapter 4 (Accounting Treatment of Pension Funds)

- The Panel discussed the two main pension issues: can a pension asset be recognized and, if so how should they be measured.
- Recognition Issue:
 - Discussed the accounting definitions of “asset” and “control”
 - Discussed the differences between the BC, NB, and Ontario plans specifically regarding “control”.
 - Discussed the Auditor General’s perspective on the issue.
 - Reviewed the various pension plan agreements to determine if the Province had a right to access the surplus.
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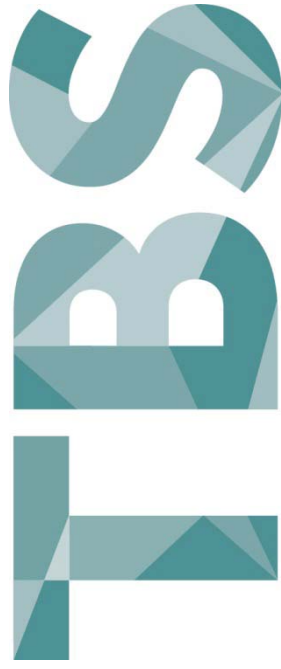
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7C - Minister Update on Advisory Panel Progress Final.pptx



Office of Provincial Controller

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8 - Email - December 19 2016 - RE_ PLEASE READ - Minister's Briefing & Communication Strategy.pdf

From: Tam, Nelson (TBS)
To: [Veinot, Cindy \(TBS\)](#)
Subject: RE: PLEASE READ - Minister's Briefing & Communication Strategy
Date: December-19-16 8:25:00 AM

Cindy

Not yet. I will mention to Bryant and Sofie when I see them this morning.

Nelson

From: Veinot, Cindy (TBS)
Sent: December-19-16 8:24 AM
To: Tam, Nelson (TBS)
Subject: RE: PLEASE READ - Minister's Briefing & Communication Strategy

Hi Nelson – did you communicate the change in plans with Communications re: when they are going to receive a draft of the document for formatting?

From: Tam, Nelson (TBS)
Sent: December-19-16 8:20 AM
To: Veinot, Cindy (TBS); DiMuzio, Sofie (TBS); Sullivan, Bryant (TBS)
Cc: Hosick, Sarah (TBS)
Subject: PLEASE READ - Minister's Briefing & Communication Strategy

Cindy, Sofie, Bryant

At today's Minister briefing, the Communication strategy is expected to be discussed including briefing the Auditor General prior to release of the report. The Chair advised that the Auditor General will be away on vacation between January 19 – 29 and again on February 5. If a briefing with the Auditor General is to be held prior to release then the week of January 30 is the only window of opportunity.

Just wanted to advise you.

Thanks

Nelson
X20514

8A - Email - December 19 2016 - RE_ PLEASE READ - Minister's Briefing & Communication Strategy.pdf

From: [DiMuzio, Sofie \(TBS\)](#)
To: [Tam, Nelson \(TBS\)](#); [Sullivan, Bryant \(TBS\)](#)
Subject: RE: PLEASE READ - Minister's Briefing & Communication Strategy
Date: December-19-16 8:49:03 AM
Importance: High

Thanks Nelson – for the record we receive embargoed information all the time so it is not at all unusual. If we are not getting the report in advance then we will need to revisit production timelines as well as manage expectations around timing for an issues management plan.

Also, re: your second email, we should have a chat about the timeline between when the government will officially receive the report to briefings to posting etc so that this sequencing is reflected in our comms strategy.

From: Tam, Nelson (TBS)
Sent: December-19-16 8:32 AM
To: DiMuzio, Sofie (TBS); Sullivan, Bryant (TBS)
Subject: RE: PLEASE READ - Minister's Briefing & Communication Strategy

Sofie, Bryant

Forgot to mention.

In briefing with Associate DM, it was decided that we will not be providing the draft report to Communications for formatting until the report is finalized. Concern is that if you have a draft of the final report, you may be asked to share it and didn't want to place Communications in an awkward situation. Please don't mention at our Minister's briefing.

