1 - Backgrounder - Pension Asset Expert Advisory Panel - 10NOV2016 FINAL PO ....doc

Pension Asset Expert Advisory Panel Members

November 10, 2016

In preparing the 2015-16 Public Accounts of Ontario, the province's professional accounting staff and the Auditor General's Office engaged in discussions about the appropriate application of Public Sector Accounting Board (PSAB) standards regarding pension accounting for the province's jointly-sponsored pension plans. Despite best efforts to resolve concerns, the province's professional accounting staff and the Auditor General continue to have differences of opinion. The government committed to forming an independent expert panel to deliver advice and recommendations on this issue.

The following four members have been appointed to the Pension Asset Expert Advisory Panel:

- Tricia O'Malley (Chair)
- Murray Gold
- Uros Karadzic
- Paul Martin

Tricia O'Malley has been a member of the Canadian Actuarial Standards Oversight Council since 2012, serving as Chair since January 2015. She has also been a member of the Canadian Accounting Standards Oversight Council since 2013. She is currently a member of the Board and Chair of the Audit Committee of Assuris, which guarantees benefits on policies written by life insurers in Canada.

Ms. O'Malley was Chair of the Canadian Accounting Standards Board (AcSB) from 2009 to 2010 and also served as its first full-time Chair from 1999 to 2001. She was a member of the International Accounting Standards Board (IASB) from 2001 until 2007 and she served on its staff as Director of Implementation Activities from 2007 to 2009. Supported by AcSB staff, she chaired the International Forum of Accounting Standard Setters, an informal association of bodies with a responsibility for setting or reviewing accounting standards in their various jurisdictions, from 2011 until April 2016.

Before joining the AcSB in 1999, Ms. O'Malley spent 17 years as a partner in the National Assurance and Professional Practice Group of KPMG Canada, where she consulted on complex accounting issues, focusing on financial instruments and structured finance transactions.

In 2011, Ms. O'Malley was named as one of Canada's Top 100 Most Powerful Women by the Women's Executive Network. In 2012, she received the Queen Elizabeth II Diamond Jubilee Medal. In June 2016, Ms. O'Malley received a Doctor of Laws *honoris causa* degree from the University of Waterloo.

Murray Gold is a leading practitioner and senior pension and benefits partner at Koskie Minsky LLP. Mr. Gold advises governing boards of public sector, multi-employer and jointly-trusteed pension and benefits plans across Canada on compliance issues and best practices. He represents pension boards, as well as plan sponsors, retiree groups and active members in pension litigation in pension regulatory and judicial proceedings.

Mr. Gold has been lead counsel for Koskie Minsky in regard to pension reform initiatives and litigation in Newfoundland, New Brunswick, Ontario and Alberta, and health benefit plan reforms in Ontario and British Columbia. Mr. Gold was appointed by the Premier of Ontario to Ontario's Technical Advisory Group on Retirement Security in February 2014. In 2008 he served as an expert advisor to the Ontario Expert Commission on Pensions, and in 2016, he served as a first director of the Ontario Retirement Pension Plan Administration Corporation.

Mr. Gold is a Fellow of the Ontario Teachers' Federation, recognizing his work with the Ontario Teachers' Pension Plan.

Murray served on the firm's executive committee and then as the firm's managing partner from 2012-2016.

Uros Karadzic is a partner at EY's People Advisory Services Reward practice, which includes pension, benefit and compensation consulting. As a pension actuary, Mr. Karadzic has extensive experience in accounting for benefit plan obligations. He works with numerous EY audit teams, the EY Professional Practice (Canadian and Global) and industry bodies on benefit accounting issues.

Mr. Karadzic has advised Canadian and multinational clients on all aspects of their pension and benefit plans, including accounting, funding, design, implementation, management, risk and administration. His primary focus is in:

- Pension audit and internal audit
- Pension and benefit issues in merger and acquisition transactions
- Ongoing advisory services on retirement benefit plans

Since 2006, Mr. Karadzic has been a Fellow of the Society of Actuaries (FSA) and a Fellow of the Canadian Institute of Actuaries (FCIA).

Paul Martin is Comptroller with the Government of New Brunswick and previously a partner with the national accounting firm of Grant Thornton LLP. He is a respected leader with more than 35 years of experience. He has significant expertise with Public Accounting Standards and pension plans including the shared risk/targeted benefit models. Mr. Martin is a past president of the New Brunswick Institute of Chartered Accountants and currently serves as a member of the CPA Canada Employment Benefits Task Force.

Matt Ostergard, Minister's Office, 416-326-3839
Jason Wesley, Communications, 416-327-4023

ontario.ca/treasury-board-secretariat
Disponible en français

1 - Media Qs Expert Panel November 10 2016 Clean Copy.docx

Key Messages:

- In preparing the 2015-16 Public Accounts of Ontario, 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 of these conversations, the government committed to forming an independent expert panel to deliver advice and recommendations on this issue.

- Ontario has appointed four members to the Pension Asset Expert Advisory Panel. This short-term advisory body, chaired by Tricia O'Malley, has been appointed by the President of the Treasury Board, and comprises experts in the areas of jointly sponsored pension plans, actuarial modelling for pension plans and Public Sector Accounting Standards (PSAS).

- The independent panel will look at the application of public sector accounting standards to Ontario's net pension assets. Panel members will also provide advice on how to value net pension assets reported on the province's books, taking into account future decisions which might be made by the plan's sponsor or sponsors.

- The panel's report is due to the President of the Treasury Board. It will be shared with the Auditor General of Ontario and be made public in early 2017.

Media Qs&As

Expert Advisory Panel

1. **What will the Expert Advisory Panel do?**

   The Pension Asset Expert Advisory Panel will deliver advice and recommendations to the government on the application of Public Service Accounting Standards (PSAS) to Ontario’s net pension assets for defined benefit pension plans. The Panel will also provide advice on how to value net pension assets reported on the province’s books, taking into account future decisions which might be made by the plans’ sponsors.

2. **When will the Panel’s report be ready? Will this report be made public? What happens after that?**

   The panel's report is due to the President of the Treasury Board. It will be shared with the Auditor General of Ontario and be made public in early 2017 in both English and French.

3. **Who will be on the Panel?**

   The membership of the Pension Asset Expert Advisory Panel is comprised of accounting, legal, and pension experts in the areas of jointly sponsored pension plans, actuarial modelling for pension plans and Public Sector Accounting Standards.

   The following four members have been appointed to the Pension Asset Expert Advisory Panel:
   - Tricia O’Malley (Chair)
   - Murray Gold
   - Uros Karadzic
   - Paul Martin

4. **How much are they going to be paid?**

   The Chair will be compensated at $2,000 per diem for the Chair and $1,900 per diem for the members. Panel members will also be reimbursed for reasonable expenses incurred in connection with their duties in accordance with Treasury Board/Management Board of Cabinet Directives and Guidelines.

5. **How much is this panel going to cost?**

The cost of the Panel has been estimated based on the timeline and amount of effort and support services that will be required. The Province will be responsible only for the costs of the appointed members to attend the meetings and any people supporting the work of panel.

IF ASKED ABOUT PAUL MARTIN

As a member of the public service of the Province of New Brunswick it would be inappropriate for Mr. Martin to receive compensation. He will be eligible for the expense reimbursements.

6. **The panel won't have the authority to overrule the AG – what's the point?**

The government is responsible for ensuring the objectivity and integrity of the consolidated financial statements. In fulfilling this responsibility, the government needs to ensure that its accounting policies fairly reflect the economic substance of the government's transactions and activities. This is a complex accounting matter. The outcome of the Panel's work will help to inform the government's decisions on future accounting policies related to pension plans.

The role of the Auditor General will continue to be one of reviewing the Province's financial statements to ensure that they fairly reflect the financial position and activities of the government.

7. **Has the AG endorsed this panel? Will she be a part of it?**

The Auditor General is not part of the panel itself. However, part of the Panel work will be to understand the Auditor General's position on this issue..

8. **Isn't the Public Sector Accounting Board looking into this issue? Why create a panel?**

The Public Sector Accounting Board has initiated a project to review current accounting standards related to accounting for employee future benefits. The outcome of the project may impact future accounting standards for pension plans; however, the issue that the Panel will address focuses on the interpretation of existing standards related to Ontario's specific joint defined pension plans.

9. **Why are you continuing to fight the Auditor General in public on this issue?**

   In preparing the 2015-16 Public Accounts of Ontario, the province's professional accounting staff and the Auditor General's Office engaged in discussions about the appropriate application of Public Sector Accounting Board (PSAB) standards regarding pension accounting for the province's jointly sponsored pension plans.

   From the government's perspective, the accounting treatment for jointly sponsored pension plans that was initially adopted in 2001 is still appropriate. Given the difference of opinion, the Province filed a time-limited regulation, which legislated the accounting for pension assets of jointly-sponsored pension plans for the 2015-16 Public Accounts only. The government believes this is consistent with the fiscal outcome proposed by the Auditor General.

   Since the release of the Public Accounts, the government has taken action to establish a Pension Asset Expert Advisory Panel to provide advice on the interpretation of the accounting standards to Ontario's defined benefit pension plans. The results of the Panel will help inform the province's future accounting treatment.

   It remains the government's responsibility to ensure that the Province's financial results are presented fairly. The actions being taken by the government are intended to serve the public interest and to fulfill that important responsibility.

10. **You've agreed with the Auditor General's numbers in September, why don't you just accept her ruling and continue to use her methodology going forward?**

    Although the 2015-16 Public Accounts reported financial results are consistent with the Auditor General's interpretation of the accounting standards for jointly sponsored pension plans, those results were only made possible through a regulation enacted by the government.

    To ensure the fair reporting of the Province's financial results, the government has established a Pension Asset Expert Advisory Panel that will advise the government on the interpretation of accounting standards to the government's defined benefit pension plans. The results of the Panel, once available, will help to inform the Province's future accounting treatment for our defined pension benefit plans.

11. **It sounds like the government is yet again fighting with the Auditor General. What do you say to this?**

    This is not true from the government's perspective. Let me explain why: the government respects the oversight and recommendations provided by all independent officers of the Legislative Assembly of Ontario, including the Auditor

General. In this case, for the 2015-16 Public Accounts, while one specific issue is being sorted through, we enacted a regulation which would allow us to reflect the financial impact consistent with the Auditor General's numbers.

We believe that this complex and significant accounting matter would benefit from additional discussions, information and consideration.

That's why the Government has appointed the Pension Asset Expert Advisory Panel to provide advice and recommendations to the government on the application of Public Service Accounting Standards (PSAS) to Ontario's net pension assets. The Panel will also provide advice on how to value net pension assets reported on the province's books, taking into account future decisions which might be made by the plan's sponsor.

1 - Media protocol-pension panel-Nov 10-2016-MO approved FINAL.DOCX

Media Protocol – Pension Asset Expert Advisory Panel

The following media protocol is designed to ensure that any media requests pertaining to the work of the Pension Asset Expert Advisory Panel are co-ordinated in a structured, timely and efficient way.

Media inquiries will be coordinated through TBS Communications and directed to the panel spokesperson (Chair) as appropriate.

Should members of the panel receive a direct request from a member of the media, they should refer the request to the Chair who will notify TBS Communications. TBS will ensure the Chair is supported with the appropriate information to respond to inquiries and provide further support as needed.

Key Spokespeople:

Tricia O'Malley. Pension Asset Expert Advisory Panel Chair: 416-570-1924, pmalley@outlook.com (Contact information for internal use only – media will work through TBS Communications)

Matt Ostergard, Treasury Board Secretariat Minister's Office, 416-326-3839, matt.ostergard@ontario.ca

Jason Wesley, Treasury Board Secretariat Communications Branch: 416-327-4023, Jason.2wesley@ontario.ca (group email as alternate contact option is (@TBS-L-Issues and Media)

Who Speaks to What:

Chair can speak to the work of the panel and its mandate, what it will consider and the scope of its duties to assess accounting standards and provide advice to the government on how to value and account for pension assets.

Treasury Board Secretariat can speak to all other issues such as remuneration, current practices of reporting in public accounts and any history which led to the establishment of the panel. Any broader political questions such as impacts on relationships with the Auditor General should be referred to Treasury Board Secretariat.

Social Media:

Members of the panel may continue to use any personal social media accounts they have, however we ask that any mention of work associated with your duties as a panel member be strictly professional in nature and that comments do not go beyond the scope of the panel's mandate. Please refrain from any personal social media use that may be perceived as conflicting with the mandate of the panel and from engaging with any negative tweets that may occur.

Statement:

Following is a suggested statement for use by Chair Tricia O'Malley:

I am looking forward to working with my colleagues on the panel – Murray Gold, Uros Karadzic and Paul Martin – to explore the complex issue of pension accounting and advise the government on how it can best apply public sector accounting standards to pension accounting.

Questions and Answers:

1. **What will the Expert Advisory Panel do?**

   The Expert Advisory Panel will deliver advice and recommendations to the government on the application of Public Sector Accounting Standards (PSAS) to Ontario's net pension assets. The panel will also provide advice on how to value net pension assets reported on the province's books, taking into account future decisions which might be made by the plan's sponsor.

   The panel's report is due to the President of the Treasury Board. It will be shared with the Auditor General of Ontario and be made public in early 2017.

2. **What happens after your final report is sent to the government?**

   The Panel's recommendations will be delivered to the President of the Treasury Board. It will be shared with the Auditor General of Ontario and be made public in early 2017. I understand that Treasury Board will carefully consider the recommendations made by the panel and will ultimately make the report public.

3. **Are you confident that you have the right mix of skills on the panel to complete this task?**

   Yes. The panel members have a very broad range of skills as well as practical knowledge and experience which will help us fully assess the accounting challenges

around pension assets. The panel members have deep skill sets in accounting and legal, as well as pension expertise in the areas of jointly sponsored pension plans, actuarial modelling for pension plans and Public Sector Accounting Standards.

4. **What is your opinion on the disagreement between the province and the Auditor General over the accounting treatment of pension assets?**

   The panel is focussed on what we have been tasked to do by the government. The mandate of the panel is to deliver advice and recommendations to the government on the interpretation of Public Sector Accounting Standards (PSAS) related to the recognition and measurement of net pension assets.

1 - NR - Expert Panel Appointed - 10NOV2016 - FINAL PO APPROVED clean.doc

Ontario

NEWS

Treasury Board Secretariat

Ontario Names Expert Panel to Review Pension Assets

Independent Panel to Deliver Recommendations on Accounting for Pension Assets

NEWS November 10, 2016

Ontario has appointed four members [link to Backgrounder with bios] to its newly established Pension Asset Expert Advisory Panel to provide advice and recommendations to the government on the application of public sector accounting standards to Ontario's net pension assets.

The members of this short-term advisory body include Murray Gold, Uros Karadzic, Paul Martin and chair Tricia O'Malley. The panel has been appointed by President of the Treasury Board Liz Sandals, with members having expertise in the areas of jointly-sponsored pension plans, actuarial modelling for pension plans and Public Sector Accounting Standards.

Panel members will also provide advice on how to value net pension assets reported on the province's books, taking into account future decisions which might be made by the plan's sponsor or sponsors.

QUOTES

"We look forward to receiving the expert panel's report and recommendations on this important accounting issue. This independent advice will guide our discussions as we work toward agreement with the Auditor General of Ontario on the future preparation of the province's financial statements."
— Liz Sandals, President of the Treasury Board

"Pension accounting is a complex issue. I look forward to bringing together the unique professional skillsets and perspectives of the advisory panel and to delivering recommendations that will help clarify how public sector accounting standards are interpreted and applied."
— Tricia O'Malley, Chair, Pension Asset Expert Advisory Panel

QUICK FACTS

- In preparing the 2015-16 Public Accounts of Ontario, the province's professional accounting staff and the Auditor General's Office engaged in discussions about the appropriate application of Public Sector Accounting Board (PSAB) standards regarding pension accounting for the province's jointly sponsored pension plans. Despite best efforts to resolve concerns, the province's professional accounting staff and the Auditor General continue to have differences of opinion, and the government committed to forming an independent expert panel to deliver advice and recommendations on this issue.
- The panel's report is due to the President of the Treasury Board. It will be shared with the Auditor General of Ontario and be made public in early 2017.
- Public Accounts is a retrospective report that compares Ontario's actual performance to what was planned in the Budget.

- Treasury Board Secretariat prepares the Public Accounts in accordance with the principles for governments recommended by the PSAB, which independently establishes accounting standards for the public sector in Canada.
- The objective of PSAB standards is to meet the needs of the users of financial statements by providing the information needed for accountability and decision making.

ADDITIONAL RESOURCES

Pension Asset Expert Advisory Panel [link to Backgrounder with bios]
Pension Asset Expert Advisory Panel Terms of Reference
2015-16 Public Accounts and explore supplementary information available through new data visualization tools
Watch a video explaining Public Accounts
Learn about the government's fiscal cycle

Matt Ostergard, Minister's Office, 416-326-3839
Jason Wesley, Communications, 416-327-4023

ontario.ca/treasury-board-secretariat
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1 - Public Accounts - media week in review - Oct. 3-7, 2016.docx

PUBLIC ACCOUNTS

MEDIA SCAN

Weekly overview

Covering Oct. 3 to 7, 2016

Contents

WEEKLY OVERVIEW

The dispute over whether Ontario's pension assets should be deducted from or added to the deficit in the Public Accounts gathered steam on the first day of the issue after the Canadian Press was quick to jump on the story.

Despite an initial flurry of a negative activity Monday Oct, 3, 2016, a flurry which had indicated a storyline that the government was trying to fudge the deficit numbers, it became clear to the media early in the game that the story revolved about opinions on accounting practices.

The breaking news included a negative Canadian Press story that ended up running in almost 40 different media outlets.

Still, appetite for the story had gradually weakened and by the end of the day the original narrative had no legs as a political hot potato.

The lukewarm media response on that first day was mostly due to Attorney General Bonnie Lysyk's seeming unwillingness to offer any comprehensive comment.

Other than the Globe and Mail, Toronto Star and Toronto Sun, most major media were happy to run the Canadian Press story, which moved at just after 3 p.m. Toronto Star and the Globe and Mail coverage ended up as even handed.

A piece by insidetoronto.com writer David Nickle. quoted PC finance critic saying the Wynne governmment is "in full panic mode. The only way they're going to reach balance is a one-time sale of assets. Then we plunge back into deficit. It's an artificial balancing of the budget."

QP Briefing offered both sides of the story, explaining why the two sides are at odds in the second paragraph.

Divergent coverage continued Tuesday after a Treasury Board Secretariat technical and media briefings explained the situation. A News Release indicating the dynamics of the disagreement between TBS and the AG was posted on Newsroom and circulated to the gallery media. Minister Sandals was mentioned throughout the coverage.

Clarifying the details had a major mitigating impact on the story.

The Toronto Star ran a balanced follow piece that quoted Minister Sandals' explanation and included the Opposition Leader's criticism from Question Period. Ottawa Citizen column by David Reevely opined that the government is on its "third and dumbest" fight with the AG over a small issue while the good news is the deficit is almost gone and the books balanced. The Toronto Sun coverage was overall negative, with Christina Blizzard arguing "apart from the fancy accounting footwork, here's what's truly troubling:

The arrogant refusal of this government to listen to the advice of the independent officers of the legislature, whose job it is to make sure the rules are followed, that the government is fair, that your money is spent wisely."

A total of 56 PostMedia outlets ran a negative cookie-cutter piece titled *What will Grits cut now that debt is $10.7B higher?*

Enthusiasm for the story had waned by Wednesday evening, after TBS and the AG appeared to agree to disagree on the issue. A broad explanation of the situation by TBS executives at the Standing Committee on Public Accounts and a non-confrontationary stance taken by the AG herself seemed to difuse the situation.

An opposition storyline in Question Period that this was yet another time the Ontario government had argued with the AG as well as other legislative officers found little traction in the media.

Thursday and Friday saw only minimal coverage.

It is clear by the number of media e-mails open on the Oct. 6, 2016 Ontario Newsroom (see charts on page 5) that media interest had receded between the first and second Newsroom release.

Overall the coverage was marginally negative, with the partisan Sun-PostMedia outlets tending to use the situation as a prop to attack the governing party.

However, the coverage of the main media – Star, Globe and Mail and TV Channels – was mostly accurate and informative. TBS narrative was carried in almost all stories after the initial CP coverage.

Minister Sandals was quoted fairly in numerous pieces.

Newsroom statistics for Public Accounts releases

Oct. 4, 2016

NR – Last Year's Ontario Deficit $3.5 Billion Lower Than Projected

Visitor type	Pageviews
Internal OPS	726
Non-OPS	783

	Media	OPS	Public	Total
Emails sent	1281	2836	11162	15279
Email opens	311	2950	3704	7120
Open rate	24.28%	104.02%	33.18%	46.60%

Oct. 6, 2016

NR - Ontario Releases 2015-16 Public Accounts

Visitor type	Pageviews
Internal OPS	248
Non-OPS	249

	Media	OPS	Public	Total
Emails sent	1304	2923	11855	16082
Email opens	229	1349	2909	4487
Open rate	17.56%	46.15%	24.54%	27.90%

MONDAY

QP BRIEFING - Liberals at odds with auditor general over $1.5-billion discrepancy in deficit

By Sabrina Nanji

The Ontario government and auditor general continue to butt heads over the province's financial books, particularly a $10.7-billion hike in the province's net debt and $1.5-billion increase to the annual deficit.

At issue was whether to include pension assets for the jointly-sponsored provincial pension plans (Ontario Teachers' Pension Plan and that of the Ontario Public Service Employees' Union), which were valued at $10.7 billion as of March 31. But because the government can't legally spend or access these funds unilaterally, Auditor General **Bonnie Lysyk** said it should not be included in the government's balance sheet and instead be added to the net debt and accumulated deficit.

