Email - January 9 2017 - RE_ FPC Agenda - January 12, 2016.pdf

From:	Hosick, Sarah (TBS)
To:	Petsche, Nadine (TBS)
Cc:	Veinot, Cindy (TBS); Tam, Nelson (TBS)
Subject:	RE: FPC Agenda - January 12, 2016
Date:	January-09-17 1:37:07 PM

Hi all

I was able to get more info on this following the midday meeting - the additional pension slides in question are the same as the fiscal update slides that are already underway following the conversation with Karen this morning.

They had called it 'pension asset update' on the agenda, but they mean to include the other issues (e.g., IFRS, cap and trade, etc.).

Sorry for any confusion.

Thanks
Sarah

From: Hosick, Sarah (TBS)
Sent: January-09-17 9:49 AM
To: Petsche, Nadine (TBS)
Cc: Veinot, Cindy (TBS); Tam, Nelson (TBS)
Subject: RE: FPC Agenda - January 12, 2016

Hi Nadine,

It won't be in your calendar (right now it's just in karen's calendar), but the SoC is holding a FPC workshop on January 12th. A pension asset update has been added to the agenda. Will share more details as they come on what they want for the couple slides.

Thanks
Sarah

From: Petsche, Nadine (TBS)
Sent: January-09-17 9:39 AM
To: Hosick, Sarah (TBS)
Cc: Veinot, Cindy (TBS); Tam, Nelson (TBS)
Subject: RE: FPC Agenda - January 12, 2016

Hi Sarah.
Welcome back and Happy New Year.
Just seeking clarification on the note below. We have a meeting scheduled with Cindy for 11 am today to review the early release response for the OAG. I don't have any other meeting on my schedule. Please advise. n

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From: Hosick, Sarah (TBS)
Sent: January 9, 2017 8:24 AM
To: Veinot, Cindy (TBS); Petsche, Nadine (TBS); Tam, Nelson (TBS)
Subject: FW: FPC Agenda - January 12, 2016

Hi Cindy, Nadine and Nelson,

Please see Patrick's note below about Pension Asset Update being on the FPC Agenda for Jan 12.

We'll need some standalone slides (2-3) for the update. Karen will discuss with you Cindy today on the approach for this.

Thanks
Sarah

From: Laughton, Patrick (TBS)
Sent: January-06-17 5:54 PM
To: Law, Rex (TBS); Hosick, Sarah (TBS)
Cc: Arbabzadeh, Nina (TBS)
Subject: FW: FPC Agenda - January 12, 2016

Rex/Gabriella/Sarah – FYI

Gabrielle/Sarah – there was a bit of a shift in the direction in a later meeting today re. how we set up discussion on Pension Asset issue (i.e., will need a standalone piece, 2-3 slides max). Karen will want to discuss with Cindy Monday. She doesn't think we need the additional product on the same timeline as the expense deck which will be discussed in detail at the MM+P Pre-brief scheduled for Monday at 11am (I didn't realize this wasn't in Cindy's calendar but have flipped now, sorry it's so late).

P.

From: Nelson, Dane (TBS)
Sent: January-06-17 5:45 PM
To: Young, Gwendolynne (MOF); Laughton, Patrick (TBS); Tiburcio, Daniel (MOF); Inglis, Liane (MOF)
Cc: Birks, Ryan (MOF); Arbabzadeh, Nina (TBS)
Subject: RE: FPC Agenda - January 12, 2016

Hi all,

TBS DMO is fine with the agenda as well.

Gwen – Please share with the SoC's Office!

Regards,

Dane Nelson, Senior Policy Advisor

Treasury Board Secretariat | Deputy Minister's Office
Phone: 416-325-3617 | Mobile: 416-409-3437 | E-mail: Dane.Nelson@ontario.ca

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From: Young, Gwendolynne (MOF)
Sent: January-06-17 5:24 PM
To: Laughton, Patrick (TBS); Tiburcio, Daniel (MOF); Inglis, Liane (MOF)
Cc: Birks, Ryan (MOF); Arbabzadeh, Nina (TBS); Nelson, Dane (TBS)
Subject: RE: FPC Agenda - January 12, 2016

Hi All - Our DM is fine with the agenda.

Gwen Young
p: 416.325.0741 | bb: 647.982.2419

From: Laughton, Patrick (TBS)
Sent: January 6, 2017 4:43 PM
To: Young, Gwendolynne (MOF); Tiburcio, Daniel (MOF); Inglis, Liane (MOF)
Cc: Birks, Ryan (MOF); Arbabzadeh, Nina (TBS); Nelson, Dane (TBS)
Subject: RE: FPC Agenda - January 12, 2016

That's great, thanks everyone. Thinking we should be fine to populate the times as we move further along and the products crystalize.

Gwen/Dane – will you share with Kyle and Dave first? Just thinking they may wish to take a look before this goes over.