Thanks

Nelson
X20514

From: Tam, Nelson (TBS)
Sent: December-19-16 8:20 AM
To: Veinot, Cindy (TBS) (Cindy.Veinot@ontario.ca); DiMuzio, Sofie (TBS); Sullivan, Bryant (TBS)
Cc: Hosick, Sarah (TBS) (Sarah.Hosick@ontario.ca)
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9 - Email - December 19 2016 - RE_ Minister Briefing Update & Measurement Options, if asset is recognized.pdf

From: [Uros Karadzic](#)
To: [Patricia O'Malley](#); [Tam, Nelson \(TBS\)](#); [Murray Gold \(mgold@kmlaw.ca\)](#); [Martin, Paul \(FIN\) \(Paul.Martin@gnb.ca\)](#); [lucy.durocher@ca.pwc.com](#)
Subject: RE: Minister Briefing Update & Measurement Options, if asset is recognized
Date: December-19-16 6:12:03 PM

Thanks Tricia,

Two quick comments:

- It's premature to talk about modelling. Where my mind is at now (and I've reflected this in my comments) is that there are no "minimum contributions required regardless of any surplus" for either plan. This would make the economic benefit calculation much simpler, although there are still some items to consider like payment of expenses etc.
- For the "plain English" section, I offered up a paragraph at the end of my edits. Feel free to use if you find it to be of any value.

Uros

Uros Karadzic, FSA, FCIA | Partner | People Advisory Services

Ernst & Young LLP

Office: +1 416 943 2087 | Mobile: +1 416 970 2087 | uros.karadzic@ca.ey.com

Assistant: Sarah Anderton | Phone: +1 416 943 3143 | sarah.anderton@ca.ey.com

From: Patricia O'Malley [mailto:plomalley@outlook.com]

Sent: Monday, December 19, 2016 5:06 PM

To: Tam, Nelson (TBS) <Nelson.Tam@ontario.ca>; Uros Karadzic <uros.karadzic@ca.ey.com>; Murray Gold (mgold@kmlaw.ca) <mgold@kmlaw.ca>; Martin, Paul (FIN) (Paul.Martin@gnb.ca) <Paul.Martin@gnb.ca>; lucy.durocher@ca.pwc.com

Subject: Re: Minister Briefing Update & Measurement Options, if asset is recognized

Nelson

Thanks for the update. Sounds like an interesting meeting.

My notes say that the AG is away on vacation for the week of February 5. At our meeting on the 11th we will need to consider whether it will be possible to have a "near final" draft ready to share with the AG before she leaves on the 19th. Not sure what we expect her to do with it in terms of a response. I think we are just intending to share before publishing. If we can have something close to final ready, the Ministers could decide whether they wanted to release the report when they know she will be away, or time it for the week she will be back. This would at least get the report out before the end of January.

I don't know that we have discussed the "right" way to run the valuation allowance although we have looked at all the Deloitte scenarios and I believe that we have agreed that any one of

them would be acceptable. Does the Minister want us to pick one? several?

Lucy and I have discussed the AG meeting in more detail. **Paul, could you please forward the slide deck and memo to Lucy? You are the only one who has it electronically. Thx**

We talked about approach going forward. Lucy is going to focus on processing our various comments and turning the outline into the full report. I am going draft an outline of the Layman's Introduction to Government Financial Reporting we discussed on Friday after the AG meeting. This will be a recap of the purpose of gov't financial statements and will cover concepts like faithful representation, neutrality and conservatism. I also want to identify the similarities and differences between accounting for pensions and other assets and liabilities at a high level. The notions of uncertainty about existence contrasted with uncertainties about measurement need to be explored too, probably illustrated with examples from the financial instruments literature.

At this point I am not sure that all this material would necessarily go in the report -- some may end up in an appendix -- or whether it would all be an intro section or inserted where it is particularly relevant to the point we are making. To be sorted out once I get it written and you have reviewed it!! I'll be in touch.

Tricia

From: Tam, Nelson (TBS) <Nelson.Tam@ontario.ca>

Sent: December 19, 2016 15:18

To: Patricia O'Malley (plomalley@outlook.com); Uros Karadzic (uros.karadzic@ca.ey.com); Murray Gold (mgold@kmlaw.ca); Martin, Paul (FIN) (Paul.Martin@gnb.ca); lucy.durocher@ca.pwc.com

Subject: Minister Briefing Update & Measurement Options, if asset is recognized

Patricia, Uros, Murray, Paul, Lucy

Today, we briefed the Minister on the status of the Panel's work. Highlights

- Mentioned the Panel met four times
- The briefings provided to the Panel
- Updated that the Panel was reviewing the recognition and measurement issues – handbook perspective
- Discussed the Auditor General position.
- The report expectation – report and supplemental
- Timeline – including the information about the AG vacation plans. **Is the AG away for the full week of February 5th?**

Important to note - **the Ministry and Minister is looking for potential measurement options/scenarios to be run/considered, if an asset is to be**

recognized. I didn't read the outline in detail but skimmed the measurement section. I don't recall seeing any recommendation on potential options/scenarios to be run/considered in the draft outline. It was discussed by Cindy at one of the meetings.

Communications will be attending the January 11th meeting to discuss the release in more detail. I will include 45 minutes in the morning.

Thanks

Nelson
416-212-0514

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