Released Monday afternoon, nearly one week after the legal deadline, Ontario's unaudited public accounts also show a $1.5-billion discrepancy in the annual deficit, which came in at $5 billion for the last fiscal year, according to the auditor general's interpretation. The government's rubric would have shown a $3.5-billion deficit.

Finance Minister **Charles Sousa,** on the other hand, said the government has historically reported those pension assets, with no blowback from past auditors general, since 2001. Sousa reiterated that the government will come to balance as promised by the end of March 2018.

In order to release the public accounts, which were legally supposed to be tabled Sept. 27 (or 180 days from the close of the province's fiscal year, on March 31), the government filed a time-limited regulation that will go under review and allowed the unaudited financial statements be released.

The government said it was informed of the Auditor General's concern in writing on Sept. 13.

In a statement Monday, Lysyk said she was "disappointed" in the government's decision to release the public accounts sans her opinion and that the work to finalize the report is ongoing.

"This is the first time in the history of Ontario that the statements have been released without the audit opinion," Lysyk said. "As late as 10:30 a.m. this morning, we were still in discussions over an accounting issue that we brought to the government's attention in June of this year."

The Progressive Conservatives, who had been hammering the Liberals in question period over the delay - and even alleged that internal Treasury Board bureaucrats accused the Auditor General of having a political agenda - said the government is in "full blown panic mode."

This is not the first time that the Liberal government and Lysyk have been at odds. The auditor general has criticized the government for amending her oversight of taxpayer-funded advertising, arguing that it turned her office into a "rubber stamp."[1]

The Liberals also disagreed with Lysyk's critique of their smart meter program, with former energy minister **Bob Chiarelli** taking heat[2] for remarks he made in the immediate aftermath.

GLOBE AND MAIL - Ontario Liberals fighting with AG over deficit discrepancy.

theglobeandmail.com
Mon Oct 3 2016, 3:10pm ET
Section: National
Byline: Adrian Morrow

Ontario's Liberal government is fighting with the province's auditor-general over a $1.5-billion discrepancy in last year's deficit and a $10.7-billion difference in Ontario's net debt.

The government had hoped to announce that last year's final deficit figure was $3.5?-billion - $2.2-billion less than the most recent projection.

But Auditor-General Bonnie Lysyk ?argued that surpluses in two provincial pension plans should not be counted as government assets because the government does not have access to the money.

Not counting the $10.7-billion surpluses in teachers' and public service pension plans would add that amount to the province's net debt. The $1.5-billion the province contributed to the pension plans last year, meanwhile, would count as part of the deficit.

On Monday, Finance Minister Charles Sousa announced he will temporarily accept the auditor's interpretation while a third-party review tries to determine which is correct.

Using Ms. Lysyk's methodology shows a $5-billion deficit last year.

Follow this link to view this story on globeandmail.com: (www.theglobeandmail.com»)

CANADIAN PRESS – Ontario government disputes auditor general's accounting methods

(Ont-Economy) TORONTO - **>Ontario<'s Liberal government is in a spat with the auditor general over accounting practices that would affect the province's deficit by $1.5 billion.**

The government says auditor general Bonnie Lysyk is taking issue with their pension asset accounting, though it says these are rules that have been used for the past 14 years.

The issue is with the accounting of the **>Ontario Public Service<** Employees Union Pension Plan and the **>Ontario<** Teachers' Pension Plan, which are jointly sponsored with the government.

The government says the plans have a surplus, but the auditor general says that should not be on the province's balance sheet.

Under that accounting, **>Ontario<**'s deficit for 2015-16 was $5 billion, but under the government's accounting the deficit would be
$3.5 billion.

The audited public accounts are supposed to be tabled 180 days after the end of the fiscal year, which was Sept. 27 this year, but that deadline was missed because of the dispute with the auditor.

The government is releasing the unaudited financial statements.

(The Canadian Press)

TORONTO STAR - Accounting spat leads to differing Ontario deficit figures

Depending on whom you believe, Ontario's deficit last year was either $3.5 billion or $5 billion.

Auditor General Bonnie Lysyk no longer believes the government should include on its bottom line its share of assets from the teachers' and public servants' pension funds that it co-sponsors

By Robert Benzie

- Depending on whom you believe, Ontario's deficit last year was either $3.5 billion or $5 billion.

And the province's net debt was either $294.5 billion or $305.2 billion.

Finance Minister Charles Sousa and Treasury Board President Liz Sandals insist it's the former.

Auditor General Bonnie Lysyk says it's the latter.

That's because she no longer believes the government should include on its bottom line its share of assets from the teachers' and public servants' pension funds that it co-sponsors.

Against the backdrop of the accounting dispute, Sousa and Sandals on Monday released an unaudited version of the province's public accounts for the fiscal year that ended March 31.

"I'm disappointed that the government decided that this was the appropriate thing to do," Lysyk, an independent watchdog, said of the Liberals' extraordinary move.

While the ministers agreed to her deficit and debt numbers for the time being, there will be an independent review by experts of accounting practices in coming months that could result in the lower figures being used.

Sousa stressed the province will balance the books in next year's budget regardless of the interpretation of the $10.7 billion in pension assets.

“The impact of this change resulted in our deficit number being $1.5 billion higher than it otherwise would have been in the 2015-16 had we used the same standards employed for the past 14 years,” the finance minister said, noting the auditor general signed off on the pension assets in previous years.

“These standards have been consistently accepted by the past four auditors — including the current auditor general,” he said.

“This year — two weeks before the Sept. 27 deadline for the tabling of public accounts — we learned in writing from the auditor general of her new interpretation of the accounting treatment for our jointly sponsored pension funds.”

Asked what changed, Lysyk said her office took a closer look at the government’s claim to the Ontario Public Service Employees’ Union Pension Plan and the Ontario Teachers’ Pension Plan, which it co-sponsors.

“I had my staff review that asset much more than in past years,” she told the Star, concluding that, because the government does not have ready access to the funds, they should not be considered assets.

While the government and the auditor have been at ODDS over issues as disparate as the cost of green ENERGY and her diminished authority over reviewing government ADVERTISING, Sandals insisted the new disagreement is just about accounting.

“This really, truly, is not about politics,” the treasury board president said.

But Progressive Conservative MPP Vic Fedeli (Nipissing) accused the Liberals of trying to “usurp” the auditor general’s independence and authority.

“When the auditor finds an $11 billion hole in the budget the Liberal accounting, the Liberal answer, is to release this unaudited report,” said Fedeli, referring to the $10.7 billion.

“They’re in full-blown panic mode. There were 40 or 50 Liberal staffers here,” he said of the joint Sousa and Sandals media briefing Monday afternoon.

“Now, I think the accounting world will have even larger questions.”

NATIONAL POST - Liberals in spat with AG: Ontario says province's deficit is $3.5B, but auditor general says it's $1.5B more

TORONTO — Ontario's Liberal government is in a spat with the auditor general over accounting practices that would affect the province's deficit by $1.5 billion.

The government says auditor general Bonnie Lysyk is taking issue with their pension asset accounting, though it says these are rules that have been used for the past 14 years.

The issue is with the accounting of the Ontario Public Service Employees Union Pension Plan and the Ontario Teachers' Pension Plan, which are jointly sponsored with the government.

The government says the plans have a surplus, but the auditor general says that should not be on the province's balance sheet.

Under that accounting, Ontario's deficit for 2015-16 was $5 billion, but under the government's accounting the deficit would be $3.5 billion.

The audited public accounts are supposed to be tabled 180 days after the end of the fiscal year, which was Sept. 27 this year, but that deadline was missed because of the dispute with the auditor.

The government is releasing the unaudited financial statements.

TORONTO SUN - LIBERALS IN A SPAT WITH AUDITOR GENERAL

THE CANADIAN PRESS

On

TORONTO - Ontario’s Liberal government is in a spat with the auditor general over accounting practices that would affect the province’s deficit by $1.5 billion.

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The government is releasing the unaudited financial statements.

Ontario Liberals have consistently made the fiscal file worse

TORONTO SUN – FUREY COLUMN – Liberals have consistently made the fiscal file worse

BY ANTHONY FUREY, POSTMEDIA NETWORK

TORONTO - The Ontario Liberals are so lousy at budgeting that on Monday alone they increased the provincial debt by a whopping $10.7 billion.

No, this time it wasn't cancelled gas plants. Or tossing billions at needless green schemes that only increase your energy bills.

A dispute between the government and provincial auditor general Bonnie Lysyk has ended up with the books suddenly worse than previously thought. The AG took issue with the fact that the government was taking the surpluses from pension plans for both the teachers and OPSEU and including them on their balance sheets.

Lysyk reportedly told the Liberals to take them off because you can't claim money on your ledger that isn't yours to take. No kidding.

Now teachers and public workers know they're not just used as pawns during election time, but during the annual budget process too.

But the government countered that the practice had been going on their whole time in office, and for two years under the PC government. They were apparently working things out behind the scenes with the AG, when the Liberals suddenly released new and far-from-improved financial statements without Lysyk's input.

At a time when the Liberals' financial credibility can't go any lower, it's a reckless move.

Then again, they've been reckless about money matters since before they were in power. It all started back during the 2003 election when then opposition leader Dalton McGuinty signed the taxpayers pledge. No new taxes, he promised. Then he broke the promise that very term.

And do we really know to this day the extent of what happened at eHealth and Ornge? Will we ever really know what happened during the gas plants scandal? And how many more stories do we need to run about seniors and low-income Ontarians being driven into energy poverty by cynical partisan decisions?

Since 2003, the Ontario Liberals have consistently made the fiscal file worse. The Liberals inherited a $65-billion budget from the PCs. Now it's at over $130 billion. And the debt was around $140 billion. Now it's crossing $300 billion.

It took from 1867 to 2003 to get to the figures the Liberals inherited. Yet the Liberals managed to double those numbers in a mere dozen years.

A Treasury Board statement released Monday says “the change in accounting treatment is not a reflection on the funding status of the plans, or the quality of financial reporting by the province.”

Really? It’s hard to believe there’s a single person left in this province who doesn’t doubt the quality of financial management by the government.

Finance Minister Charles Sousa said in the legislature that despite this news, the budget will still be balanced by 2018. In the comedy of errors that is Ontario money matters, that’s a good spot to cue the laugh track.

REUTERS - Ontario says 2015-16 deficit smaller than projected, debt rises

By Ethan Lou

TORONTO (Reuters) - The Canadian province of Ontario ran a smaller deficit in the 2015-16 fiscal year than previously projected, although net debt increased, the provincial government said on Monday in an unaudited annual report.

The government said the deficit for the 2015-16 fiscal year ended March 31 would come in at C$5 billion ($3.81 billion), versus the C$5.7 billion projected in February.

The net debt has risen by C$10.7 billion to C$305.2 billion, according to the Liberal government's report, which added that Canada's most populous province remained on track to balance its budget by 2017-18.

Provincial Treasury Board President Liz Sandals said the government published the report unaudited because of a difference of opinion on accounting methods with Auditor General Bonnie Lysyk.

In what it called a departure from the usual practice, the province said Lysyk had wanted the surplus on two public-sector pension plans off the government's balance sheet.

Lysyk's views were ultimately taken into account in the unaudited report, Sandals told reporters, saying the deficit would have otherwise been even lower at C$3.5 billion.

Ontario accounts for about 40 percent of the country's economy and has run deficits for nearly a decade.

Lysyk said by telephone she was "disappointed" by the government's move but that her office was proceeding with an audit of the report.

Ontario accounts for about 40 percent of the country's economy and has run deficits for nearly a decade.

WINNIPEG FREE PRESS - Ontario government disputes auditor general's accounting methods

TORONTO - Ontario's Liberal government is in a spat with the auditor general over accounting practices that would affect the province's deficit by $1.5 billion.

The government says auditor general Bonnie Lysyk is taking issue with their pension asset accounting, though it says these are rules that have been used for the past 14 years.

The issue is with the accounting of the Ontario Public Service Employees Union Pension Plan and the Ontario Teachers' Pension Plan, which are jointly sponsored with the government.

The government says the plans have a surplus, but the auditor general says that should not be on the province's balance sheet.

Under that accounting, Ontario's deficit for 2015-16 was $5 billion, but under the government's accounting the deficit would be $3.5 billion.

The audited public accounts are supposed to be tabled 180 days after the end of the fiscal year, which was Sept. 27 this year, but that deadline was missed because of the dispute with the auditor.

The government is releasing the unaudited financial statements.

METRO NEWS - Ontario government disputes AG's accounting methods

By: Staff The Canadian Press Published on

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GLOBAL TV NEWS - Ontario government disputes auditor general's accounting methods on pension plans

By Staff The Canadian Press

Auditor General Bonnie Lysyk speaks during a news conference in the Ontario Legislature in Toronto on Wednesday, June 8, 2016.

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CTV NEWS - Ontario government disputes auditor general's accounting methods

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INSIDETORONTO.COM - Treasury board, auditor general at odds over pensions; Ontario deficit balloons to $5 billion

Queen's Park

It appears Ontario's deficit will balloon to $5-billion after the auditor general and treasury board provide conflicting numbers.

By David Nickle

An accounting dispute between Ontario's auditor general and treasury officials has robbed Kathleen Wynne's Liberals of bragging rights for a dramatically smaller deficit than had been projected for 2016.

Had well enough been left alone, Ontario would have had a deficit of $3.5 billion – $5 billion lower than the deficit projected in the 2015-2016 budget, said provincial finance officials in a briefing Monday.

But on Sept. 16, the auditor general gave treasury officials notice that a major asset – the pension funds for teachers and public sector workers – could no longer be counted as such on the province's books.

The pension funds, argued the AG's office, couldn't be assets because the provincial government couldn't draw on them for anything other than their purposes.

That meant that with just two weeks to go before the province's deadline for closing the books on the fiscal years, officials were left scratching their heads about what to do with $10.7 billion worth of assets they might no longer have.

The solution? A temporary regulation that adjusts the new deficit up to $5 billion until an independent review can be conducted to see which office is correct.

Finance and treasury officials announced the measure in a technical briefing early Monday afternoon – just hours after meeting with Auditor General Bonnie Lysyk to discuss the discrepancy.

Lysyk released a terse statement regarding the decision to release financial statements absent an audit opinion.

“This is the first time in the history of Ontario that the statements have been released without the audit opinion,” Lysyk said. “As late as 10:30 a.m. this morning, we were still in discussions over an accounting issue that we brought to the government's attention in June of this year.”

Finance Minister Charles Sousa and Treasury Board President Liz Sandals reiterated the provincial position that they had only learned of the requirement two weeks before the deadline for filing statements.

And Sousa indicated that provincial accountants and the AG's office remain in sharp disagreement.

“I have great respect for the auditor general and the province's professional accounting staff,” he said. “We have a responsibility for the people of Ontario to be open and transparent on our financial position.”

Opposition critics argued that the government is simply trying to bolster an artificially balanced budget.

Progressive Conservative finance critic Vic Fidelis said the Wynne government is “in full panic mode. They're trying to talk about the fact that they're going to balance but its artificial. The only way they're going to reach balance is a one-time sale of assets. Then we plunge back into deficit. It's an artificial balancing of the budget.”

Sousa noted that the new numbers still put the government well ahead of its projected deficit reduction plan.

CANOE.CA- Spat with AG sees Ontario debt soar

SHAWN JEFFORDS, TORONTO SUN

TORONTO - With the stroke of a pen, Ontario's debt jumped by $10.7 billion Monday.

A standoff, quietly brewing behind the scenes for weeks between the province's auditor general and the Ministry of Finance, has ended with the government grudgingly declaring the increase in net debt.

The new numbers also mean Ontario's deficit increased $1.5 billion in 2015.

The change comes as the government argues with auditor general Bonnie Lysyk over accounting rules surrounding two of Ontario's largest public pensions - the Ontario Teachers' Pension Plan and the Ontario Public Service Employees Union Pension Plan. Since 2001, the government says it has listed the fund assets.

But the AG warned earlier this fall that she disagreed with the practice because the government had no actual means to access the cash in each fund and instructed the government to no longer list the billions in each as assets.

During a hastily arranged technical briefing and press conference, the government said they will ask for an independent third-party review of the accounting practice. But in the meantime, they released unaudited financial statements from 2015-16.

In a statement Monday afternoon, Lysyk says she is "disappointed" the government released the financial statements without her opinion, as is the normal practice.

“This is the first time in the history of Ontario that the statements have been released without the audit opinion,” Lysyk said.

WATERLOO CHRONICLE - Ontario disputes auditor accounting

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The government is releasing the unaudited financial statements.

By The Canadian Press

570 AM NEWS - Ontario government disputes auditor general's accounting methods

by The Canadian Press

Posted Oct 3, 2016 3:07 pm EDT

TORONTO – Ontario's Liberal government is in a spat with the auditor general over accounting practices that would affect the province's deficit by $1.5 billion.

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The government is releasing the unaudited financial statements

AM 680 Radio- Ontario Liberals At Odds With Auditor General's Deficit Numbers

Don Mitchell

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Kathleen Wynne and the Ontario Liberals have a problem with the accounting methods of the Auditor General.

On Monday, the government released Ontario's annual report and unaudited consolidated financial statements, showing Ontario's deficit is $3.5 billion lower than the $8.5 billion projected in the 2015 Budget.

However, AG Bonnie Lysyk has taken issue with the Liberals pension asset accounting and contests that the Ontario Public Service Employees Union Pension Plan and the Ontario Teachers' Pension Plan should not be on the province's balance sheet.

With that, Lysyk and the Ontario government have a $1.5 billion variance in each others final numbers for 2015-16.

The Liberals calculations included the pension plans since rules have allowed their inclusion for the past 14 years. The addition gives the government a planned surplus and a $3.5 billion deficit.

However, by the Auditor General's numbers it's more like $5 billion.

The dispute with the auditor is the reason for the late disclosure of public accounts, which were to be revealed on September 27th. Normally, documents are tabled 180 days after the end of the fiscal year.

OTHER OUTLETS AND HEADLINES

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Flamborough Review - Ontario disputes auditor accounting

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Durhamregion.com - Ontario disputes auditor accounting

640 am - Ontario Liberals At Odds With Auditor General's Deficit Numbers

AM 770 RADIO - Ontario Liberals At Odds With Auditor General's Deficit Numbers

880 AM NEWS - Ontario Liberals At Odds With Auditor General's Deficit Numbers

TUESDAY OCT. 4, 2016

TORONTO STAR - $10.7B accounting dispute between auditor general, province to take ‘months’ to resolve

Actuarial clash is over whether last year’s deficit was $3.5 billion or $5 billion and whether the provincial net debt is $294.5 billion or $305.2 billion.

Bonnie Lysyk, Ontario's auditor general, says assets in two pension funds that are co-sponsored by Queen’s Park should not be be considered government assets, as they have been since 2001, because the province does not have ready access to the funds. (Darren Calabrese / THE CANADIAN PRESS file photo)

By **ROBERT BENZIE**Queen's Park Bureau Chief
Tues., Oct. 4, 2016

It will take months to resolve an accounting dispute between the auditor general and the Liberal government that has wiped $10.7 billion from the province’s bottom line.

Treasury Board President Liz Sandals said independent experts will have to determine the status of assets in two pension funds that are co-sponsored by Queen’s Park.

While they have been considered government assets since 2001, Auditor General Bonnie Lysyk recently concluded that they shouldn’t be, because the province does not have ready access to the funds.

It’s an actuarial clash over whether last year’s deficit was $3.5 billion or $5 billion and whether the provincial net debt is $294.5 billion or $305.2 billion.

“Given the discrepancy of opinion, we do need to get some independent third-party advice to help us sort this out, because, obviously, we can’t go forward with this disagreement,” Sandals said Tuesday.

Article Continued Below

“We need to think a little bit about who would we want to engage to do that, what are the terms of reference, what are the questions we need to sort out. Obviously, I think that’s going to be a process that’s going to take several months,” she said.

“When you start getting actuarial opinions and legal opinions and various people weigh in on how you should interpret the accounting standards, I don’t think this is going to be a simple conversation.”

Sandals said it is “legitimately a very complex accounting issue” that needs to be resolved, which is why the government released unaudited accounts.

Lysyk was not immediately available, but, on Monday, she said she changed her accounting interpretation after examining the province’s claim to the co-sponsored Ontario Public Service Employees’ Union Pension Plan and the Ontario Teachers’ Pension Plan.

“I had my staff review that asset much more than in past years,” said the auditor general, who included the pension assets when she signed off on last year’s books, as her predecessors had.

Progressive Conservative Leader Patrick Brown said “the government’s been caught” and now has a big hole in its fiscal outlook.

“How will the government fill this hole? Is it going to be through new taxes? Higher hydro rates? New fees? Or will the Liberals just cut services?” Brown asked.

“Every time it looks like the Liberals are hiding something, it becomes just a matter of time until they get caught,” he said.

NDP Leader Andrea Horwath expressed concern over the way the government is going to the barricades against an independent officer of the legislature.

“It has been definitely a pattern of behaviour with this watchdog and others,” said Horwath, referring to past disputes.

But Premier Kathleen Wynne said her government “has accepted the auditor general’s numbers for this year.”

Finance Minister Charles Sousa insisted Monday the disagreement does not affect his fiscal plan, because he had anticipated a $5.7-billion deficit for last year and it was $700 million lower than that.

Sousa stressed the Liberals will balance the books on schedule in the next budget.

OTTAWA CITIZEN - Reevely: Wynne government can't resist another fight with the provincial auditor

Published on: October 4, 2016 | Last Updated: October 4, 2016 4:02 PM EDT

Bonnie Lysyk, Ontario's auditor general, speaks about her 2015 annual report during a press conference at Queen's Park in Toronto on Wednesday, December 2, 2015. Darren Calabrese / THE CANADIAN PRESS

Picking a fight with your auditor general is usually a last desperate rearguard action for a doomed government. The Ontario Liberals are on their third and dumbest such fight, stomping all over what should be some fairly good news about the provincial finances.