From: Young, Gwendolynne (MOF)
Sent: January-06-17 4:36 PM
To: Tiburcio, Daniel (MOF); Laughton, Patrick (TBS); Inglis, Liane (MOF)
Cc: Birks, Ryan (MOF); Arbabzadeh, Nina (TBS); Nelson, Dane (TBS)
Subject: RE: FPC Agenda - January 12, 2016

No concerns on my end.

The SOC did want to see the draft agenda at the 8am meeting on Monday.

If no further edits, we will share with the SOC's office.

Gwen Young
p: 416.325.0741 | bb: 647.982.2419

From: Tiburcio, Daniel (MOF)
Sent: January 6, 2017 4:18 PM
To: Laughton, Patrick (TBS); Inglis, Liane (MOF)
Cc: Birks, Ryan (MOF); Arbabzadeh, Nina (TBS); Young, Gwendolynne (MOF); Nelson, Dane (TBS)
Subject: RE: FPC Agenda - January 12, 2016

Thanks Patrick – one small edit attached.

This is the proposed agenda that I also took from our 1:30 meeting today.

We also heard that the SoC wanted to see this agenda at the Monday meeting – just not sure if we can walk in or do we need to send in advance?

Also, I assume that this would be the same agenda being used for the joint DM/MO meeting on Monday morning, the SoC meeting on Wednesday as well as the FPC on Thursday – is that everyone's understanding?

Thanks,
Daniel
2-1555

From: Laughton, Patrick (TBS)
Sent: January 6, 2017 4:04 PM
To: Inglis, Liane (MOF); Tiburcio, Daniel (MOF)
Cc: Birks, Ryan (MOF); Arbabzadeh, Nina (TBS); Young, Gwendolynne (MOF); Nelson, Dane (TBS)
Subject: RE: FPC Agenda - January 12, 2016

Further to this, I am told via our DMO that we need to share this agenda with the SoC's office today for the meeting Monday – not sure if you guys are hearing the same but would appreciate if you could take a quick look. Thanks!

From: Laughton, Patrick (TBS)
Sent: January-06-17 3:36 PM
To: Inglis, Liane (MOF); Tiburcio, Daniel (MOF)
Cc: Birks, Ryan (MOF); Arbabzadeh, Nina (TBS)
Subject: FPC Agenda - January 12, 2016

Hey!

Based on the discussion with Scott/Helen put this together quickly – I'm sure we can do up a nicer one with your fancy MOF logos, but wanted to share for comment.

Let me know if this works for you, any advice on times welcome.

P.

FPC Agenda - January 12 2016_v2.docx

2016 Fiscal Preparation Committee
AGENDA

MMP Workshop Session

January 12, 2017 10:00 – 2:00

Room 6501, Whitney Block

ITEM AND MINISTRY	ESTIMATED TIME
MOF/TBS–Context Setting/Dec. 15 Recap	TBD
TBS – Pension Asset Update	TBD
MOF – Base Revenue and Economic Update	TBD
MOF – Revenue Tools Update	TBD
TBS – Expense Tools Update	TBD
MOF/TBS – Next Steps/Areas for Further Exploration	TBD

FPC Expert Panel Update.pptx

Recognition of asset

TBS

- Net pension asset meets the definition of an economic resource because:
  - it exists, and
  - future benefit is available to sponsors as either contribution reductions and/or benefit improvements under terms of plan.
- Unilateral control not necessary for asset recognition:
  - in fact cannot exist in JDBPs,
  - sponsors jointly control the total net pension asset and must agree on how it will be used. Key notion of control in this case is that each sponsor can deny the other sponsor(s) access to the benefit, and
  - each sponsor can recognize an asset relating to its portion of that jointly controlled asset.

Recognition of asset

TBS

Conclusion

- The Panel agrees that the net pension asset should be recognized in the Province’s financial statements.
- Recognizing the asset will provide a faithful representation of the Province’s financial position.
- Recognizing the asset will properly reflect the intention of the “deal” between the sponsors.

Measurement of asset

- An expected future benefit under the relevant standard can exist without a unilateral legally enforceable right to reduce future contributions:
  - legal requirements for surplus withdrawal and contribution reductions are very different, and
  - applying accounting requirements for withdrawals to contribution reductions does not seem appropriate given differences in legal regimes.
- Expected future benefit is determined as difference between:
  - expected future accruals for service (normal service cost for current number of active employees) plus expenses paid by the plan, and
  - required minimum contributions regardless of surplus in plan both on a present value basis.

Measurement of asset

TBS

Conclusion

- In all analyses with different interpretations of “minimum contributions”, present value of expected future accruals for service for the current number of active employees exceeds the present value of minimum contributions.
- No valuation allowance is required for either accrued benefit asset recognized in the Public Accounts.