The spat, over how some pension money is accounted for, held up the government's release of the final books for the 2015-16 fiscal year until nearly a week past a legal deadline. Then it took a special cabinet decision to open them publicly without a statement from Auditor General Bonnie Lysyk saying that they're a fair accounting of the province's financial status.

The result is a totally predictable explosion of criticism that the Liberals are fudging their numbers and pushing aside the highest-profile officer of the legislature because she called them on it.

"Why was (the set of accounts) released without the AG's opinion? That's the big question," Progressive Conservative leader Patrick Brown demanded of Premier Kathleen Wynne on Tuesday. "Was it because she discovered the government has an $11-billion hole in their budget? Mr. Speaker, that includes a $1.5-billion deficit this year. That's a lot of money. How will the government fill this hole? Is it going to be through new taxes? Higher hydro rates? New fees? Or will the Liberals just cut services?"

This is a line of bull, into which the Liberals immersed themselves both totally and needlessly, having used up all the credibility they might now wish for in previous arguments with the auditor.

In 2014, then-energy minister Bob Chiarelli disputed a report on smart electricity meters by alleging that Lysyk and her senior people didn't really understand Ontario's electricity system. This might have been plausible — the system is a rat's nest, even if the energy minister is literally the worst person on earth to use that as a defence for anything — if Lysyk's résumé didn't include 10 years at Manitoba Hydro.

Then there was a mini-fight when the government took away the auditor's authority to review government advertising to make sure it's actually meant to inform citizens and not just polish the governing party's image.

Now this, an argument over how to account for pension funds in the government's books. It's important, in that pension liabilities are a really big problem if they get out of hand, but still pretty arcane. Anyway, Lysyk is not saying that Ontario's pension liabilities are out of hand. She is saying that a $1.5-billion payment the government made into public pension funds last year has to be counted as government spending, and yet a $10.5-billion surplus in a couple of large funds can't be counted against Ontario's provincial debt.

(That's the "$11-billion hole" Patrick Brown complained about. It's not really a hole, in the sense of being money the government has to find in cuts or tax hikes.)

The reasoning: The $1.5 billion went out the door and is not available to be spent on other things. But surpluses in the pension funds have to stay there, so they're not really government assets.

Lysyk's way, the province's finances look slightly worse than they used to. You can see why the Liberals would resist her approach. You might also imagine someone saying, "Guys, are we really going to say the auditor general of Ontario is incompetent? Bob did it that time and you remember how it looked, right? Nobody remembers? Bob, at least?"

The thing is, even using Lysyk's rules, Ontario's books for last year are not at all bad by recent standards. Revenue is up. Spending is up, too, but not as much as revenue. It turns out the deficit is smaller than it was expected to be, and not just because the Liberals did their usual thing of padding the budget with a bunch of money they never expected to spend. A balanced budget is in sight.

Again, this is true even if you take this year's figures calculated under Lysyk's new rules and compare them with figures calculated under the old rules.

Ontario's debt-to-GDP ratio, a measure of how much we've borrowed relative to the size of the whole Ontario economy, is a little worse. But the Liberals could have explained the difference with an asterisk and a footnote explaining the accounting method had changed.

In the event, they almost — almost! — did that. They ran the numbers the way Lysyk says they ought to be run and used those in the financial statements. They actually handled the disagreement honourably. They just couldn't find their way to not having it at all, affixing a lot of whining about what a doofus the auditor is.

Whenever they're blasting away at their own feet, these people can't seem to resist reloading.

Lysyk more credible than the Liberals

TORONTO SUN – BLIZZARD – Liberals show contempt for watchdogs

BY CHRISTINA BLIZZARD, QUEEN'S PARK COLUMNIST

FIRST POSTED: TUESDAY, OCTOBER 04, 2016 08:01 PM EDT | UPDATED: TUESDAY, OCTOBER 04, 2016 08:07 PM EDT

Ontario auditor general Bonnie Lysyk. (Craig Robertson/Toronto Sun)

TORONTO - Think of Ontario's debt as a vast, $350-billion windswept beach that yawns on for ever — wave after costly wave of sand stretching to the horizon.

Auditor general Bonnie Lysyk now says the province's deficit this year is actually $1.5 billion higher than the government says it is. The accumulated debt is actually $10.7 billion higher than previously stated — at $305 billion.

While those numbers are staggering and should strike terror into all our hearts, it's not the statistics we should worry about. Massive though those numbers are, $1.5 billion — even the $10.7 billion — are tiny grains of sand in the great desert wasteland of our debt.

No, apart from the fancy accounting footwork, here's what's truly troubling: The arrogant refusal of this government to listen to the advice of the independent officers of the legislature, whose job it is to make sure the rules are followed, that the government is fair, that your money is spent wisely.

Time and again, these non-partisan officers have been mocked, ignored and denigrated by a government that grows more arrogant with every day it clings to power.

A few examples:

• Then-energy minister Bob Chiarelli's put-down of Lysyk after her scathing 2014 report on smart meters. Chiarelli's response was a condescending, pat-you-on-the head dismissal.

• On government advertising: The AG once had teeth to enforce a ban on partisan advertising — and actually nixed a couple of Liberal ads. How did the government respond? They changed the rules in 2015 so the AG no longer has that kind of power. Lysyk said she would not have allowed a self-congratulatory government ad that took credit for forcing the federal government to enhance CPP.

• Last year, they dismissed then-ombudsman Andre Marin's concerns that selling off Hydro One would mean a loss of ombudsman oversight of the utility.

• Financial Accountability Officer Stephen LeClair has said repeatedly that the government has stonewalled him for documents he needs to do his job.

• Earlier this year, the Liberals ignored child advocate Irwin Elman's warning that changes to autism services would hurt vulnerable children.

• Last year, the government cherry-picked a report by Elections Ontario CEO Greg Essensa on the Sudbury byelection to make it sound as if the Liberals were vindicated. In fact, it was a shocking report that did nothing of the sort.

NDP Leader Andrea Horwath says watchdogs routinely "get thrown under the bus" by the Liberals.

"Yet again we have a government that has dismissed the AG's report," Horwath said, adding it was "a pattern" for the Liberal government.

"Why? So the Liberals can come out smelling of roses?" Horwath said.

PC Leader Patrick Brown said it's all about credibility.

"Who are we going to believe? A tired Liberal government who's had a history of hiding scandals, or the AG? I'm with the AG."

Brown said he wants to know what the government's plan is and what spending they will cut to make up the almost $11 billion in extra debt.

"The solution is not to disparage the AG. The solution is not to pretend everything's fine," he said.

Time and again we've seen the auditor, the ombudsman, the privacy commissioner, the head of Elections Ontario, raise honest and serious questions about this government's actions.

And they're met with contempt and derision.

It speaks to a government that believes it’s infallible. They could have simply dismissed this latest accounting fiasco as a minor disagreement — and moved on. Instead, they chose to belittle the AG.

Independent officers play a vital role in holding governments accountable.

Ignore them at your peril.

cblizzard@postmedia.com

TORONTO SUN – EDITORIAL – Lysyk more credible than the LIBERALS

FIRST POSTED: TUESDAY, OCTOBER 04, 2016 08:16 PM EDT

Ontario auditor general Bonnie Lysyk releases a special report on growing Pan Am Games' security costs Wednesday, November 26, 2014 at Queen's Park. (Toronto Sun/Antonella Artuso)

So let's see now.

Ontario Auditor General Bonnie Lysyk and Premier Kathleen Wynne's Liberal government disagree about the size of the province's deficit and debt.

Lysyk says the government's deficit for the fiscal year 2015-16 was $5 billion, $1.5 billion more than the $3.5 billion the Liberals claim.

In addition, she says total government debt was $305.2 billion, $10.7 billion higher than the $294.5 billion claimed by the Liberals.

Hmm. Who to believe, who to believe?

Wait, we know!

We believe Lysyk, an independent, non-partisan officer who works for the Legislature, not the ruling Liberal party.

She's a chartered accountant and certified internal auditor, with a masters degree in business administration.

That's up against a Liberal government that, since it took power in 2003, has turned Ontario into the world's most indebted sub-sovereign (non-national) borrower.

A Liberal government whose first political act under Wynne's predecessor, Dalton McGuinty, was to break his signature election promise not to raise taxes — McGuinty even put it in writing during the 2003 campaign — by introducing one of the largest single tax grabs in Ontario history.

So when Lysyk tells us the Liberal government can't claim as assets money in the Ontario Teachers Pension Plan and the Ontario Public Service Employees' Pension Plan, because it has no way to access it, we believe her.

That's as opposed to the Liberals, who said Lysyk's assessment is wrong and that they are going to consult with other financial experts for their opinion, while taking the unusual step of releasing an unaudited financial statement for 2015-16 without Lysyk's stamp of approval, which Lysyk called disappointing.

Of course, this is nothing new for the Liberals.

For example, after Lysyk criticized the Liberals' disastrous "smart meters" program in 2014, pointing out they overestimated savings by more than $500 million, while underestimating costs by $400 million, former energy minister Bob Chiarelli responded on behalf of the government that the electricity file is complicated and perhaps Lysyk didn't understand it.

Chiarelli is a career politician who trained as a lawyer.

Lysyk, in addition to her other qualifications, was a senior executive at Manitoba Hydro for a decade before she became Ontario auditor general.

Enough said.

What will Grits cut now that debt is $10.7B higher?

TORONTO SUN – What will Grits cut now that debt is $10.7 B higher?

BY SHAWN JEFFORDS, POLITICAL BUREAU CHIEF

TORONTO - Where will Ontario's Liberal government cut?

That's what Progressive Conservative Leader Patrick Brown wants to know now that auditor general Bonnie Lysyk made the revelation that Ontario's debt is actually $10.7 billion higher than previously advertised.

Brown pressed the Liberal government Tuesday to come clean on how it will handle the new debt load created as the result of an accounting disagreement between the government and Ontario's auditor general.

"I want to know what they're going to cut?" Brown said. "I want to know what their plan is. The solution is not to disparage the auditor general. The solution is not to pretend everything is fine."

On Monday, the Liberals conceded the disagreement between Lysyk and the government would lead to the jump in debt and boost last year's deficit by $1.5 billion.

At the same time, government officials released unaudited financial statements for the last fiscal year without an opinion from Lysyk — an unprecedented move.

They made the information public after arguing behind the scenes for weeks with Lysyk's office about whether or not two large public sector pensions could be counted as assets. The auditor says no, because the government can't actually cash in those funds. Lysyk said Tuesday that her office continues to work with the government on the issue.

And she was tight-lipped about the dispute

"I think it would be premature for me to talking about it right now," Lysyk said, adding that she will address the issue once the full audited statements are prepared on the government's 2015-16 public accounts.

But when that will happen is anyone's guess.

Treasury Board President Liz Sandals couldn't say when the government will table the finalized audit with Lysyk's opinion included.

A third-party review, to determine whether the pensions should be declared as assets, will take months, Sandals said

QP BRIEFING - Liberals flayed over accounting clash with auditor general

Any hope that the government's speedy release of the public accounts on Monday would quash the steady stream of flak from the opposition parties quickly dissipated on Tuesday.

The Liberals came under fire in question period over the unceremonious tabling of the financial statements for 2015-16, released via an ad hoc technical briefing and media conference (pictured above). The move also required a temporary regulation to enable the government to table the unaudited statement. The public accounts were legally due Sept. 27, but were delayed after a dispute in the accounting rubric that, in the auditor's opinion, adds $10.7 billion to the net debt and $1.5 billion to the annual deficit, which rounded out at $5 billion.

That $10.7 billion comes from the Ontario Teachers' Pension Plan and the Ontario Public Service Employees Union Pension Plan, for which the government is a joint sponsor but cannot access. Therefore, the AG contends that the government should not, as has been its practice since 2001, include the pension plans on the balance sheet.

So the government released the public accounts without the auditor's opinion (but using her figures) for the first time in the province's history.

As such, Progressive Conservative Leader **Patrick Brown** kicked off question period by hurling accusations that the Liberals were trying to cover up an "$11-billion hole."

"How will the government fill this hole? Is it going to be through new taxes? Higher hydro rates? New fees? Or will the Liberals just cut services?" Brown mused.

He contended that the government has a history of muzzling its watchdogs.

"Who are we going to believe? A tired Liberal government who has had a history of hiding scandals, or do we want to believe the auditor general? I'm with the auditor general," Brown told reporters afterwards.

The New Democrats also fired accounting questions in the house and called the government's moves "quite shocking."

"These people are watchdogs for the public, and yet again the Liberals have tried to discredit the auditor general. And why is that? It's because the Liberals are more concerned about their own political well-being than they are about being up front with the people of Ontario," NDP Leader **Andrea Horwath** later told reporters.

Her criticism took a more personal approach. "That's not the kind of premier that **Kathleen Wynne** said she was going to be. And that's why people are very, very disappointed with this Liberal government, because they didn't vote for the kind of government that they actually have."

Treasury Board President **Liz Sandals** dismissed suggestions the tabling of the public accounts were in some way politically designed. She added that the pension accounting matter is being independently reviewed, which will take "at least a few months to sort out."

"Given the discrepancy of opinion, we do need to get some independent, third-party advice to help us sort this out, because obviously we can't go forward with this disagreement," she said. "We understood it was going to take a while to sort this out. We also understood that we didn't want uncertainty in the public with respect to what are the numbers, so we simply said, as cabinet, adopt the auditor's numbers for this year, get the information to the public."

Sandals reiterated that the government is on track to balance the budget in the next fiscal year, and remain balanced in 2018-19, despite warnings otherwise from the Financial Accountability Officer. The FAO has cautioned a return to deficits after coming to balance in 2017-18.

Auditor General **Bonnie Lysyk** said Monday she was "disappointed" the government decided to release the public accounts without her opinion.

Sandals could not say when the two will meet to resolve the issue.

HUFFINGTON POST - Ontario Liberals In Spat With Auditor General Bonnie Lysyk Over Accounting Methods

CP | By Allison Jones, The Canadian Press

TORONTO — Ontario's Liberal government is in a spat with the auditor general over accounting practices that would affect the province's deficit by $1.5 billion.Auditor general Bonnie Lysyk's office and public-sector accountants disagree about how pension numbers should appear on the books. Under her interpretation, Ontario's deficit for 2015-16 was $5 billion, but under the government's accounting the deficit would be $3.5 billion

Auditor General Bonnie Lysyk speaks at a news conference in the Ontario Legislature in Toronto on June 8, 2016. (Photo: Nathan Denette/CP).

Ontario has been following the same pension accounting treatment for the past 14 years, said Treasury Board President Liz Sandals.

"In fact, the current auditor general has accepted this treatment for the last two years...(and) three previous auditors general have also accepted it," she said. "There has been no change to the relevant accounting standard over the past 14 years."

The auditor sent the government written notice of this just two weeks before the deadline for the tabling of the public accounts, Finance Minister Charles Sousa said. The dispute between the auditor's office and the public-sector accountants means neither will sign off, he said. That meant that the government missed the deadline of 180 days after the end of a fiscal year, which was Sept. 27, for the release of the 2015-16 information — so it released the unaudited financial statements Monday.

'Governments will do what governments will do'

Lysyk was "disappointed" the government decided to release unaudited statements for the first time in Ontario's history, but "governments will do what governments will do," she said.

Her office first raised the accounting issue with the government in June, she said, so her formal letter this month should not have caught them unaware.

Lysyk's team started a more in-depth look at pension assets, which was how the issue came to their attention, she said.

"It's quite complicated and they took a deep dive and in June of this year we mentioned to the Ministry of Finance that we had some concerns around the pension asset valuation," Lysyk said. "Really it came about from looking at it quite deep. The amount was increasing so we were seeing the adjustments to the pension asset go up."

Auditor's numbers add $10.7B to net debt

The issue is with the accounting of the Ontario Public Service Employees Union Pension Plan and the Ontario Teachers' Pension Plan, which are jointly sponsored with the government.

They have a surplus, as they have had for the past 14 years, when the rules were last changed. The auditor general told the government it did not have a legally enforceable right to unilaterally access the assets, so they should not appear on the balance sheets.

That would mean the $10.7-billion pension surplus — including a $1.5-billion increase during the last fiscal year — would be written off with no value.

In addition to adding $1.5 billion to the deficit, the auditor general's accounting treatment adds $10.7 billion to the net debt.

PCs: Wynne government in 'panic mode'

Sandals said releasing the unaudited statements "really truly is not about politics." But Sousa pointed to questioning from the Progressive Conservatives, who got wind of the dispute, in the legislature.

"We can't have that lack of confidence in the public realm," he said. "We need to ensure that people understand what is out there, what our numbers mean and what our financial state of affairs (is)."

The government said Monday it is tapping an expert panel to review the pension accounting standards.

PC finance critic Vic Fedeli said the government is "in full panic mode."

"It's apparent they're trying to usurp the auditor general," he said.

Also clashed on energy

It's not the first time the Liberals have clashed with Lysyk.

Former energy minister Bob Chiarelli didn't like the auditor's work on the government's $2-billion smart meter program and suggested the electricity file was too complicated for Lysyk, who spent 10 years working at Manitoba Hydro. She has also frequently criticized their revamp of advertising rules, suggesting that partisan ads are now being funded by taxpayer dollars.

BENEFITS CANADA - Ontario pension accounting dispute shows difference of $1.5B in province's deficit

Staff, with files from The Canadian Press | October 4, 2016

An accounting difference involving the Ontario Public Service Employees Union Pension Plan and the Ontario Teachers' Pension Plan has the government at odds with the province's auditor.

In its annual report and consolidated financial statements, which were released on Monday, the Ontario government stated the deficit for 2015-16 was $3.5 billion dollars. Under auditor general Bonnie Lysyk's interpretation, however, it was $5 billion. Treasury Board president Liz Sandals says the province has been following the same pension accounting treatment for the past 14 years.

The government says the Ontario Public Service Employees Union Pension Plan and the Ontario Teachers' Plan, which are jointly sponsored with the government, have a surplus but the auditor general says that should not be on the province's balance sheet.

Read: Auditor general calls OPG's pensions 'generous'

As a result of the concerns around the accounting practices, Ontario approved a time-limited regulation that legislates the accounting for pension assets of jointly-sponsored pension plans for the 2015-16 public accounts. The change in accounting treatment is not a reflection on the funding status of the plans or the quality of financial reporting by the province, the report said.

The Ontario government says it will be tapping an expert panel to review its pension accounting standards.

OTHER LINKS Compilation – PostMedia outlets

LONDON FREE PRESS - What will Grits cut now that debt is $10.7B higher?
TIMMINS PRESS - What will Grits cut now that debt is $10.7B higher?
CLINTON NEWS RECORD - What will Grits cut now that debt is $10.7B higher?
ELLIOT LAKE STANDARD - What will Grits cut now that debt is $10.7B higher?
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INGERSOLL TIMES - What will Grits cut now that debt is $10.7B higher?
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GANANOQUE REP - What will Grits cut now that debt is $10.7B higher?
COUNTY WEEKLY NEWS - What will Grits cut now that debt is $10.7B higher?
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GODERICH SIGNAL - What Will Grits cut now that debt is $10.7B higher?
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SARNIA THIS WEEK - What will Grits cut now that debt is $10.7B higher?
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COCHRANE TIMES POST - What will Grits cut now that debt is $10.7B higher?
SAULT THIS WEEK - What will Grits cut now that debt is $10.7B higher?

1

WEDNESDAY

TORONTO STAR - Ontario budget watchdog steers clear of $10.7B pension asset dispute

Ontario's independent budget watchdog is refusing to weigh in on an accounting dispute between the province and the auditor general that is worth billions of dollars to the treasury.

At issue is auditor general Bonnie Lysyk's sudden decision to exclude from the province's bottom line some $10.7 billion in assets from two pension funds co-sponsored by the government. (Frank Gunn / THE CANADIAN PRESS file photo)

By ROBERT BENZIEQueen's Park Bureau Chief

Wed., Oct. 5, 2016

Ontario's independent budget watchdog is refusing to weigh in on an accounting dispute between the province and the auditor general that is worth billions of dollars to the treasury.

Financial Accountability Officer Stephen LeClair said Wednesday he will not get involved in the fight between Auditor General Bonnie Lysyk and the Liberal government.

"I will not be looking at the accounting matter," LeClair told the Star in an email.

At issue is Lysyk's sudden decision to exclude from the province's bottom line some $10.7 billion in assets from two pension funds co-sponsored by the government.

While the assets had been included for the past 14 years, the auditor general now believes they shouldn't be because Queen's Park doesn't have ready access to the money.

Her decision means last year's deficit was $5 billion instead of $3.5 billion and the provincial net debt should be calculated as $305.2 billion instead of $294.5 billion.

Provincial bureaucrats and the Liberal government disagree and Treasury Board President Liz Sandals will be seeking actuarial advice from third-party experts in the coming weeks.

But LeClair — like Lysyk, an officer of the legislature — wants to steer clear of the disagreement even though his mandate is to provide "independent analysis on the state of the province's finances."

"This is a difference of opinion on the accounting treatment of pensions. The FAO is interested in the matter to the extent that it affects the fiscal position of the province of Ontario and will be seeking clarification from the government of Ontario and the auditor general on this matter," he said.

"However, the FAO will not comment on what is the appropriate treatment of these assets."

It's unclear whether LeClair is seeking to avoid a conflict with a fellow legislative watchdog, though tiffs between rival officers have surfaced in the past.

Last week, for example, Information and Privacy Commissioner Brian Beamish chided Lysyk in a report he prepared on record-keeping at the 2015 Pan Am Games in Toronto.

"The office of the auditor general requested that we respect the confidentiality of her process, particularly the working papers related to the audit. Accordingly, we were limited in the information we asked for and received from her office," Beamish wrote in a 16-page review that cleared Pan Am officials of any wrongdoing after leased hard drives were wiped.

Lysyk, meanwhile, defended her change of heart on accounting practices and said she won't be swayed by any expert findings suggesting the Ontario Public Service Employees' Union Pension Plan and the Ontario Teachers' Pension Plan assets have value to the province's bottom line.

"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," the auditor general said, dismissing the government's pension asset claim as "a notional number that doesn't have the backing of cash."

"If there isn't new information I feel pretty solid that we got it right. I have no vested interest in the outcome of this other than making sure it's right in accordance with public sector accounting standards."

GLOBAL TV NEWS WEBSITE - Accounting dispute between Ontario and auditor general may not end with external review

By Staff The Canadian Press

Bonnie Lysyk, Ontario's auditor general, speaks at Queen's Park in Toronto on Wednesday, December 2, 2015.

Darren Calabrese / The Canadian Press

TORONTO — A dispute between Ontario's Liberal government and the auditor general over the province's true deficit may be doomed to repeat itself next year.

Auditor general Bonnie Lysyk's office and public-sector accountants disagree about how a pension surplus should be counted.

Under rules the government has been using for more than a decade, the deficit for 2015-16 would be $3.5 billion, but Lysyk says the rules should be changed and that would leave the deficit at $5 billion. Lysyk's accounting method would also add $10.7 billion to the net debt.

Since the government wouldn't have access to a surplus in the public servants' and teachers' pension plans, it therefore shouldn't appear on the books, Lysyk says.

The Liberals are setting up an outside expert review panel to look at the issue, but neither the government nor the auditor are bound by the panel's findings.

"I work for the legislative assembly, so if there's new information obviously I'll take it into account and see if that changes our opinion," Lysyk said. "If there isn't new information I feel pretty solid that we got it right."

Treasury Board President Liz Sandals acknowledged that the auditor general can issue whatever opinion she wishes, but an external review isn't pointless.

"We will at least have more expert advice," Sandals said, even if Ontario ends up in the same dispute next year. She did not yet know what it will cost.

The government is supposed to table its public accounts – with the auditor general's opinion – within 180 days after the end of a fiscal year, but because of the disagreement that deadline was missed this year.

Instead, the government released its unaudited financial statements but used the auditor's preferred accounting treatment.

Lysyk submitted her audit opinion Wednesday, so it is expected to be tabled in the legislature soon.

Progressive Conservative Leader Patrick Brown questioned why an external review is needed, when the auditor's function is to provide independent oversight.

"It's just bewildering," he said. "We have oversight, we have independent legislative officers. The fact the government doesn't like the fact the independent, third-party review disagrees with their numbers…It's like someone looking for a second opinion and keeps on looking for a second opinion until they get one that agrees with them."

NDP Leader Andrea Horwath suggested the dispute is political.

"We have watchdogs that are doing work on behalf of the people of Ontario and the Liberals continue to try to discredit them," she said. "That's not appropriate."

QP BRIEFING - Third-party review of Ontario's public accounts won't sway auditor general's opinion

A months-long, third-party audit of Ontario's financial statements for the last fiscal year may not be the charm to settle the pension spat between the government and the auditor general.

The government has sought an independent reviewer in order to clarify an accounting measure that adds or subtracts billions to the province's financial statement, depending on your vantage point. But it's unlikely to sway the auditor general's 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," **Bonnie Lysyk** said following a closed session briefing at the standing committee on public accounts Wednesday.

"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."

At issue is $10.7 billion worth of assets from the Ontario Teachers' Pension Plan and the Ontario Public Service Employees' Union Pension Plan that the province has since 2001 counted on the balance sheet. The auditor disagrees, saying that because the government cannot access the funds, the figure should be added to the net debt and annual deficit. The current public accounts have been tabled using the auditor's rubric, and show an annual deficit of $5 billion for 2015-16 (whereas the government's numbers would have shown $3.5 billion) and that the net debt is $305.2 billion (compared to $294.5 billion, per the government).

"I think they got it right on the bottom line," Lysyk noted, in reference to the unaudited version of the public accounts that was tabled Monday.

Treasury Board President **Liz Sandals** trumpeted that comment from the auditor general later that morning.

Sandals could not yet say how much an independent reviewer will cost, nor could she commit to accepting whatever conclusion the independent reviewer may come to.

"Well first of all let us get it set up. As we get it set up and as we get the terms of reference approved, we'll share that with you when we get it set up," Sandals told reporters, adding, "Given that quite different advice, we would at least like to get some external expert opinion to give us some guidance on how to permanently resolve this."

The pension tension fuelled the opposition parties in that morning's question period.

Progressive Conservative Leader **Patrick Brown** called the third-party review redundant and accused the government of cherry-picking expert advice.

"It's like someone looking for a second opinion, and keeps on looking for a second opinion until they get one that agrees with them," Brown said. "The auditor general is the third-party oversight. We can have debates here in question period, where the opposition can raise legitimate questions where the government may be wrong, but independent legislative officers have no partisan agenda."

NDP Leader **Andrea Horwath** was skeptical of the government's claim that there is no political motivation underlying the review.

"If it's going to mean that the Liberals are seen in a better light, or that they protect their own political well-being, they'll do anything. That's not appropriate," she said. "We have watchdogs that are doing work on behalf of the people of Ontario and the Liberals continue to try to discredit them. I have all confidence in the auditor general, in the work that she does on behalf of no political parties but on behalf of the people."

Lysyk added that she informed the government of her concerns over the pension assets in June. The government has said it received a written notice from the auditor general's office Sept. 13, two weeks before the legal deadline to table the public accounts.

The subject of Lysyk's committee appearance that morning was set weeks prior and dealt with Chapter 2 of her latest Annual Report, entitled Public Accounts of the Province - something she quipped was "ironic" given recent events.

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THURSDAY OCT. 6, 2016

QP BRIEFING - Seen: Public accounts tabled, with AG's opinion

HOME NEWS SEEN: PUBLIC ACCOUNTS TABLED, WITH AG'S OPINION

Seen: Public accounts tabled, with AG's opinion

Treasury Board President **Liz Sandals** tabled Ontario's public accounts for fiscal 2015-16 Thursday, including the auditor general's opinion. The tabling of the public accounts was delayed by almost two weeks after months of back and forth between the auditor general and the government over whether the bottom line should include assets for two jointly-sponsored provincial pension plans.

The annual deficit still came in at $5 billion ($700 million lower than the government projected, but $1.5 billion more than if it had included the pension assets). The net debt is $305.2 billion (as opposed to $294.5 billion sans the pension assets to which the government does not have access).

"The consolidated financial statements for the province of Ontario for the year ended March 31, 2016, present fairly the province's annual deficit, accumulated deficit, pension liabilities and pension expense," Auditor General **Bonnie Lysyk** said in a news release.

However, the auditor general said her opinion was qualified because the 2014-15 comparative figures have not been restated to correctly adjust "the 2014-15 accumulated deficit upward by $8.2 billion, annual deficit upward by $953 million, and the education expense and general government and other expense upward by $953 million."

Pension tension has been simmering since June, when Lysyk informed the Treasury Board it should not count $10.7 billion worth of funds in the Ontario Teachers' Pension Plan and the Ontario Public Service Employees' Union Pension Plans toward Ontario's balance sheet.

The government has sought an "independent expert panel" to review the pension accounting measure and expects recommendations later this year.

"I wish to thank the Auditor General for providing her audit opinion of the 2015-16 Public Accounts. The Public Accounts confirm this is the seventh year in a row that Ontario has beaten its annual deficit target. Ontario remains committed to balancing the budget in 2017-18, while remaining balanced in 2018-19," Sandals said in a release.

Per a government news release:

($ millions)	Annual Deficit 2014-15	Accumulated Deficit 2014-15	Net Debt 2014-15	Annual Deficit 2015-16	Accumulated Deficit 2015-16	Net Debt 2015-16
Province's 2015-16 financial statements	10,315	187,511	294,576	5,829	202,897	305,233
Auditor General's 2015-16 opinion	11,268	196,665	293,730	5,829	202,897	305,233
Auditor General's 2014-15 opinion	10,315	187,511	294,576	n/a	n/a	n/a

NATIONAL POST - Wynne Liberals bicker while Ontario's finances get sicker

Financial Post
Thu Oct 6 2016
Section: FP Comment
Byline: Ben Eisen and Charles Lammam, Special to Financial Post

The Ontario government is in a spat with the province's auditor general about the size of last year's deficit. The auditor general pegs the shortfall at $5 billion, whereas the government, using a different accounting method, says it's somewhat lower at $3.5 billion.

It's not surprising the Wynne government is willing to go to the mat to defend its estimate of last year's budget deficit. As Ontario approaches a provincial election in 2018, a big part of the government's PR strategy is focused on celebrating an expected return to a balanced budget in next year's budget. So Premier Kathleen Wynne's team has a big incentive to push back against dissenting views.

The source of the dispute hinges on the government's desire to use a surplus from public-sector pension plans to cover its operating deficit. The auditor general does not believe the pension surplus should be counted against an operating deficit.

A spat over the budget balance misses the bigger picture: provincial finances are in bad shape

We hope that proper accounting practices prevail in the end. But in bickering with the auditor general over the precise size of last year's operating deficit, and with its fixation on being able to announce a balanced operating budget next year, the provincial government completely misses the bigger picture. Regardless of the exact size of the government's operating budget balance this year or next, Ontario's finances are in bad shape and the Wynne government must develop a credible plan to repair them.

Even if the government is able to claim next year that it has eliminated its deficit, the mountain of debt the Liberal government has accumulated over the past nine years will still be there. Just how big is this mountain? Since 2007, Ontario has seen its net debt (a measure of debt that adjusts for financial assets) approximately double, climbing from $157 billion to $308 billion. That's puts it at about $21,000 per Ontarian. Servicing all of this debt will burden Ontarian taxpayers for many years.

A balanced operating budget next year won't address this debt burden. In fact, the government's own Financial Accountability Office (FAO) projects((www.fao-on.org»)) that provincial debt will continue to climb for years into the future, reaching $350 billion by 2020-21.

How can this be the case? Two reasons.

First, Ontario will accumulate new debt because the Wynne government plans to ramp up capital spending on things such as roads and bridges, which will be financed by more debt. The province can add debt, while still maintaining a balanced operating budget, because its capital budget is accounted for separately((www.fraserinstitute.org»)) from its operating budget. The operating budget can be balanced at the same time the capital budget is in deficit.

Second, the balanced operating budget in 2017-18 may be tenuous. According to the FAO, the government has not done enough to bring spending sustainably in line with revenues. Without policy reform, the province will likely slip back into operating deficits after just one year of a balanced budget.

The Wynne government is nonetheless determined to spin the projected balance budget for 2017-18 as evidence of its prudent management of public finances and as a way to justify further loosening((www.thestar.com») end -of-net-zero-austerity-measures.html) the purse strings, especially to provide yet even higher pay to public-sector employees (again, just in time for the election).

It's a politically appealing narrative, but it doesn't withstand scrutiny. The Wynne government has no plan to pay down the debt, and actually plans to pile on more. The work of repairing Ontario's battered finances remains undone.

Ben Eisen and Charles Lammam are analysts with the Fraser Institute.

FRIDAY

LONDON FREE PRESS - Liberals, auditor may repeat deficit fight (London Free Press)

London Free Press
Fri Oct 7 2016
Page: A7
Section: News
Byline: Allison Jones
Dateline: TORONTO
Source: The Canadian Press

A dispute between **Ontario** ' s Liberal **government** and the **auditor general** over the province ' s true deficit may be doomed to repeat itself next year.

Auditor general **Bonnie Lysyk** ' s office and public-sector accountants disagree about how a pension surplus should be counted.

Under rules the **government** has been using for more than a decade, the deficit for 2015-16 would be $3.5 billion, but Lysyk says the rules should be changed and that would leave the deficit at $5 billion. Lysyk ' s accounting method also would add $10.7 billion to the net debt.

Since the **government** wouldn ' t have access to a surplus in the public servants ' and teachers ' pension plans, it therefore shouldn ' t appear on the books, Lysyk says.

The Liberals are setting up an outside expert review panel to look at the issue, but neither the **government** nor the auditor are bound by the panel ' s findings.

" I work for the legislative assembly, so if there ' s new information, obviously I ' ll take it into account and see if that changes our opinion ," Lysyk said. " If there isn ' t new information, I feel pretty solid that we got it right ." **Treasury Board** President Liz Sandals acknowledged that the **auditor general** can issue whatever opinion she wishes, but an external review isn ' t pointless.

" We will at least have more expert advice ," Sandals said, even if **Ontario** ends up in the same dispute next year. She did not yet know what it will cost.

Illustration:
• File Photo / A wave of " evil clown " sightings is sweeping North America .

Edition: Final
Story Type: News
Length: 256 words

WINDSOR STAR - Wynne's AG fight is a sign of desperation (Windsor Star)

Windsor Star
Fri Oct 7 2016
Page: A6
Section: Opinion
Byline: David Reevely
Source: The Windsor Star

Picking a fight with your **auditor general** is usually a last desperate rearguard action for a doomed **government**. The **Ontario** Liberals are on their third and dumbest such fight, stomping all over what should be some fairly good news about the provincial finances.

The spat, over how some pension money is accounted for, held up the **government**'s release of the final books for the 2015-16 fiscal year until nearly a week past a legal deadline. Then it took a special cabinet decision to open them publicly without a statement from **Auditor General** **Bonnie Lysyk** saying that they're a fair accounting of the province's financial status.

The result is a totally predictable explosion of criticism that the Liberals are fudging their numbers and pushing aside the highest-profile officer of the legislature because she called them on it.

"Why was (the set of accounts) released without the AG's opinion? That's the big question," Progressive

Conservative Leader Patrick Brown demanded of Premier Kathleen Wynne on Tuesday. "Was it because she discovered the **government** has an $11-billion hole in their budget? Mr. Speaker, that includes a $1.5-billion deficit this year. That's a lot of money. How will the **government** fill this hole? Is it going to be through new taxes? Higher hydro rates? New fees? Or will the Liberals just cut services?" This is a line of bull, into which the Liberals immersed themselves both totally and needlessly, having used up all the credibility they might now wish for in previous arguments with the auditor. In 2014, then-energy minister Bob Chiarelli disputed a report on smart electricity meters by alleging that Lysyk and her senior people didn't really understand **Ontario**'s electricity system.

This might have been plausible if Lysyk's resume didn't include 10 years at Manitoba Hydro.

Then there was a mini-fight when the **government** took away the auditor's authority to review **government** advertising to make sure it is actually meant to inform citizens and not just polish the governing party's image.

Now this, an argument over how to account for pension funds in the **government**'s books. It is important, in that pension liabilities are a really big problem if they get out of hand, but still pretty arcane. Anyway, Lysyk is not saying that **Ontario**'s pension liabilities are out of hand. She is saying that a $1.5-billion payment the **government** made into public pension funds last year has to be counted as **government** spending, and yet a $10.5-billion surplus in a couple of large funds can't be counted against **Ontario**'s provincial debt.

(That's the "$11-billion hole" Patrick Brown complained about. It's not really a hole, in the sense of being money the **government** has to find in cuts or tax hikes.)

The reasoning: The $1.5 billion went out the door and is not available to be spent on other things. But surpluses in the pension funds have to stay there, so they're not really **government** assets.

Lysyk's way, the province's finances look slightly worse than they used to. You can see why the Liberals would resist her approach. You might also imagine someone saying, "Guys, are we really going to say the **auditor general** of **Ontario** is incompetent? Bob did it that time and you remember how it looked, right?"

The thing is, even using Lysyk's rules, **Ontario**'s books for last year are not at all bad by recent standards. Revenue is up. Spending is up, too, but not as much as revenue. It turns out the deficit is smaller than it was expected to be, and not just because the Liberals did their usual thing of padding the budget with a bunch of money they never expected to spend. A balanced budget is in sight.

Ontario's debt-to-GDP ratio, a measure of how much we've borrowed relative to the size of the whole **Ontario** economy, is a little worse. But the Liberals could have explained the difference with an asterisk and a footnote explaining the accounting method had changed.

In the event, they almost - almost! - did that. They ran the numbers the way Lysyk says they ought to be run and used those in the financial statements. They actually handled the disagreement honourably. They just couldn't find their way to not having it at all, affixing a lot of whining about what a doofus the auditor is.

Whenever they're blasting away at their own feet, these people can't seem to resist reloading.

dreevely@postmedia.com twitter.com/davidreevely

1 - Public Accounts Media Analysis September 30.docx

TBS
Communications Branch
Your Strategic Partner

Media Analysis

Public Accounts

1. Quantitative Summary

Public Accounts coverage from September 29/30, 2016, has focused on a negative Canadian Press article, repeated in several media outlets.

Statistics:

- 14 media outlets published stories
- Total circulation/audience is 1,038,101 (*based on available numbers)
- Breakdown: Print 80%, Online 80%
- Tone: 100% negative
- Time the government's key message(s) were picked up: 100%
- Time a government spokesperson was quoted: 100%
- Time a third-party spokesperson was quoted: 100%

2. Qualitative Summary

Of the 14 articles reviewed the tone is 100 per cent negative.

A Canadian Press piece by Keith Leslie ran in many of the Metroland editions, either in its entirety or a shortened version.

Top themes in the coverage:

- Conservatives question why there is a delay to release public accounts, crying 'shady accounting' practices
- It's not the first time there has been a clash of numbers between government and Auditor General Bonnie Lysyk
- TBS President Liz Sandals quoted "There's nothing to hide"

QP Briefing carries a piece which leads off with information that the stalling of the public accounts release is due to a "stalemate" between the government and the Auditor General. The article supports government's explanation and indicates the QP Briefing reporter Sabrina Nanji has already tried to reach AG Lysyk and will keep trying. *Auditor General* ***Bonnie Lysyk*** *was not available for comment Thursday but a spokesperson* *from her office said in an email that they "are working with the government to finalize the province's financial statements."*

Canadian Press begins with the opposition asking what Liberals are hiding by not releasing the province's public accounts on time, and why the government is in a fight with the auditor general over the statements. CP's focus is the negative response by opposition as they say "something just doesn't seem right" about this delay.

All pieces include TBS President Sandals saying the government is still on track to meet its goal of eliminating the deficit the next fiscal year.

3. Media Scan

The media search results are attached in a separate document.

1 - TBS CONTENT ANALYSIS Public Accounts Sept 30 2016.docx

TBS CONTENT ANALYSIS

PUBLIC ACCOUNTS

SEPTEMBER 29/30, 2016

(note: most items are repetitive versions of Canadian Press. The print out of all the articles has been condensed)

Table of Contents

Grits blasted for missing public accounts deadline (London Free Press)

London Free Press
Fri Sep 30 2016
Page: A7
Section: News
Byline: Keith Leslie
Dateline: TORONTO
Source: The Canadian Press

Ontario ' s opposition parties want to know why the Liberal government is in a fight with the auditor general over the province ' s public accounts, which won ' t be published this week as required.

The Progressive Conservatives say " something just doesn't seem right " about the Liberals missing a key deadline for the public accounts, which report on the government ' s financial performance against the goals set out in the budget.

Treasury Board president Liz Sandals insists the Liberals " have absolutely nothing to hide ," and says there are talks underway between accountants in her office and those in auditor general Bonnie Lysyk ' s office to resolve " a complex accounting issue ." Sandals says the government is still on track to meet its goal of eliminating the deficit in the next fiscal year, and hopes the financial dispute will be settled soon so the public accounts can be published " shortly ." PC Leader Patrick Brown calls the situation " bewildering ," and says the delay raises questions about possible " problems with the Liberal numbers " and budget forecasts.

Deputy NDP Leader Jagmeet Singh calls the delay in publishing the public accounts " inexcusable ," and says it shows the Liberals ' claim of being a transparent government are false.

" If the government ' s not showing or providing information, the natural conclusion people start to wonder is: what are they trying to hide ," said Singh.

Sandals said the government would meet the goals published in last year ' s budget and in the fall economic statement from a year ago, which predicted a deficit of $4.8 billion in fiscal 2016-17 and balanced books in 2017-18.

" So we’re not hiding anything ," she said. "We are on track to meet our targets ."

Liberals miss public accounts deadline (Mississauga.com - Metroland)

mississauga.com
Thu Sep 29 2016

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By Keith Leslie, The Canadian Press

Tories cry 'shady accounting' after Liberals delay release of public accounts

By Sabrina Nanji September 29, 2016

Treasury Board President Liz Sandals is reassuring that the deficit is on track to be eliminated by fiscal 2017-18.

A stalemate between the government and the auditor general has stalled the release of Ontario's latest fiscal update – an omen that the opposition contends may herald broken promises to balance the books.

But Treasury Board President **Liz Sandals** was quick to dismiss the allegations on Thursday.

"There's nothing to hide – I'm being very open and telling you that the result will be, when we publish the books, that we will have met the (deficit) targets. There's a myriad of details to sort out and that's exactly what they're doing," Sandals said at Queen's Park.

Ontario's public accounts, typically released in Q2, include the province's annual report and financial statements, and checks the fiscal performance against the current budget.

The delay, as Sandals explained to reporters, is due to ongoing discussions surrounding "some very complex rules." She added that she has directed her staff to work with the auditor general to table the public accounts "as quickly as possible" but could not provide a specific date.

"When you've got tens of billions of dollars being audited, it isn't unusual that the inside accountants and the third-party accountants have a bit of a discussion on finalizing the details," Sandals said.

The Tories raised the concern in question period and referred to Sandals on a point of order[1] informing the house on Tuesday that "there will be a delay in the tabling of public accounts because of ongoing discussions between the public service within the government and the auditor general regarding an accounting issue relevant to a provision in the public accounts."

That prompted accusations from the Progressive Conservatives that the government "has something to hide" or may not actually be able to fulfil its pledge to wipe out a projected $4.3-billion deficit[2] by the end of fiscal 2017-18, or that provincial debt, expected to clock in at $308.3 billion for 2016-17, will balloon further.

"You know, Speaker, something just doesn't seem right. Just one week ago, the deputy minister at Treasury Board quit. Now the Liberals are going to miss the tabling deadline. Why is that? Has this government been using shady accounting practices? Are the debt and deficit higher than the government is letting on?" came the question from PC MPP**Steve Clark**.

The New Democrats too expressed frustration that a government that boasts transparency and accountability seems to practice the opposite.

"By stalling this information they are clearly demonstrating that they do not want to provide information that's necessary for the auditor general to do her job and for us, as MPPs, to do our job," added the NDP's Deputy Leader **Jagmeet Singh**.

Auditor general **Bonnie Lysyk** was not available for comment Thursday but a spokesperson from her office said in an email that they "are working with the government to finalize the province's financial statements."

Lysyk and the government have had accounting tiffs in the past, most recently over the Pan Am/Parapan Am Games audit[3]. Whereas the government maintained the games came in under budget, the auditor general found the budget went $342 million into the red.

At the time, Lysyk also noted some TO2015 staff had disposed of computer hard drives, thereby limiting the scope of her report. That prompted an investigation by the Information and Privacy Commissioner, who on Thursday cleared the government[4] of any improper record keeping or retention.

"As a result of my office's investigation, I am satisfied that TO2015 staff did not deliberately attempt to avoid accountability or to mislead the auditor general in the course of her audit,"**Brian Beamish** said in a release.

To contact the reporter on this story:
snanji@qpbriefing.com[5]
416-212-5789

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Opposition asks what Liberals hiding after missing public accounts deadline (Ont-Economy)

By Keith Leslie

THE CANADIAN PRESS September 29, 2016

TORONTO _ **>Ontario<**'s opposition parties want to know why the Liberal government is in a fight with the **>auditor general<** over the province's public accounts, which won't be published this week as required.

The Progressive Conservatives say ``something just doesn't seem right'' about the Liberals missing a key deadline for the public accounts, which report on the government's financial performance against the goals set out in the budget.

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Sandals says the government is still on track to meet its goal of eliminating the deficit in the next fiscal year, and hopes the financial dispute will be settled soon so the public accounts can be published ``shortly.''

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claim of being a transparent government are false.

``If the government's not showing or providing information, the natural conclusion people start to wonder is: what are they trying to hide,'' said Singh.

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Liberals blasted after missing public accounts deadline

The Toronto sun

THe CANADIAN PRESS FIRST POSTED: THURSDAY, SEPTEMBER 29, 2016 03:09 PM EDT | UPDATED: THURSDAY, SEPTEMBER 29, 2016 03:12 PM EDT

Treasury Board President Liz Sandals. (Craig Robertson/Toronto Sun)

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Opposition asks what Ontario Liberals hiding after missing public accounts deadline

By Staff The Canadian Press

Liz Sandals talks during a press conference at Queen's Park in Toronto on Thursday, January 15, 2015.

THE CANADIAN PRESS/Nathan Denette

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Metroland - Mississauga Division

Liberals miss public accounts deadline

mississauga.com
Thu Sep 29 2016

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By Keith Leslie, The Canadian Press

1 -Email - Media Documents.pdf

From: Tam, Nelson (TBS)
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)
Subject: Media Documents
Date: November-10-16 12:33:00 PM
Attachments: Media protocol-pension panel-Nov 10-2016-MO approved FINAL.DOCX
Media Qs Expert Panel November 10 2016 Clean Copy.docx
TBS CONTENT ANALYSIS Public Accounts Sept 30 2016.docx
Public Accounts - media week in review - Oct. 3-7, 2016.docx
Public Accounts Media Analysis September 30 .docx
Backgrounder - Pension Asset Expert Advisory Panel - 10NOV2016 FINAL PO ....doc
NR - Expert Panel Appointed - 10NOV2016 - FINAL PO APPROVED clean.doc

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Patricia, Uros, Murray, Paul

Our Minister's Office asked that we share the entire media package with the Panel.

Included

- Media Protocol
- Media Q&As
- News Release (NR document)
- Backgrounder (Profile of the members)
- Media scans, articles and analysis

It is important for the panel members to read the Media Protocol document.

Let me know if you have any questions.

Thanks

Nelson
416-212-0514

Media protocol-pension panel-Nov 10-2016-MO a.pdf

Media Protocol – Pension Asset Expert Advisory Panel

The following media protocol is designed to ensure that any media requests pertaining to the work of the Pension Asset Expert Advisory Panel are co-ordinated in a structured, timely and efficient way.

Media inquiries will be coordinated through TBS Communications and directed to the panel spokesperson (Chair) as appropriate.

Should members of the panel receive a direct request from a member of the media, they should refer the request to the Chair who will notify TBS Communications. TBS will ensure the Chair is supported with the appropriate information to respond to inquiries and provide further support as needed.

Key Spokespeople:

Tricia O'Malley. Pension Asset Expert Advisory Panel Chair: 416-570-1924, pmalley@outlook.com (Contact information for internal use only – media will work through TBS Communications)

Matt Ostergard, Treasury Board Secretariat Minister's Office, 416-326-3839, matt.ostergard@ontario.ca

Jason Wesley, Treasury Board Secretariat Communications Branch: 416-327-4023, Jason.2wesley@ontario.ca (group email as alternate contact option is (@TBS-L-Issues and Media)

Who Speaks to What:

Chair can speak to the work of the panel and its mandate, what it will consider and the scope of its duties to assess accounting standards and provide advice to the government on how to value and account for pension assets.

Treasury Board Secretariat can speak to all other issues such as remuneration, current practices of reporting in public accounts and any history which led to the establishment of the panel. Any broader political questions such as impacts on relationships with the Auditor General should be referred to Treasury Board Secretariat.

Social Media:

Members of the panel may continue to use any personal social media accounts they have, however we ask that any mention of work associated with your duties as a panel member be strictly professional in nature and that comments do not go beyond the scope of the panel's mandate. Please refrain from any personal social media use that may be perceived as conflicting with the mandate of the panel and from engaging with any negative tweets that may occur.

Statement:

Following is a suggested statement for use by Chair Tricia O'Malley:

I am looking forward to working with my colleagues on the panel – Murray Gold, Uros Karadzic and Paul Martin – to explore the complex issue of pension accounting and advise the government on how it can best apply public sector accounting standards to pension accounting.

Questions and Answers:

1. **What will the Expert Advisory Panel do?**

   The Expert Advisory Panel will deliver advice and recommendations to the government on the application of Public Sector Accounting Standards (PSAS) to Ontario's net pension assets. The panel will also provide advice on how to value net pension assets reported on the province's books, taking into account future decisions which might be made by the plan's sponsor.

   The panel's report is due to the President of the Treasury Board. It will be shared with the Auditor General of Ontario and be made public in early 2017.

2. **What happens after your final report is sent to the government?**

   The Panel's recommendations will be delivered to the President of the Treasury Board. It will be shared with the Auditor General of Ontario and be made public in early 2017. I understand that Treasury Board will carefully consider the recommendations made by the panel and will ultimately make the report public.

3. **Are you confident that you have the right mix of skills on the panel to complete this task?**

   Yes. The panel members have a very broad range of skills as well as practical knowledge and experience which will help us fully assess the accounting challenges

around pension assets. The panel members have deep skill sets in accounting and legal, as well as pension expertise in the areas of jointly sponsored pension plans, actuarial modelling for pension plans and Public Sector Accounting Standards.

4. **What is your opinion on the disagreement between the province and the Auditor General over the accounting treatment of pension assets?**

   The panel is focussed on what we have been tasked to do by the government. The mandate of the panel is to deliver advice and recommendations to the government on the interpretation of Public Sector Accounting Standards (PSAS) related to the recognition and measurement of net pension assets.

Media Qs Expert Panel November 10 2016 Clean .pdf

Key Messages:

- In preparing the 2015-16 Public Accounts of Ontario, 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 of these conversations, the government committed to forming an independent expert panel to deliver advice and recommendations on this issue.

- Ontario has appointed four members to the Pension Asset Expert Advisory Panel. This short-term advisory body, chaired by Tricia O'Malley, has been appointed by the President of the Treasury Board, and comprises experts in the areas of jointly sponsored pension plans, actuarial modelling for pension plans and Public Sector Accounting Standards (PSAS).

- The independent panel will look at the application of public sector accounting standards to Ontario's net pension assets. Panel members will also provide advice on how to value net pension assets reported on the province's books, taking into account future decisions which might be made by the plan's sponsor or sponsors.

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Media Qs&As

Expert Advisory Panel

1. **What will the Expert Advisory Panel do?**

   The Pension Asset Expert Advisory Panel will deliver advice and recommendations to the government on the application of Public Service Accounting Standards (PSAS) to Ontario's net pension assets for defined benefit pension plans. The Panel will also provide advice on how to value net pension assets reported on the province's books, taking into account future decisions which might be made by the plans' sponsors.

2. **When will the Panel's report be ready? Will this report be made public? What happens after that?**

   The panel's report is due to the President of the Treasury Board. It will be shared with the Auditor General of Ontario and be made public in early 2017 in both English and French.

3. **Who will be on the Panel?**

   The membership of the Pension Asset Expert Advisory Panel is comprised of accounting, legal, and pension experts in the areas of jointly sponsored pension plans, actuarial modelling for pension plans and Public Sector Accounting Standards.

   The following four members have been appointed to the Pension Asset Expert Advisory Panel:
   - Tricia O'Malley (Chair)
   - Murray Gold
   - Uros Karadzic
   - Paul Martin

4. **How much are they going to be paid?**

   The Chair will be compensated at $2,000 per diem for the Chair and $1,900 per diem for the members. Panel members will also be reimbursed for reasonable expenses incurred in connection with their duties in accordance with Treasury Board/Management Board of Cabinet Directives and Guidelines.

5. **How much is this panel going to cost?**

The cost of the Panel has been estimated based on the timeline and amount of effort and support services that will be required. The Province will be responsible only for the costs of the appointed members to attend the meetings and any people supporting the work of panel.

IF ASKED ABOUT PAUL MARTIN

As a member of the public service of the Province of New Brunswick it would be inappropriate for Mr. Martin to receive compensation. He will be eligible for the expense reimbursements.

6. **The panel won't have the authority to overrule the AG – what's the point?**

The government is responsible for ensuring the objectivity and integrity of the consolidated financial statements. In fulfilling this responsibility, the government needs to ensure that its accounting policies fairly reflect the economic substance of the government's transactions and activities. This is a complex accounting matter. The outcome of the Panel's work will help to inform the government's decisions on future accounting policies related to pension plans.

The role of the Auditor General will continue to be one of reviewing the Province's financial statements to ensure that they fairly reflect the financial position and activities of the government.

7. **Has the AG endorsed this panel? Will she be a part of it?**

The Auditor General is not part of the panel itself. However, part of the Panel work will be to understand the Auditor General's position on this issue..

8. **Isn't the Public Sector Accounting Board looking into this issue? Why create a panel?**

The Public Sector Accounting Board has initiated a project to review current accounting standards related to accounting for employee future benefits. The outcome of the project may impact future accounting standards for pension plans; however, the issue that the Panel will address focuses on the interpretation of existing standards related to Ontario's specific joint defined pension plans.

9. **Why are you continuing to fight the Auditor General in public on this issue?**

   In preparing the 2015-16 Public Accounts of Ontario, the province's professional accounting staff and the Auditor General's Office engaged in discussions about the appropriate application of Public Sector Accounting Board (PSAB) standards regarding pension accounting for the province's jointly sponsored pension plans.

   From the government's perspective, the accounting treatment for jointly sponsored pension plans that was initially adopted in 2001 is still appropriate. Given the difference of opinion, the Province filed a time-limited regulation, which legislated the accounting for pension assets of jointly-sponsored pension plans for the 2015-16 Public Accounts only. The government believes this is consistent with the fiscal outcome proposed by the Auditor General.

   Since the release of the Public Accounts, the government has taken action to establish a Pension Asset Expert Advisory Panel to provide advice on the interpretation of the accounting standards to Ontario's defined benefit pension plans. The results of the Panel will help inform the province's future accounting treatment.

   It remains the government's responsibility to ensure that the Province's financial results are presented fairly. The actions being taken by the government are intended to serve the public interest and to fulfill that important responsibility.

10. **You've agreed with the Auditor General's numbers in September, why don't you just accept her ruling and continue to use her methodology going forward?**

    Although the 2015-16 Public Accounts reported financial results are consistent with the Auditor General's interpretation of the accounting standards for jointly sponsored pension plans, those results were only made possible through a regulation enacted by the government.

    To ensure the fair reporting of the Province's financial results, the government has established a Pension Asset Expert Advisory Panel that will advise the government on the interpretation of accounting standards to the government's defined benefit pension plans. The results of the Panel, once available, will help to inform the Province's future accounting treatment for our defined pension benefit plans.

11. **It sounds like the government is yet again fighting with the Auditor General. What do you say to this?**

    This is not true from the government's perspective. Let me explain why: the government respects the oversight and recommendations provided by all independent officers of the Legislative Assembly of Ontario, including the Auditor

General. In this case, for the 2015-16 Public Accounts, while one specific issue is being sorted through, we enacted a regulation which would allow us to reflect the financial impact consistent with the Auditor General's numbers.

We believe that this complex and significant accounting matter would benefit from additional discussions, information and consideration.

That's why the Government has appointed the Pension Asset Expert Advisory Panel to provide advice and recommendations to the government on the application of Public Service Accounting Standards (PSAS) to Ontario's net pension assets. The Panel will also provide advice on how to value net pension assets reported on the province's books, taking into account future decisions which might be made by the plan's sponsor.

TBS CONTENT ANALYSIS Public Accounts Sept 30 .pdf

TBS CONTENT ANALYSIS

PUBLIC ACCOUNTS

SEPTEMBER 29/30, 2016

(note: most items are repetitive versions of Canadian Press. The print out of all the articles has been condensed)

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Grits blasted for missing public accounts deadline (London Free Press)

London Free Press
Fri Sep 30 2016
Page: A7
Section: News
Byline: Keith Leslie
Dateline: TORONTO
Source: The Canadian Press

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Liberals miss public accounts deadline (Mississauga.com - Metroland)

mississauga.com
Thu Sep 29 2016

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By Keith Leslie, The Canadian Press

Tories cry 'shady accounting' after Liberals delay release of public accounts

By Sabrina Nanji September 29, 2016

Treasury Board President Liz Sandals is reassuring that the deficit is on track to be eliminated by fiscal 2017-18.

A stalemate between the government and the auditor general has stalled the release of Ontario's latest fiscal update – an omen that the opposition contends may herald broken promises to balance the books.

But Treasury Board President **Liz Sandals** was quick to dismiss the allegations on Thursday.

"There's nothing to hide – I'm being very open and telling you that the result will be, when we publish the books, that we will have met the (deficit) targets. There's a myriad of details to sort out and that's exactly what they're doing," Sandals said at Queen's Park.

Ontario's public accounts, typically released in Q2, include the province's annual report and financial statements, and checks the fiscal performance against the current budget.

The delay, as Sandals explained to reporters, is due to ongoing discussions surrounding "some very complex rules." She added that she has directed her staff to work with the auditor general to table the public accounts "as quickly as possible" but could not provide a specific date.

"When you've got tens of billions of dollars being audited, it isn't unusual that the inside accountants and the third-party accountants have a bit of a discussion on finalizing the details," Sandals said.

The Tories raised the concern in question period and referred to Sandals on a point of order[1] informing the house on Tuesday that "there will be a delay in the tabling of public accounts because of ongoing discussions between the public service within the government and the auditor general regarding an accounting issue relevant to a provision in the public accounts."

That prompted accusations from the Progressive Conservatives that the government "has something to hide" or may not actually be able to fulfil its pledge to wipe out a projected $4.3-billion deficit[2] by the end of fiscal 2017-18, or that provincial debt, expected to clock in at $308.3 billion for 2016-17, will balloon further.

"You know, Speaker, something just doesn't seem right. Just one week ago, the deputy minister at Treasury Board quit. Now the Liberals are going to miss the tabling deadline. Why is that? Has this government been using shady accounting practices? Are the debt and deficit higher than the government is letting on?" came the question from PC MPP**Steve Clark**.

The New Democrats too expressed frustration that a government that boasts transparency and accountability seems to practice the opposite.

"By stalling this information they are clearly demonstrating that they do not want to provide information that's necessary for the auditor general to do her job and for us, as MPPs, to do our job," added the NDP's Deputy Leader **Jagmeet Singh**.

Auditor general **Bonnie Lysyk** was not available for comment Thursday but a spokesperson from her office said in an email that they "are working with the government to finalize the province's financial statements."

Lysyk and the government have had accounting tiffs in the past, most recently over the Pan Am/Parapan Am Games audit[3]. Whereas the government maintained the games came in under budget, the auditor general found the budget went $342 million into the red.

At the time, Lysyk also noted some TO2015 staff had disposed of computer hard drives, thereby limiting the scope of her report. That prompted an investigation by the Information and Privacy Commissioner, who on Thursday cleared the government[4] of any improper record keeping or retention.

"As a result of my office's investigation, I am satisfied that TO2015 staff did not deliberately attempt to avoid accountability or to mislead the auditor general in the course of her audit,"**Brian Beamish** said in a release.

To contact the reporter on this story:
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416-212-5789

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Opposition asks what Liberals hiding after missing public accounts deadline (Ont-Economy)

By Keith Leslie

THE CANADIAN PRESS September 29, 2016

TORONTO _ **>Ontario<**'s opposition parties want to know why the Liberal government is in a fight with the **>auditor general<** over the province's public accounts, which won't be published this week as required.

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Sandals says the government is still on track to meet its goal of eliminating the deficit in the next fiscal year, and hopes the financial dispute will be settled soon so the public accounts can be published ``shortly.''

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Deputy NDP Leader Jagmeet Singh calls the delay in publishing the public accounts ``inexcusable,'' and says it shows the Liberals'

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Liberals blasted after missing public accounts deadline

The Toronto sun

THe CANADIAN PRESS FIRST POSTED: THURSDAY, SEPTEMBER 29, 2016 03:09 PM EDT | UPDATED: THURSDAY, SEPTEMBER 29, 2016 03:12 PM EDT

Treasury Board President Liz Sandals. (Craig Robertson/Toronto Sun)

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Opposition asks what Ontario Liberals hiding after missing public accounts deadline

By Staff The Canadian Press

Liz Sandals talks during a press conference at Queen's Park in Toronto on Thursday, January 15, 2015.

THE CANADIAN PRESS/Nathan Denette

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Metroland - Mississauga Division

Liberals miss public accounts deadline

mississauga.com
Thu Sep 29 2016

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By Keith Leslie, The Canadian Press

Public Accounts - media week in review - Oct.pdf

PUBLIC ACCOUNTS

MEDIA SCAN

Weekly overview

Covering Oct. 3 to 7, 2016

Contents

WEEKLY OVERVIEW

The dispute over whether Ontario's pension assets should be deducted from or added to the deficit in the Public Accounts gathered steam on the first day of the issue after the Canadian Press was quick to jump on the story.

Despite an initial flurry of a negative activity Monday Oct, 3, 2016, a flurry which had indicated a storyline that the government was trying to fudge the deficit numbers, it became clear to the media early in the game that the story revolved about opinions on accounting practices.

The breaking news included a negative Canadian Press story that ended up running in almost 40 different media outlets.

Still, appetite for the story had gradually weakened and by the end of the day the original narrative had no legs as a political hot potato.

The lukewarm media response on that first day was mostly due to Attorney General Bonnie Lysyk's seeming unwillingness to offer any comprehensive comment.

Other than the Globe and Mail, Toronto Star and Toronto Sun, most major media were happy to run the Canadian Press story, which moved at just after 3 p.m. Toronto Star and the Globe and Mail coverage ended up as even handed.

A piece by insidetoronto.com writer David Nickle. quoted PC finance critic saying the Wynne governmment is "in full panic mode. The only way they're going to reach balance is a one-time sale of assets. Then we plunge back into deficit. It's an artificial balancing of the budget."

QP Briefing offered both sides of the story, explaining why the two sides are at odds in the second paragraph.

Divergent coverage continued Tuesday after a Treasury Board Secretariat technical and media briefings explained the situation. A News Release indicating the dynamics of the disagreement between TBS and the AG was posted on Newsroom and circulated to the gallery media. Minister Sandals was mentioned throughout the coverage.

Clarifying the details had a major mitigating impact on the story.

The Toronto Star ran a balanced follow piece that quoted Minister Sandals' explanation and included the Opposition Leader's criticism from Question Period. Ottawa Citizen column by David Reevely opined that the government is on its "third and dumbest" fight with the AG over a small issue while the good news is the deficit is almost gone and the books balanced. The Toronto Sun coverage was overall negative, with Christina Blizzard arguing "apart from the fancy accounting footwork, here's what's truly troubling:

The arrogant refusal of this government to listen to the advice of the independent officers of the legislature, whose job it is to make sure the rules are followed, that the government is fair, that your money is spent wisely."

A total of 56 PostMedia outlets ran a negative cookie-cutter piece titled *What will Grits cut now that debt is $10.7B higher?*

Enthusiasm for the story had waned by Wednesday evening, after TBS and the AG appeared to agree to disagree on the issue. A broad explanation of the situation by TBS executives at the Standing Committee on Public Accounts and a non-confrontationary stance taken by the AG herself seemed to difuse the situation.

An opposition storyline in Question Period that this was yet another time the Ontario government had argued with the AG as well as other legislative officers found little traction in the media.

Thursday and Friday saw only minimal coverage.

It is clear by the number of media e-mails open on the Oct. 6, 2016 Ontario Newsroom (see charts on page 5) that media interest had receded between the first and second Newsroom release.

Overall the coverage was marginally negative, with the partisan Sun-PostMedia outlets tending to use the situation as a prop to attack the governing party.

However, the coverage of the main media – Star, Globe and Mail and TV Channels – was mostly accurate and informative. TBS narrative was carried in almost all stories after the initial CP coverage.

Minister Sandals was quoted fairly in numerous pieces.

Newsroom statistics for Public Accounts releases

Oct. 4, 2016

NR – Last Year's Ontario Deficit $3.5 Billion Lower Than Projected

Visitor type	Pageviews
Internal OPS	726
Non-OPS	783

	Media	OPS	Public	Total
Emails sent	1281	2836	11162	15279
Email opens	311	2950	3704	7120
Open rate	24.28%	104.02%	33.18%	46.60%

Oct. 6, 2016

NR - Ontario Releases 2015-16 Public Accounts

Visitor type	Pageviews
Internal OPS	248
Non-OPS	249

	Media	OPS	Public	Total
Emails sent	1304	2923	11855	16082
Email opens	229	1349	2909	4487
Open rate	17.56%	46.15%	24.54%	27.90%

MONDAY

QP BRIEFING - Liberals at odds with auditor general over $1.5-billion discrepancy in deficit

By Sabrina Nanji

The Ontario government and auditor general continue to butt heads over the province's financial books, particularly a $10.7-billion hike in the province's net debt and $1.5-billion increase to the annual deficit.

At issue was whether to include pension assets for the jointly-sponsored provincial pension plans (Ontario Teachers' Pension Plan and that of the Ontario Public Service Employees' Union), which were valued at $10.7 billion as of March 31. But because the government can't legally spend or access these funds unilaterally, Auditor General **Bonnie Lysyk** said it should not be included in the government's balance sheet and instead be added to the net debt and accumulated deficit.

Released Monday afternoon, nearly one week after the legal deadline, Ontario's unaudited public accounts also show a $1.5-billion discrepancy in the annual deficit, which came in at $5 billion for the last fiscal year, according to the auditor general's interpretation. The government's rubric would have shown a $3.5-billion deficit.

Finance Minister **Charles Sousa,** on the other hand, said the government has historically reported those pension assets, with no blowback from past auditors general, since 2001. Sousa reiterated that the government will come to balance as promised by the end of March 2018.

In order to release the public accounts, which were legally supposed to be tabled Sept. 27 (or 180 days from the close of the province's fiscal year, on March 31), the government filed a time-limited regulation that will go under review and allowed the unaudited financial statements be released.

The government said it was informed of the Auditor General's concern in writing on Sept. 13.

In a statement Monday, Lysyk said she was "disappointed" in the government's decision to release the public accounts sans her opinion and that the work to finalize the report is ongoing.

"This is the first time in the history of Ontario that the statements have been released without the audit opinion," Lysyk said. "As late as 10:30 a.m. this morning, we were still in discussions over an accounting issue that we brought to the government's attention in June of this year."

The Progressive Conservatives, who had been hammering the Liberals in question period over the delay - and even alleged that internal Treasury Board bureaucrats accused the Auditor General of having a political agenda - said the government is in "full blown panic mode."

This is not the first time that the Liberal government and Lysyk have been at odds. The auditor general has criticized the government for amending her oversight of taxpayer-funded advertising, arguing that it turned her office into a "rubber stamp."[1]

The Liberals also disagreed with Lysyk's critique of their smart meter program, with former energy minister **Bob Chiarelli** taking heat[2] for remarks he made in the immediate aftermath.

GLOBE AND MAIL - Ontario Liberals fighting with AG over deficit discrepancy.

theglobeandmail.com
Mon Oct 3 2016, 3:10pm ET
Section: National
Byline: Adrian Morrow

Ontario's Liberal government is fighting with the province's auditor-general over a $1.5-billion discrepancy in last year's deficit and a $10.7-billion difference in Ontario's net debt.

The government had hoped to announce that last year's final deficit figure was $3.5?-billion - $2.2-billion less than the most recent projection.

But Auditor-General Bonnie Lysyk ?argued that surpluses in two provincial pension plans should not be counted as government assets because the government does not have access to the money.

Not counting the $10.7-billion surpluses in teachers' and public service pension plans would add that amount to the province's net debt. The $1.5-billion the province contributed to the pension plans last year, meanwhile, would count as part of the deficit.

On Monday, Finance Minister Charles Sousa announced he will temporarily accept the auditor's interpretation while a third-party review tries to determine which is correct.

Using Ms. Lysyk's methodology shows a $5-billion deficit last year.

Follow this link to view this story on globeandmail.com: (www.theglobeandmail.com»)

CANADIAN PRESS – Ontario government disputes auditor general's accounting methods

(Ont-Economy) TORONTO - **>Ontario<'s Liberal government is in a spat with the auditor general over accounting practices that would affect the province's deficit by $1.5 billion.**

The government says auditor general Bonnie Lysyk is taking issue with their pension asset accounting, though it says these are rules that have been used for the past 14 years.

The issue is with the accounting of the **>Ontario Public Service<** Employees Union Pension Plan and the **>Ontario<** Teachers' Pension Plan, which are jointly sponsored with the government.

The government says the plans have a surplus, but the auditor general says that should not be on the province's balance sheet.

Under that accounting, **>Ontario<**'s deficit for 2015-16 was $5 billion, but under the government's accounting the deficit would be
$3.5 billion.

The audited public accounts are supposed to be tabled 180 days after the end of the fiscal year, which was Sept. 27 this year, but that deadline was missed because of the dispute with the auditor.

The government is releasing the unaudited financial statements.

(The Canadian Press)

TORONTO STAR - Accounting spat leads to differing Ontario deficit figures

Depending on whom you believe, Ontario's deficit last year was either $3.5 billion or $5 billion.

Auditor General Bonnie Lysyk no longer believes the government should include on its bottom line its share of assets from the teachers' and public servants' pension funds that it co-sponsors

By Robert Benzie

- Depending on whom you believe, Ontario's deficit last year was either $3.5 billion or $5 billion.

And the province's net debt was either $294.5 billion or $305.2 billion.

Finance Minister Charles Sousa and Treasury Board President Liz Sandals insist it's the former.

Auditor General Bonnie Lysyk says it's the latter.

That's because she no longer believes the government should include on its bottom line its share of assets from the teachers' and public servants' pension funds that it co-sponsors.

Against the backdrop of the accounting dispute, Sousa and Sandals on Monday released an unaudited version of the province's public accounts for the fiscal year that ended March 31.

"I'm disappointed that the government decided that this was the appropriate thing to do," Lysyk, an independent watchdog, said of the Liberals' extraordinary move.

While the ministers agreed to her deficit and debt numbers for the time being, there will be an independent review by experts of accounting practices in coming months that could result in the lower figures being used.

Sousa stressed the province will balance the books in next year's budget regardless of the interpretation of the $10.7 billion in pension assets.

“The impact of this change resulted in our deficit number being $1.5 billion higher than it otherwise would have been in the 2015-16 had we used the same standards employed for the past 14 years,” the finance minister said, noting the auditor general signed off on the pension assets in previous years.

“These standards have been consistently accepted by the past four auditors — including the current auditor general,” he said.

“This year — two weeks before the Sept. 27 deadline for the tabling of public accounts — we learned in writing from the auditor general of her new interpretation of the accounting treatment for our jointly sponsored pension funds.”

Asked what changed, Lysyk said her office took a closer look at the government’s claim to the Ontario Public Service Employees’ Union Pension Plan and the Ontario Teachers’ Pension Plan, which it co-sponsors.

“I had my staff review that asset much more than in past years,” she told the Star, concluding that, because the government does not have ready access to the funds, they should not be considered assets.

While the government and the auditor have been at ODDS over issues as disparate as the cost of green ENERGY and her diminished authority over reviewing government ADVERTISING, Sandals insisted the new disagreement is just about accounting.

“This really, truly, is not about politics,” the treasury board president said.

But Progressive Conservative MPP Vic Fedeli (Nipissing) accused the Liberals of trying to “usurp” the auditor general’s independence and authority.

“When the auditor finds an $11 billion hole in the budget the Liberal accounting, the Liberal answer, is to release this unaudited report,” said Fedeli, referring to the $10.7 billion.

“They’re in full-blown panic mode. There were 40 or 50 Liberal staffers here,” he said of the joint Sousa and Sandals media briefing Monday afternoon.

“Now, I think the accounting world will have even larger questions.”

NATIONAL POST - Liberals in spat with AG: Ontario says province's deficit is $3.5B, but auditor general says it's $1.5B more

TORONTO — Ontario's Liberal government is in a spat with the auditor general over accounting practices that would affect the province's deficit by $1.5 billion.

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TORONTO SUN - LIBERALS IN A SPAT WITH AUDITOR GENERAL

THE CANADIAN PRESS

On

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Ontario Liberals have consistently made the fiscal file worse

TORONTO SUN – FUREY COLUMN – Liberals have consistently made the fiscal file worse

BY ANTHONY FUREY, POSTMEDIA NETWORK

TORONTO - The Ontario Liberals are so lousy at budgeting that on Monday alone they increased the provincial debt by a whopping $10.7 billion.

No, this time it wasn't cancelled gas plants. Or tossing billions at needless green schemes that only increase your energy bills.

A dispute between the government and provincial auditor general Bonnie Lysyk has ended up with the books suddenly worse than previously thought. The AG took issue with the fact that the government was taking the surpluses from pension plans for both the teachers and OPSEU and including them on their balance sheets.

Lysyk reportedly told the Liberals to take them off because you can't claim money on your ledger that isn't yours to take. No kidding.

Now teachers and public workers know they're not just used as pawns during election time, but during the annual budget process too.

But the government countered that the practice had been going on their whole time in office, and for two years under the PC government. They were apparently working things out behind the scenes with the AG, when the Liberals suddenly released new and far-from-improved financial statements without Lysyk's input.

At a time when the Liberals' financial credibility can't go any lower, it's a reckless move.

Then again, they've been reckless about money matters since before they were in power. It all started back during the 2003 election when then opposition leader Dalton McGuinty signed the taxpayers pledge. No new taxes, he promised. Then he broke the promise that very term.

And do we really know to this day the extent of what happened at eHealth and Ornge? Will we ever really know what happened during the gas plants scandal? And how many more stories do we need to run about seniors and low-income Ontarians being driven into energy poverty by cynical partisan decisions?

Since 2003, the Ontario Liberals have consistently made the fiscal file worse. The Liberals inherited a $65-billion budget from the PCs. Now it's at over $130 billion. And the debt was around $140 billion. Now it's crossing $300 billion.

It took from 1867 to 2003 to get to the figures the Liberals inherited. Yet the Liberals managed to double those numbers in a mere dozen years.

A Treasury Board statement released Monday says “the change in accounting treatment is not a reflection on the funding status of the plans, or the quality of financial reporting by the province.”

Really? It’s hard to believe there’s a single person left in this province who doesn’t doubt the quality of financial management by the government.

Finance Minister Charles Sousa said in the legislature that despite this news, the budget will still be balanced by 2018. In the comedy of errors that is Ontario money matters, that’s a good spot to cue the laugh track.

REUTERS - Ontario says 2015-16 deficit smaller than projected, debt rises

By Ethan Lou

TORONTO (Reuters) - The Canadian province of Ontario ran a smaller deficit in the 2015-16 fiscal year than previously projected, although net debt increased, the provincial government said on Monday in an unaudited annual report.

The government said the deficit for the 2015-16 fiscal year ended March 31 would come in at C$5 billion ($3.81 billion), versus the C$5.7 billion projected in February.

The net debt has risen by C$10.7 billion to C$305.2 billion, according to the Liberal government's report, which added that Canada’s most populous province remained on track to balance its budget by 2017-18.

Provincial Treasury Board President Liz Sandals said the government published the report unaudited because of a difference of opinion on accounting methods with Auditor General Bonnie Lysyk.

In what it called a departure from the usual practice, the province said Lysyk had wanted the surplus on two public-sector pension plans off the government's balance sheet.

Lysyk's views were ultimately taken into account in the unaudited report, Sandals told reporters, saying the deficit would have otherwise been even lower at C$3.5 billion.

Ontario accounts for about 40 percent of the country’s economy and has run deficits for nearly a decade.

Lysyk said by telephone she was "disappointed" by the government's move but that her office was proceeding with an audit of the report.

Ontario accounts for about 40 percent of the country’s economy and has run deficits for nearly a decade.

WINNIPEG FREE PRESS - Ontario government disputes auditor general's accounting methods

TORONTO - Ontario's Liberal government is in a spat with the auditor general over accounting practices that would affect the province's deficit by $1.5 billion.

The government says auditor general Bonnie Lysyk is taking issue with their pension asset accounting, though it says these are rules that have been used for the past 14 years.

The issue is with the accounting of the Ontario Public Service Employees Union Pension Plan and the Ontario Teachers' Pension Plan, which are jointly sponsored with the government.

The government says the plans have a surplus, but the auditor general says that should not be on the province's balance sheet.

Under that accounting, Ontario's deficit for 2015-16 was $5 billion, but under the government's accounting the deficit would be $3.5 billion.

The audited public accounts are supposed to be tabled 180 days after the end of the fiscal year, which was Sept. 27 this year, but that deadline was missed because of the dispute with the auditor.

The government is releasing the unaudited financial statements.

METRO NEWS - Ontario government disputes AG's accounting methods

By: Staff The Canadian Press Published on

TORONTO — Ontario's Liberal government is in a spat with the auditor general over accounting practices that would affect the province's deficit by $1.5 billion.

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The government is releasing the unaudited financial statements.

GLOBAL TV NEWS - Ontario government disputes auditor general's accounting methods on pension plans

By Staff The Canadian Press

Auditor General Bonnie Lysyk speaks during a news conference in the Ontario Legislature in Toronto on Wednesday, June 8, 2016.

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CTV NEWS - Ontario government disputes auditor general's accounting methods

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INSIDETORONTO.COM - Treasury board, auditor general at odds over pensions; Ontario deficit balloons to $5 billion

Queen's Park

It appears Ontario's deficit will balloon to $5-billion after the auditor general and treasury board provide conflicting numbers.

By David Nickle

An accounting dispute between Ontario's auditor general and treasury officials has robbed Kathleen Wynne's Liberals of bragging rights for a dramatically smaller deficit than had been projected for 2016.

Had well enough been left alone, Ontario would have had a deficit of $3.5 billion – $5 billion lower than the deficit projected in the 2015-2016 budget, said provincial finance officials in a briefing Monday.

But on Sept. 16, the auditor general gave treasury officials notice that a major asset – the pension funds for teachers and public sector workers – could no longer be counted as such on the province's books.

The pension funds, argued the AG's office, couldn't be assets because the provincial government couldn't draw on them for anything other than their purposes.

That meant that with just two weeks to go before the province's deadline for closing the books on the fiscal years, officials were left scratching their heads about what to do with $10.7 billion worth of assets they might no longer have.

The solution? A temporary regulation that adjusts the new deficit up to $5 billion until an independent review can be conducted to see which office is correct.

Finance and treasury officials announced the measure in a technical briefing early Monday afternoon – just hours after meeting with Auditor General Bonnie Lysyk to discuss the discrepancy.

Lysyk released a terse statement regarding the decision to release financial statements absent an audit opinion.

“This is the first time in the history of Ontario that the statements have been released without the audit opinion,” Lysyk said. “As late as 10:30 a.m. this morning, we were still in discussions over an accounting issue that we brought to the government's attention in June of this year.”

Finance Minister Charles Sousa and Treasury Board President Liz Sandals reiterated the provincial position that they had only learned of the requirement two weeks before the deadline for filing statements.

And Sousa indicated that provincial accountants and the AG's office remain in sharp disagreement.

“I have great respect for the auditor general and the province's professional accounting staff,” he said. “We have a responsibility for the people of Ontario to be open and transparent on our financial position.”

Opposition critics argued that the government is simply trying to bolster an artificially balanced budget.

Progressive Conservative finance critic Vic Fidelis said the Wynne government is “in full panic mode. They're trying to talk about the fact that they're going to balance but its artificial. The only way they're going to reach balance is a one-time sale of assets. Then we plunge back into deficit. It's an artificial balancing of the budget.”

Sousa noted that the new numbers still put the government well ahead of its projected deficit reduction plan.

CANOE.CA- Spat with AG sees Ontario debt soar

SHAWN JEFFORDS, TORONTO SUN

TORONTO - With the stroke of a pen, Ontario's debt jumped by $10.7 billion Monday.

A standoff, quietly brewing behind the scenes for weeks between the province's auditor general and the Ministry of Finance, has ended with the government grudgingly declaring the increase in net debt.

The new numbers also mean Ontario's deficit increased $1.5 billion in 2015.

The change comes as the government argues with auditor general Bonnie Lysyk over accounting rules surrounding two of Ontario's largest public pensions - the Ontario Teachers' Pension Plan and the Ontario Public Service Employees Union Pension Plan. Since 2001, the government says it has listed the fund assets.

But the AG warned earlier this fall that she disagreed with the practice because the government had no actual means to access the cash in each fund and instructed the government to no longer list the billions in each as assets.

During a hastily arranged technical briefing and press conference, the government said they will ask for an independent third-party review of the accounting practice. But in the meantime, they released unaudited financial statements from 2015-16.

In a statement Monday afternoon, Lysyk says she is "disappointed" the government released the financial statements without her opinion, as is the normal practice.

“This is the first time in the history of Ontario that the statements have been released without the audit opinion,” Lysyk said.

WATERLOO CHRONICLE - Ontario disputes auditor accounting

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The government is releasing the unaudited financial statements.

By The Canadian Press

570 AM NEWS - Ontario government disputes auditor general's accounting methods

by The Canadian Press

Posted Oct 3, 2016 3:07 pm EDT

TORONTO – Ontario's Liberal government is in a spat with the auditor general over accounting practices that would affect the province's deficit by $1.5 billion.

The government says auditor general Bonnie Lysyk is taking issue with their pension asset accounting, though it says these are rules that have been used for the past 14 years.

The issue is with the accounting of the Ontario Public Service Employees Union Pension Plan and the Ontario Teachers' Pension Plan, which are jointly sponsored with the government.

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The government is releasing the unaudited financial statements

AM 680 Radio- Ontario Liberals At Odds With Auditor General's Deficit Numbers

Don Mitchell

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Kathleen Wynne and the Ontario Liberals have a problem with the accounting methods of the Auditor General.

On Monday, the government released Ontario’s annual report and unaudited consolidated financial statements, showing Ontario’s deficit is $3.5 billion lower than the $8.5 billion projected in the 2015 Budget.

However, AG Bonnie Lysyk has taken issue with the Liberals pension asset accounting and contests that the Ontario Public Service Employees Union Pension Plan and the Ontario Teachers’ Pension Plan should not be on the province’s balance sheet.

With that, Lysyk and the Ontario government have a $1.5 billion variance in each others final numbers for 2015-16.

The Liberals calculations included the pension plans since rules have allowed their inclusion for the past 14 years. The addition gives the government a planned surplus and a $3.5 billion deficit.

However, by the Auditor General’s numbers it’s more like $5 billion.

The dispute with the auditor is the reason for the late disclosure of public accounts, which were to be revealed on September 27th. Normally, documents are tabled 180 days after the end of the fiscal year.

OTHER OUTLETS AND HEADLINES

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HamiltonNews - Ontario disputes auditor accounting

Flamborough Review - Ontario disputes auditor accounting

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Durhamregion.com - Ontario disputes auditor accounting

640 am - Ontario Liberals At Odds With Auditor General's Deficit Numbers

AM 770 RADIO - Ontario Liberals At Odds With Auditor General's Deficit Numbers

880 AM NEWS - Ontario Liberals At Odds With Auditor General's Deficit Numbers

TUESDAY OCT. 4, 2016

TORONTO STAR - $10.7B accounting dispute between auditor general, province to take 'months' to resolve

Actuarial clash is over whether last year's deficit was $3.5 billion or $5 billion and whether the provincial net debt is $294.5 billion or $305.2 billion.

Bonnie Lysyk, Ontario's auditor general, says assets in two pension funds that are co-sponsored by Queen's Park should not be be considered government assets, as they have been since 2001, because the province does not have ready access to the funds. (Darren Calabrese / THE CANADIAN PRESS file photo)

By **ROBERT BENZIE**Queen's Park Bureau Chief
Tues., Oct. 4, 2016

It will take months to resolve an accounting dispute between the auditor general and the Liberal government that has wiped $10.7 billion from the province's bottom line.

Treasury Board President Liz Sandals said independent experts will have to determine the status of assets in two pension funds that are co-sponsored by Queen's Park.

While they have been considered government assets since 2001, Auditor General Bonnie Lysyk recently concluded that they shouldn't be, because the province does not have ready access to the funds.

It's an actuarial clash over whether last year's deficit was $3.5 billion or $5 billion and whether the provincial net debt is $294.5 billion or $305.2 billion.

"Given the discrepancy of opinion, we do need to get some independent third-party advice to help us sort this out, because, obviously, we can't go forward with this disagreement," Sandals said Tuesday.

Article Continued Below

"We need to think a little bit about who would we want to engage to do that, what are the terms of reference, what are the questions we need to sort out. Obviously, I think that's going to be a process that's going to take several months," she said.

"When you start getting actuarial opinions and legal opinions and various people weigh in on how you should interpret the accounting standards, I don't think this is going to be a simple conversation."

Sandals said it is "legitimately a very complex accounting issue" that needs to be resolved, which is why the government released unaudited accounts.

Lysyk was not immediately available, but, on Monday, she said she changed her accounting interpretation after examining the province's claim to the co-sponsored Ontario Public Service Employees' Union Pension Plan and the Ontario Teachers' Pension Plan.

"I had my staff review that asset much more than in past years," said the auditor general, who included the pension assets when she signed off on last year's books, as her predecessors had.

Progressive Conservative Leader Patrick Brown said "the government's been caught" and now has a big hole in its fiscal outlook.

"How will the government fill this hole? Is it going to be through new taxes? Higher hydro rates? New fees? Or will the Liberals just cut services?" Brown asked.

"Every time it looks like the Liberals are hiding something, it becomes just a matter of time until they get caught," he said.

NDP Leader Andrea Horwath expressed concern over the way the government is going to the barricades against an independent officer of the legislature.

"It has been definitely a pattern of behaviour with this watchdog and others," said Horwath, referring to past disputes.

But Premier Kathleen Wynne said her government "has accepted the auditor general's numbers for this year."

Finance Minister Charles Sousa insisted Monday the disagreement does not affect his fiscal plan, because he had anticipated a $5.7-billion deficit for last year and it was $700 million lower than that.

Sousa stressed the Liberals will balance the books on schedule in the next budget.

OTTAWA CITIZEN - Reevely: Wynne government can't resist another fight with the provincial auditor

Published on: October 4, 2016 | Last Updated: October 4, 2016 4:02 PM EDT

Bonnie Lysyk, Ontario's auditor general, speaks about her 2015 annual report during a press conference at Queen's Park in Toronto on Wednesday, December 2, 2015. Darren Calabrese / THE CANADIAN PRESS

Picking a fight with your auditor general is usually a last desperate rearguard action for a doomed government. The Ontario Liberals are on their third and dumbest such fight, stomping all over what should be some fairly good news about the provincial finances.

The spat, over how some pension money is accounted for, held up the government's release of the final books for the 2015-16 fiscal year until nearly a week past a legal deadline. Then it took a special cabinet decision to open them publicly without a statement from Auditor General Bonnie Lysyk saying that they're a fair accounting of the province's financial status.

The result is a totally predictable explosion of criticism that the Liberals are fudging their numbers and pushing aside the highest-profile officer of the legislature because she called them on it.

"Why was (the set of accounts) released without the AG's opinion? That's the big question," Progressive Conservative leader Patrick Brown demanded of Premier Kathleen Wynne on Tuesday. "Was it because she discovered the government has an $11-billion hole in their budget? Mr. Speaker, that includes a $1.5-billion deficit this year. That's a lot of money. How will the government fill this hole? Is it going to be through new taxes? Higher hydro rates? New fees? Or will the Liberals just cut services?"

This is a line of bull, into which the Liberals immersed themselves both totally and needlessly, having used up all the credibility they might now wish for in previous arguments with the auditor.

In 2014, then-energy minister Bob Chiarelli disputed a report on smart electricity meters by alleging that Lysyk and her senior people didn't really understand Ontario's electricity system. This might have been plausible — the system is a rat's nest, even if the energy minister is literally the worst person on earth to use that as a defence for anything — if Lysyk's résumé didn't include 10 years at Manitoba Hydro.

Then there was a mini-fight when the government took away the auditor's authority to review government advertising to make sure it's actually meant to inform citizens and not just polish the governing party's image.

Now this, an argument over how to account for pension funds in the government's books. It's important, in that pension liabilities are a really big problem if they get out of hand, but still pretty arcane. Anyway, Lysyk is not saying that Ontario's pension liabilities are out of hand. She is saying that a $1.5-billion payment the government made into public pension funds last year has to be counted as government spending, and yet a $10.5-billion surplus in a couple of large funds can't be counted against Ontario's provincial debt.

(That's the "$11-billion hole" Patrick Brown complained about. It's not really a hole, in the sense of being money the government has to find in cuts or tax hikes.)

The reasoning: The $1.5 billion went out the door and is not available to be spent on other things. But surpluses in the pension funds have to stay there, so they're not really government assets.

Lysyk's way, the province's finances look slightly worse than they used to. You can see why the Liberals would resist her approach. You might also imagine someone saying, "Guys, are we really going to say the auditor general of Ontario is incompetent? Bob did it that time and you remember how it looked, right? Nobody remembers? Bob, at least?"

The thing is, even using Lysyk's rules, Ontario's books for last year are not at all bad by recent standards. Revenue is up. Spending is up, too, but not as much as revenue. It turns out the deficit is smaller than it was expected to be, and not just because the Liberals did their usual thing of padding the budget with a bunch of money they never expected to spend. A balanced budget is in sight.

Again, this is true even if you take this year's figures calculated under Lysyk's new rules and compare them with figures calculated under the old rules.

Ontario's debt-to-GDP ratio, a measure of how much we've borrowed relative to the size of the whole Ontario economy, is a little worse. But the Liberals could have explained the difference with an asterisk and a footnote explaining the accounting method had changed.

In the event, they almost — almost! — did that. They ran the numbers the way Lysyk says they ought to be run and used those in the financial statements. They actually handled the disagreement honourably. They just couldn't find their way to not having it at all, affixing a lot of whining about what a doofus the auditor is.

Whenever they're blasting away at their own feet, these people can't seem to resist reloading.

Lysyk more credible than the Liberals

TORONTO SUN – BLIZZARD – Liberals show contempt for watchdogs

BY CHRISTINA BLIZZARD, QUEEN'S PARK COLUMNIST

FIRST POSTED: TUESDAY, OCTOBER 04, 2016 08:01 PM EDT | UPDATED: TUESDAY, OCTOBER 04, 2016 08:07 PM EDT

Ontario auditor general Bonnie Lysyk. (Craig Robertson/Toronto Sun)

TORONTO - Think of Ontario's debt as a vast, $350-billion windswept beach that yawns on for ever — wave after costly wave of sand stretching to the horizon.

Auditor general Bonnie Lysyk now says the province's deficit this year is actually $1.5 billion higher than the government says it is. The accumulated debt is actually $10.7 billion higher than previously stated — at $305 billion.

While those numbers are staggering and should strike terror into all our hearts, it's not the statistics we should worry about. Massive though those numbers are, $1.5 billion — even the $10.7 billion — are tiny grains of sand in the great desert wasteland of our debt.

No, apart from the fancy accounting footwork, here's what's truly troubling: The arrogant refusal of this government to listen to the advice of the independent officers of the legislature, whose job it is to make sure the rules are followed, that the government is fair, that your money is spent wisely.

Time and again, these non-partisan officers have been mocked, ignored and denigrated by a government that grows more arrogant with every day it clings to power.

A few examples:

• Then-energy minister Bob Chiarelli's put-down of Lysyk after her scathing 2014 report on smart meters. Chiarelli's response was a condescending, pat-you-on-the head dismissal.

• On government advertising: The AG once had teeth to enforce a ban on partisan advertising — and actually nixed a couple of Liberal ads. How did the government respond? They changed the rules in 2015 so the AG no longer has that kind of power. Lysyk said she would not have allowed a self-congratulatory government ad that took credit for forcing the federal government to enhance CPP.

• Last year, they dismissed then-ombudsman Andre Marin's concerns that selling off Hydro One would mean a loss of ombudsman oversight of the utility.

• Financial Accountability Officer Stephen LeClair has said repeatedly that the government has stonewalled him for documents he needs to do his job.

• Earlier this year, the Liberals ignored child advocate Irwin Elman's warning that changes to autism services would hurt vulnerable children.

• Last year, the government cherry-picked a report by Elections Ontario CEO Greg Essensa on the Sudbury byelection to make it sound as if the Liberals were vindicated. In fact, it was a shocking report that did nothing of the sort.

NDP Leader Andrea Horwath says watchdogs routinely "get thrown under the bus" by the Liberals.

"Yet again we have a government that has dismissed the AG's report," Horwath said, adding it was "a pattern" for the Liberal government.

"Why? So the Liberals can come out smelling of roses?" Horwath said.

PC Leader Patrick Brown said it's all about credibility.

"Who are we going to believe? A tired Liberal government who's had a history of hiding scandals, or the AG? I'm with the AG."

Brown said he wants to know what the government's plan is and what spending they will cut to make up the almost $11 billion in extra debt.

"The solution is not to disparage the AG. The solution is not to pretend everything's fine," he said.

Time and again we've seen the auditor, the ombudsman, the privacy commissioner, the head of Elections Ontario, raise honest and serious questions about this government's actions.

And they're met with contempt and derision.

It speaks to a government that believes it's infallible. They could have simply dismissed this latest accounting fiasco as a minor disagreement — and moved on. Instead, they chose to belittle the AG.

Independent officers play a vital role in holding governments accountable.

Ignore them at your peril.

cblizzard@postmedia.com

TORONTO SUN – EDITORIAL – Lysyk more credible than the LIBERALS

FIRST POSTED: TUESDAY, OCTOBER 04, 2016 08:16 PM EDT

Ontario auditor general Bonnie Lysyk releases a special report on growing Pan Am Games' security costs Wednesday, November 26, 2014 at Queen's Park. (Toronto Sun/Antonella Artuso)

So let's see now.

Ontario Auditor General Bonnie Lysyk and Premier Kathleen Wynne's Liberal government disagree about the size of the province's deficit and debt.

Lysyk says the government's deficit for the fiscal year 2015-16 was $5 billion, $1.5 billion more than the $3.5 billion the Liberals claim.

In addition, she says total government debt was $305.2 billion, $10.7 billion higher than the $294.5 billion claimed by the Liberals.

Hmm. Who to believe, who to believe?

Wait, we know!

We believe Lysyk, an independent, non-partisan officer who works for the Legislature, not the ruling Liberal party.

She's a chartered accountant and certified internal auditor, with a masters degree in business administration.

That's up against a Liberal government that, since it took power in 2003, has turned Ontario into the world's most indebted sub-sovereign (non-national) borrower.

A Liberal government whose first political act under Wynne's predecessor, Dalton McGuinty, was to break his signature election promise not to raise taxes — McGuinty even put it in writing during the 2003 campaign — by introducing one of the largest single tax grabs in Ontario history.

So when Lysyk tells us the Liberal government can't claim as assets money in the Ontario Teachers Pension Plan and the Ontario Public Service Employees' Pension Plan, because it has no way to access it, we believe her.

That's as opposed to the Liberals, who said Lysyk's assessment is wrong and that they are going to consult with other financial experts for their opinion, while taking the unusual step of releasing an unaudited financial statement for 2015-16 without Lysyk's stamp of approval, which Lysyk called disappointing.

Of course, this is nothing new for the Liberals.

For example, after Lysyk criticized the Liberals' disastrous "smart meters" program in 2014, pointing out they overestimated savings by more than $500 million, while underestimating costs by $400 million, former energy minister Bob Chiarelli responded on behalf of the government that the electricity file is complicated and perhaps Lysyk didn't understand it.

Chiarelli is a career politician who trained as a lawyer.

Lysyk, in addition to her other qualifications, was a senior executive at Manitoba Hydro for a decade before she became Ontario auditor general.

Enough said.

What will Grits cut now that debt is $10.7B higher?

TORONTO SUN – What will Grits cut now that debt is $10.7 B higher?

BY SHAWN JEFFORDS, POLITICAL BUREAU CHIEF

TORONTO - Where will Ontario's Liberal government cut?

That's what Progressive Conservative Leader Patrick Brown wants to know now that auditor general Bonnie Lysyk made the revelation that Ontario's debt is actually $10.7 billion higher than previously advertised.

Brown pressed the Liberal government Tuesday to come clean on how it will handle the new debt load created as the result of an accounting disagreement between the government and Ontario's auditor general.

"I want to know what they're going to cut?" Brown said. "I want to know what their plan is. The solution is not to disparage the auditor general. The solution is not to pretend everything is fine."

On Monday, the Liberals conceded the disagreement between Lysyk and the government would lead to the jump in debt and boost last year's deficit by $1.5 billion.

At the same time, government officials released unaudited financial statements for the last fiscal year without an opinion from Lysyk — an unprecedented move.

They made the information public after arguing behind the scenes for weeks with Lysyk's office about whether or not two large public sector pensions could be counted as assets. The auditor says no, because the government can't actually cash in those funds. Lysyk said Tuesday that her office continues to work with the government on the issue.

And she was tight-lipped about the dispute

"I think it would be premature for me to talking about it right now," Lysyk said, adding that she will address the issue once the full audited statements are prepared on the government's 2015-16 public accounts.

But when that will happen is anyone's guess.

Treasury Board President Liz Sandals couldn't say when the government will table the finalized audit with Lysyk's opinion included.

A third-party review, to determine whether the pensions should be declared as assets, will take months, Sandals said

QP BRIEFING - Liberals flayed over accounting clash with auditor general

Any hope that the government's speedy release of the public accounts on Monday would quash the steady stream of flak from the opposition parties quickly dissipated on Tuesday.

The Liberals came under fire in question period over the unceremonious tabling of the financial statements for 2015-16, released via an ad hoc technical briefing and media conference (pictured above). The move also required a temporary regulation to enable the government to table the unaudited statement. The public accounts were legally due Sept. 27, but were delayed after a dispute in the accounting rubric that, in the auditor's opinion, adds $10.7 billion to the net debt and $1.5 billion to the annual deficit, which rounded out at $5 billion.

That $10.7 billion comes from the Ontario Teachers' Pension Plan and the Ontario Public Service Employees Union Pension Plan, for which the government is a joint sponsor but cannot access. Therefore, the AG contends that the government should not, as has been its practice since 2001, include the pension plans on the balance sheet.

So the government released the public accounts without the auditor's opinion (but using her figures) for the first time in the province's history.

As such, Progressive Conservative Leader **Patrick Brown** kicked off question period by hurling accusations that the Liberals were trying to cover up an "$11-billion hole."

"How will the government fill this hole? Is it going to be through new taxes? Higher hydro rates? New fees? Or will the Liberals just cut services?" Brown mused.

He contended that the government has a history of muzzling its watchdogs.

"Who are we going to believe? A tired Liberal government who has had a history of hiding scandals, or do we want to believe the auditor general? I'm with the auditor general," Brown told reporters afterwards.

The New Democrats also fired accounting questions in the house and called the government's moves "quite shocking."

"These people are watchdogs for the public, and yet again the Liberals have tried to discredit the auditor general. And why is that? It's because the Liberals are more concerned about their own political well-being than they are about being up front with the people of Ontario," NDP Leader **Andrea Horwath** later told reporters.

Her criticism took a more personal approach. "That's not the kind of premier that **Kathleen Wynne** said she was going to be. And that's why people are very, very disappointed with this Liberal government, because they didn't vote for the kind of government that they actually have."

Treasury Board President **Liz Sandals** dismissed suggestions the tabling of the public accounts were in some way politically designed. She added that the pension accounting matter is being independently reviewed, which will take "at least a few months to sort out."

"Given the discrepancy of opinion, we do need to get some independent, third-party advice to help us sort this out, because obviously we can't go forward with this disagreement," she said. "We understood it was going to take a while to sort this out. We also understood that we didn't want uncertainty in the public with respect to what are the numbers, so we simply said, as cabinet, adopt the auditor's numbers for this year, get the information to the public."

Sandals reiterated that the government is on track to balance the budget in the next fiscal year, and remain balanced in 2018-19, despite warnings otherwise from the Financial Accountability Officer. The FAO has cautioned a return to deficits after coming to balance in 2017-18.

Auditor General **Bonnie Lysyk** said Monday she was "disappointed" the government decided to release the public accounts without her opinion.

Sandals could not say when the two will meet to resolve the issue.

HUFFINGTON POST - Ontario Liberals In Spat With Auditor General Bonnie Lysyk Over Accounting Methods

CP | By Allison Jones, The Canadian Press

TORONTO — Ontario's Liberal government is in a spat with the auditor general over accounting practices that would affect the province's deficit by $1.5 billion.Auditor general Bonnie Lysyk's office and public-sector accountants disagree about how pension numbers should appear on the books. Under her interpretation, Ontario's deficit for 2015-16 was $5 billion, but under the government's accounting the deficit would be $3.5 billion

Auditor General Bonnie Lysyk speaks at a news conference in the Ontario Legislature in Toronto on June 8, 2016. (Photo: Nathan Denette/CP).

Ontario has been following the same pension accounting treatment for the past 14 years, said Treasury Board President Liz Sandals.

"In fact, the current auditor general has accepted this treatment for the last two years...(and) three previous auditors general have also accepted it," she said. "There has been no change to the relevant accounting standard over the past 14 years."

The auditor sent the government written notice of this just two weeks before the deadline for the tabling of the public accounts, Finance Minister Charles Sousa said. The dispute between the auditor's office and the public-sector accountants means neither will sign off, he said. That meant that the government missed the deadline of 180 days after the end of a fiscal year, which was Sept. 27, for the release of the 2015-16 information — so it released the unaudited financial statements Monday.

'Governments will do what governments will do'

Lysyk was "disappointed" the government decided to release unaudited statements for the first time in Ontario's history, but "governments will do what governments will do," she said.

Her office first raised the accounting issue with the government in June, she said, so her formal letter this month should not have caught them unaware.

Lysyk's team started a more in-depth look at pension assets, which was how the issue came to their attention, she said.

"It's quite complicated and they took a deep dive and in June of this year we mentioned to the Ministry of Finance that we had some concerns around the pension asset valuation," Lysyk said. "Really it came about from looking at it quite deep. The amount was increasing so we were seeing the adjustments to the pension asset go up."

Auditor's numbers add $10.7B to net debt

The issue is with the accounting of the Ontario Public Service Employees Union Pension Plan and the Ontario Teachers' Pension Plan, which are jointly sponsored with the government.

They have a surplus, as they have had for the past 14 years, when the rules were last changed. The auditor general told the government it did not have a legally enforceable right to unilaterally access the assets, so they should not appear on the balance sheets.

That would mean the $10.7-billion pension surplus — including a $1.5-billion increase during the last fiscal year — would be written off with no value.

In addition to adding $1.5 billion to the deficit, the auditor general's accounting treatment adds $10.7 billion to the net debt.

PCs: Wynne government in 'panic mode'

Sandals said releasing the unaudited statements "really truly is not about politics." But Sousa pointed to questioning from the Progressive Conservatives, who got wind of the dispute, in the legislature.

"We can't have that lack of confidence in the public realm," he said. "We need to ensure that people understand what is out there, what our numbers mean and what our financial state of affairs (is)."

The government said Monday it is tapping an expert panel to review the pension accounting standards.

PC finance critic Vic Fedeli said the government is "in full panic mode."

"It's apparent they're trying to usurp the auditor general," he said.

Also clashed on energy

It's not the first time the Liberals have clashed with Lysyk.

Former energy minister Bob Chiarelli didn't like the auditor's work on the government's $2-billion smart meter program and suggested the electricity file was too complicated for Lysyk, who spent 10 years working at Manitoba Hydro. She has also frequently criticized their revamp of advertising rules, suggesting that partisan ads are now being funded by taxpayer dollars.

BENEFITS CANADA - Ontario pension accounting dispute shows difference of $1.5B in province's deficit

Staff, with files from The Canadian Press | October 4, 2016

An accounting difference involving the Ontario Public Service Employees Union Pension Plan and the Ontario Teachers' Pension Plan has the government at odds with the province's auditor.

In its annual report and consolidated financial statements, which were released on Monday, the Ontario government stated the deficit for 2015-16 was $3.5 billion dollars. Under auditor general Bonnie Lysyk's interpretation, however, it was $5 billion. Treasury Board president Liz Sandals says the province has been following the same pension accounting treatment for the past 14 years.

The government says the Ontario Public Service Employees Union Pension Plan and the Ontario Teachers' Plan, which are jointly sponsored with the government, have a surplus but the auditor general says that should not be on the province's balance sheet.

Read: Auditor general calls OPG's pensions 'generous'

As a result of the concerns around the accounting practices, Ontario approved a time-limited regulation that legislates the accounting for pension assets of jointly-sponsored pension plans for the 2015-16 public accounts. The change in accounting treatment is not a reflection on the funding status of the plans or the quality of financial reporting by the province, the report said.

The Ontario government says it will be tapping an expert panel to review its pension accounting standards.

OTHER LINKS Compilation – PostMedia outlets

LONDON FREE PRESS - What will Grits cut now that debt is $10.7B higher?
TIMMINS PRESS - What will Grits cut now that debt is $10.7B higher?
CLINTON NEWS RECORD - What will Grits cut now that debt is $10.7B higher?
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KINGSTON WHIG STAND - What will Grits cut now that debt is $10.7B higher?
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INGERSOLL TIMES - What will Grits cut now that debt is $10.7B higher?
OWEN SOUND TIMES - What will Grits cut now that debt is $10.7B higher?
GANANOQUE REP - What will Grits cut now that debt is $10.7B higher?
COUNTY WEEKLY NEWS - What will Grits cut now that debt is $10.7B higher?
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PETROIA TOPIC - What will Grits cut now that debt is $10.7B higher?
COCHRANE TIMES POST - What will Grits cut now that debt is $10.7B higher?
SAULT THIS WEEK - What will Grits cut now that debt is $10.7B higher?

1

WEDNESDAY

TORONTO STAR - Ontario budget watchdog steers clear of $10.7B pension asset dispute

Ontario's independent budget watchdog is refusing to weigh in on an accounting dispute between the province and the auditor general that is worth billions of dollars to the treasury.

At issue is auditor general Bonnie Lysyk's sudden decision to exclude from the province's bottom line some $10.7 billion in assets from two pension funds co-sponsored by the government. (Frank Gunn / THE CANADIAN PRESS file photo)

By ROBERT BENZIEQueen's Park Bureau Chief

Wed., Oct. 5, 2016

Ontario's independent budget watchdog is refusing to weigh in on an accounting dispute between the province and the auditor general that is worth billions of dollars to the treasury.

Financial Accountability Officer Stephen LeClair said Wednesday he will not get involved in the fight between Auditor General Bonnie Lysyk and the Liberal government.

"I will not be looking at the accounting matter," LeClair told the Star in an email.

At issue is Lysyk's sudden decision to exclude from the province's bottom line some $10.7 billion in assets from two pension funds co-sponsored by the government.

While the assets had been included for the past 14 years, the auditor general now believes they shouldn't be because Queen's Park doesn't have ready access to the money.

Her decision means last year's deficit was $5 billion instead of $3.5 billion and the provincial net debt should be calculated as $305.2 billion instead of $294.5 billion.

Provincial bureaucrats and the Liberal government disagree and Treasury Board President Liz Sandals will be seeking actuarial advice from third-party experts in the coming weeks.

But LeClair — like Lysyk, an officer of the legislature — wants to steer clear of the disagreement even though his mandate is to provide "independent analysis on the state of the province's finances."

“This is a difference of opinion on the accounting treatment of pensions. The FAO is interested in the matter to the extent that it affects the fiscal position of the province of Ontario and will be seeking clarification from the government of Ontario and the auditor general on this matter,” he said.

“However, the FAO will not comment on what is the appropriate treatment of these assets.”

It’s unclear whether LeClair is seeking to avoid a conflict with a fellow legislative watchdog, though tiffs between rival officers have surfaced in the past.

Last week, for example, Information and Privacy Commissioner Brian Beamish chided Lysyk in a report he prepared on record-keeping at the 2015 Pan Am Games in Toronto.

“The office of the auditor general requested that we respect the confidentiality of her process, particularly the working papers related to the audit. Accordingly, we were limited in the information we asked for and received from her office,” Beamish wrote in a 16-page review that cleared Pan Am officials of any wrongdoing after leased hard drives were wiped.

Lysyk, meanwhile, defended her change of heart on accounting practices and said she won’t be swayed by any expert findings suggesting the Ontario Public Service Employees’ Union Pension Plan and the Ontario Teachers’ Pension Plan assets have value to the province’s bottom line.

“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,” the auditor general said, dismissing the government’s pension asset claim as “a notional number that doesn’t have the backing of cash.”

“If there isn’t new information I feel pretty solid that we got it right. I have no vested interest in the outcome of this other than making sure it’s right in accordance with public sector accounting standards.”

GLOBAL TV NEWS WEBSITE - Accounting dispute between Ontario and auditor general may not end with external review

By Staff The Canadian Press

Bonnie Lysyk, Ontario's auditor general, speaks at Queen's Park in Toronto on Wednesday, December 2, 2015.

Darren Calabrese / The Canadian Press

TORONTO — A dispute between Ontario's Liberal government and the auditor general over the province's true deficit may be doomed to repeat itself next year.

Auditor general Bonnie Lysyk's office and public-sector accountants disagree about how a pension surplus should be counted.

Under rules the government has been using for more than a decade, the deficit for 2015-16 would be $3.5 billion, but Lysyk says the rules should be changed and that would leave the deficit at $5 billion. Lysyk's accounting method would also add $10.7 billion to the net debt.

Since the government wouldn't have access to a surplus in the public servants' and teachers' pension plans, it therefore shouldn't appear on the books, Lysyk says.

The Liberals are setting up an outside expert review panel to look at the issue, but neither the government nor the auditor are bound by the panel's findings.

"I work for the legislative assembly, so if there's new information obviously I'll take it into account and see if that changes our opinion," Lysyk said. "If there isn't new information I feel pretty solid that we got it right."

Treasury Board President Liz Sandals acknowledged that the auditor general can issue whatever opinion she wishes, but an external review isn't pointless.

"We will at least have more expert advice," Sandals said, even if Ontario ends up in the same dispute next year. She did not yet know what it will cost.

The government is supposed to table its public accounts – with the auditor general's opinion – within 180 days after the end of a fiscal year, but because of the disagreement that deadline was missed this year.

Instead, the government released its unaudited financial statements but used the auditor's preferred accounting treatment.

Lysyk submitted her audit opinion Wednesday, so it is expected to be tabled in the legislature soon.

Progressive Conservative Leader Patrick Brown questioned why an external review is needed, when the auditor's function is to provide independent oversight.

"It's just bewildering," he said. "We have oversight, we have independent legislative officers. The fact the government doesn't like the fact the independent, third-party review disagrees with their numbers…It's like someone looking for a second opinion and keeps on looking for a second opinion until they get one that agrees with them."

NDP Leader Andrea Horwath suggested the dispute is political.

"We have watchdogs that are doing work on behalf of the people of Ontario and the Liberals continue to try to discredit them," she said. "That's not appropriate."

QP BRIEFING - Third-party review of Ontario's public accounts won't sway auditor general's opinion

A months-long, third-party audit of Ontario's financial statements for the last fiscal year may not be the charm to settle the pension spat between the government and the auditor general.

The government has sought an independent reviewer in order to clarify an accounting measure that adds or subtracts billions to the province's financial statement, depending on your vantage point. But it's unlikely to sway the auditor general's 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," **Bonnie Lysyk** said following a closed session briefing at the standing committee on public accounts Wednesday.

"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."

At issue is $10.7 billion worth of assets from the Ontario Teachers' Pension Plan and the Ontario Public Service Employees' Union Pension Plan that the province has since 2001 counted on the balance sheet. The auditor disagrees, saying that because the government cannot access the funds, the figure should be added to the net debt and annual deficit. The current public accounts have been tabled using the auditor's rubric, and show an annual deficit of $5 billion for 2015-16 (whereas the government's numbers would have shown $3.5 billion) and that the net debt is $305.2 billion (compared to $294.5 billion, per the government).

"I think they got it right on the bottom line," Lysyk noted, in reference to the unaudited version of the public accounts that was tabled Monday.

Treasury Board President **Liz Sandals** trumpeted that comment from the auditor general later that morning.

Sandals could not yet say how much an independent reviewer will cost, nor could she commit to accepting whatever conclusion the independent reviewer may come to.

"Well first of all let us get it set up. As we get it set up and as we get the terms of reference approved, we'll share that with you when we get it set up," Sandals told reporters, adding, "Given that quite different advice, we would at least like to get some external expert opinion to give us some guidance on how to permanently resolve this."

The pension tension fuelled the opposition parties in that morning's question period.

Progressive Conservative Leader **Patrick Brown** called the third-party review redundant and accused the government of cherry-picking expert advice.

"It's like someone looking for a second opinion, and keeps on looking for a second opinion until they get one that agrees with them," Brown said. "The auditor general is the third-party oversight. We can have debates here in question period, where the opposition can raise legitimate questions where the government may be wrong, but independent legislative officers have no partisan agenda."

NDP Leader **Andrea Horwath** was skeptical of the government's claim that there is no political motivation underlying the review.

"If it's going to mean that the Liberals are seen in a better light, or that they protect their own political well-being, they'll do anything. That's not appropriate," she said. "We have watchdogs that are doing work on behalf of the people of Ontario and the Liberals continue to try to discredit them. I have all confidence in the auditor general, in the work that she does on behalf of no political parties but on behalf of the people."

Lysyk added that she informed the government of her concerns over the pension assets in June. The government has said it received a written notice from the auditor general's office Sept. 13, two weeks before the legal deadline to table the public accounts.

The subject of Lysyk's committee appearance that morning was set weeks prior and dealt with Chapter 2 of her latest Annual Report, entitled Public Accounts of the Province - something she quipped was "ironic" given recent events.

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THURSDAY OCT. 6, 2016

QP BRIEFING - Seen: Public accounts tabled, with AG's opinion

HOME NEWS SEEN: PUBLIC ACCOUNTS TABLED, WITH AG'S OPINION

Seen: Public accounts tabled, with AG's opinion

Treasury Board President **Liz Sandals** tabled Ontario's public accounts for fiscal 2015-16 Thursday, including the auditor general's opinion. The tabling of the public accounts was delayed by almost two weeks after months of back and forth between the auditor general and the government over whether the bottom line should include assets for two jointly-sponsored provincial pension plans.

The annual deficit still came in at $5 billion ($700 million lower than the government projected, but $1.5 billion more than if it had included the pension assets). The net debt is $305.2 billion (as opposed to $294.5 billion sans the pension assets to which the government does not have access).

"The consolidated financial statements for the province of Ontario for the year ended March 31, 2016, present fairly the province's annual deficit, accumulated deficit, pension liabilities and pension expense," Auditor General **Bonnie Lysyk** said in a news release.

However, the auditor general said her opinion was qualified because the 2014-15 comparative figures have not been restated to correctly adjust "the 2014-15 accumulated deficit upward by $8.2 billion, annual deficit upward by $953 million, and the education expense and general government and other expense upward by $953 million."

Pension tension has been simmering since June, when Lysyk informed the Treasury Board it should not count $10.7 billion worth of funds in the Ontario Teachers' Pension Plan and the Ontario Public Service Employees' Union Pension Plans toward Ontario's balance sheet.

The government has sought an "independent expert panel" to review the pension accounting measure and expects recommendations later this year.

"I wish to thank the Auditor General for providing her audit opinion of the 2015-16 Public Accounts. The Public Accounts confirm this is the seventh year in a row that Ontario has beaten its annual deficit target. Ontario remains committed to balancing the budget in 2017-18, while remaining balanced in 2018-19," Sandals said in a release.

Per a government news release:

($ millions)	Annual Deficit 2014-15	Accumulated Deficit 2014-15	Net Debt 2014-15	Annual Deficit 2015-16	Accumulated Deficit 2015-16	Net Debt 2015-16
Province's 2015-16 financial statements	10,315	187,511	284,576	5,029	202,897	305,233
Auditor General's 2015-16 opinion	11,268	196,665	293,730	5,029	202,897	305,233
Auditor General's 2014-15 opinion	10,315	187,511	284,576	n/a	n/a	n/a

NATIONAL POST - Wynne Liberals bicker while Ontario's finances get sicker

Financial Post
Thu Oct 6 2016
Section: FP Comment
Byline: Ben Eisen and Charles Lammam, Special to Financial Post

The Ontario government is in a spat with the province's auditor general about the size of last year's deficit. The auditor general pegs the shortfall at $5 billion, whereas the government, using a different accounting method, says it's somewhat lower at $3.5 billion.

It's not surprising the Wynne government is willing to go to the mat to defend its estimate of last year's budget deficit. As Ontario approaches a provincial election in 2018, a big part of the government's PR strategy is focused on celebrating an expected return to a balanced budget in next year's budget. So Premier Kathleen Wynne's team has a big incentive to push back against dissenting views.

The source of the dispute hinges on the government's desire to use a surplus from public-sector pension plans to cover its operating deficit. The auditor general does not believe the pension surplus should be counted against an operating deficit.

A spat over the budget balance misses the bigger picture: provincial finances are in bad shape

We hope that proper accounting practices prevail in the end. But in bickering with the auditor general over the precise size of last year's operating deficit, and with its fixation on being able to announce a balanced operating budget next year, the provincial government completely misses the bigger picture. Regardless of the exact size of the government's operating budget balance this year or next, Ontario's finances are in bad shape and the Wynne government must develop a credible plan to repair them.

Even if the government is able to claim next year that it has eliminated its deficit, the mountain of debt the Liberal government has accumulated over the past nine years will still be there. Just how big is this mountain? Since 2007, Ontario has seen its net debt (a measure of debt that adjusts for financial assets) approximately double, climbing from $157 billion to $308 billion. That's puts it at about $21,000 per Ontarian. Servicing all of this debt will burden Ontarian taxpayers for many years.

A balanced operating budget next year won't address this debt burden. In fact, the government's own Financial Accountability Office (FAO) projects((www.fao-on.org»)) that provincial debt will continue to climb for years into the future, reaching $350 billion by 2020-21.

How can this be the case? Two reasons.

First, Ontario will accumulate new debt because the Wynne government plans to ramp up capital spending on things such as roads and bridges, which will be financed by more debt. The province can add debt, while still maintaining a balanced operating budget, because its capital budget is accounted for separately((www.fraserinstitute.org»)) from its operating budget. The operating budget can be balanced at the same time the capital budget is in deficit.

Second, the balanced operating budget in 2017-18 may be tenuous. According to the FAO, the government has not done enough to bring spending sustainably in line with revenues. Without policy reform, the province will likely slip back into operating deficits after just one year of a balanced budget.

The Wynne government is nonetheless determined to spin the projected balance budget for 2017-18 as evidence of its prudent management of public finances and as a way to justify further loosening((www.thestar.com») end -of-net-zero-austerity-measures.html) the purse strings, especially to provide yet even higher pay to public-sector employees (again, just in time for the election).

It's a politically appealing narrative, but it doesn't withstand scrutiny. The Wynne government has no plan to pay down the debt, and actually plans to pile on more. The work of repairing Ontario's battered finances remains undone.

Ben Eisen and Charles Lammam are analysts with the Fraser Institute.

FRIDAY

LONDON FREE PRESS - Liberals, auditor may repeat deficit fight (London Free Press)

London Free Press
Fri Oct 7 2016
Page: A7
Section: News
Byline: Allison Jones
Dateline: TORONTO
Source: The Canadian Press

A dispute between **Ontario** ' s Liberal **government** and the **auditor general** over the province ' s true deficit may be doomed to repeat itself next year.

Auditor general **Bonnie Lysyk** ' s office and public-sector accountants disagree about how a pension surplus should be counted.

Under rules the **government** has been using for more than a decade, the deficit for 2015-16 would be $3.5 billion, but Lysyk says the rules should be changed and that would leave the deficit at $5 billion. Lysyk ' s accounting method also would add $10.7 billion to the net debt.

Since the **government** wouldn ' t have access to a surplus in the public servants ' and teachers ' pension plans, it therefore shouldn ' t appear on the books, Lysyk says.

The Liberals are setting up an outside expert review panel to look at the issue, but neither the **government** nor the auditor are bound by the panel ' s findings.

" I work for the legislative assembly, so if there ' s new information, obviously I ' ll take it into account and see if that changes our opinion ," Lysyk said. " If there isn ' t new information, I feel pretty solid that we got it right ." **Treasury Board** President Liz Sandals acknowledged that the **auditor general** can issue whatever opinion she wishes, but an external review isn ' t pointless.

" We will at least have more expert advice ," Sandals said, even if **Ontario** ends up in the same dispute next year. She did not yet know what it will cost.

Illustration:
• File Photo / A wave of " evil clown " sightings is sweeping North America .

Edition: Final
Story Type: News
Length: 256 words

WINDSOR STAR - Wynne's AG fight is a sign of desperation (Windsor Star)

Windsor Star
Fri Oct 7 2016
Page: A6
Section: Opinion
Byline: David Reevely
Source: The Windsor Star

Picking a fight with your **auditor general** is usually a last desperate rearguard action for a doomed **government**. The **Ontario** Liberals are on their third and dumbest such fight, stomping all over what should be some fairly good news about the provincial finances.

The spat, over how some pension money is accounted for, held up the **government**'s release of the final books for the 2015-16 fiscal year until nearly a week past a legal deadline. Then it took a special cabinet decision to open them publicly without a statement from **Auditor General** **Bonnie Lysyk** saying that they're a fair accounting of the province's financial status.

The result is a totally predictable explosion of criticism that the Liberals are fudging their numbers and pushing aside the highest-profile officer of the legislature because she called them on it.

"Why was (the set of accounts) released without the AG's opinion? That's the big question," Progressive

Conservative Leader Patrick Brown demanded of Premier Kathleen Wynne on Tuesday. "Was it because she discovered the **government** has an $11-billion hole in their budget? Mr. Speaker, that includes a $1.5-billion deficit this year. That's a lot of money. How will the **government** fill this hole? Is it going to be through new taxes? Higher hydro rates? New fees? Or will the Liberals just cut services?" This is a line of bull, into which the Liberals immersed themselves both totally and needlessly, having used up all the credibility they might now wish for in previous arguments with the auditor. In 2014, then-energy minister Bob Chiarelli disputed a report on smart electricity meters by alleging that Lysyk and her senior people didn't really understand **Ontario**'s electricity system.

This might have been plausible if Lysyk's resume didn't include 10 years at Manitoba Hydro.

Then there was a mini-fight when the **government** took away the auditor's authority to review **government** advertising to make sure it is actually meant to inform citizens and not just polish the governing party's image.

Now this, an argument over how to account for pension funds in the **government**'s books. It is important, in that pension liabilities are a really big problem if they get out of hand, but still pretty arcane. Anyway, Lysyk is not saying that **Ontario**'s pension liabilities are out of hand. She is saying that a $1.5-billion payment the **government** made into public pension funds last year has to be counted as **government** spending, and yet a $10.5-billion surplus in a couple of large funds can't be counted against **Ontario**'s provincial debt.

(That's the "$11-billion hole" Patrick Brown complained about. It's not really a hole, in the sense of being money the **government** has to find in cuts or tax hikes.)

The reasoning: The $1.5 billion went out the door and is not available to be spent on other things. But surpluses in the pension funds have to stay there, so they're not really **government** assets.

Lysyk's way, the province's finances look slightly worse than they used to. You can see why the Liberals would resist her approach. You might also imagine someone saying, "Guys, are we really going to say the **auditor general** of **Ontario** is incompetent? Bob did it that time and you remember how it looked, right?"

The thing is, even using Lysyk's rules, **Ontario**'s books for last year are not at all bad by recent standards. Revenue is up. Spending is up, too, but not as much as revenue. It turns out the deficit is smaller than it was expected to be, and not just because the Liberals did their usual thing of padding the budget with a bunch of money they never expected to spend. A balanced budget is in sight.

Ontario's debt-to-GDP ratio, a measure of how much we've borrowed relative to the size of the whole **Ontario** economy, is a little worse. But the Liberals could have explained the difference with an asterisk and a footnote explaining the accounting method had changed.

In the event, they almost - almost! - did that. They ran the numbers the way Lysyk says they ought to be run and used those in the financial statements. They actually handled the disagreement honourably. They just couldn't find their way to not having it at all, affixing a lot of whining about what a doofus the auditor is.

Whenever they're blasting away at their own feet, these people can't seem to resist reloading.

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Public Accounts Media Analysis September 30 .pdf

TBS
Communications Branch
Your Strategic Partner

Media Analysis

Public Accounts

1. Quantitative Summary

Public Accounts coverage from September 29/30, 2016, has focused on a negative Canadian Press article, repeated in several media outlets.

Statistics:

- 14 media outlets published stories
- Total circulation/audience is 1,038,101 (*based on available numbers)
- Breakdown: Print 80%, Online 80%
- Tone: 100% negative
- Time the government's key message(s) were picked up: 100%
- Time a government spokesperson was quoted: 100%
- Time a third-party spokesperson was quoted: 100%

2. Qualitative Summary

Of the 14 articles reviewed the tone is 100 per cent negative.

A Canadian Press piece by Keith Leslie ran in many of the Metroland editions, either in its entirety or a shortened version.

Top themes in the coverage:

- Conservatives question why there is a delay to release public accounts, crying 'shady accounting' practices
- It's not the first time there has been a clash of numbers between government and Auditor General Bonnie Lysyk
- TBS President Liz Sandals quoted "There's nothing to hide"

QP Briefing carries a piece which leads off with information that the stalling of the public accounts release is due to a "stalemate" between the government and the Auditor General. The article supports government's explanation and indicates the QP Briefing reporter Sabrina Nanji has already tried to reach AG Lysyk and will keep trying. *Auditor General* ***Bonnie Lysyk*** *was not available for comment Thursday but a spokesperson* *from her office said in an email that they "are working with the government to finalize the province's financial statements."*

Canadian Press begins with the opposition asking what Liberals are hiding by not releasing the province’s public accounts on time, and why the government is in a fight with the auditor general over the statements. CP’s focus is the negative response by opposition as they say “something just doesn’t seem right” about this delay.

All pieces include TBS President Sandals saying the government is still on track to meet its goal of eliminating the deficit the next fiscal year.

3. Media Scan

The media search results are attached in a separate document.

Backgrounder - Pension Asset Expert Advisory P.pdf

BACKGROUNDER

Treasury Board Secretariat

Pension Asset Expert Advisory Panel Members

November 10, 2016

In preparing the 2015-16 Public Accounts of Ontario, the province's professional accounting staff and the Auditor General's Office engaged in discussions about the appropriate application of Public Sector Accounting Board (PSAB) standards regarding pension accounting for the province's jointly-sponsored pension plans. Despite best efforts to resolve concerns, the province’s professional accounting staff and the Auditor General continue to have differences of opinion. The government committed to forming an independent expert panel to deliver advice and recommendations on this issue.

The following four members have been appointed to the Pension Asset Expert Advisory Panel:

- Tricia O’Malley (Chair)
- Murray Gold
- Uros Karadzic
- Paul Martin

Tricia O'Malley has been a member of the Canadian Actuarial Standards Oversight Council since 2012, serving as Chair since January 2015. She has also been a member of the Canadian Accounting Standards Oversight Council since 2013. She is currently a member of the Board and Chair of the Audit Committee of Assuris, which guarantees benefits on policies written by life insurers in Canada.

Ms. O’Malley was Chair of the Canadian Accounting Standards Board (AcSB) from 2009 to 2010 and also served as its first full-time Chair from 1999 to 2001. She was a member of the International Accounting Standards Board (IASB) from 2001 until 2007 and she served on its staff as Director of Implementation Activities from 2007 to 2009. Supported by AcSB staff, she chaired the International Forum of Accounting Standard Setters, an informal association of bodies with a responsibility for setting or reviewing accounting standards in their various jurisdictions, from 2011 until April 2016.

Before joining the AcSB in 1999, Ms. O’Malley spent 17 years as a partner in the National Assurance and Professional Practice Group of KPMG Canada, where she consulted on complex accounting issues, focusing on financial instruments and structured finance transactions.

In 2011, Ms. O’Malley was named as one of Canada’s Top 100 Most Powerful Women by the Women’s Executive Network. In 2012, she received the Queen Elizabeth II Diamond Jubilee Medal. In June 2016, Ms. O’Malley received a Doctor of Laws *honoris causa* degree from the University of Waterloo.

Murray Gold is a leading practitioner and senior pension and benefits partner at Koskie Minsky LLP. Mr. Gold advises governing boards of public sector, multi-employer and jointly-trusteed pension and benefits plans across Canada on compliance issues and best practices. He represents pension boards, as well as plan sponsors, retiree groups and active members in pension litigation in pension regulatory and judicial proceedings.

Mr. Gold has been lead counsel for Koskie Minsky in regard to pension reform initiatives and litigation in Newfoundland, New Brunswick, Ontario and Alberta, and health benefit plan reforms in Ontario and British Columbia. Mr. Gold was appointed by the Premier of Ontario to Ontario's Technical Advisory Group on Retirement Security in February 2014. In 2008 he served as an expert advisor to the Ontario Expert Commission on Pensions, and in 2016, he served as a first director of the Ontario Retirement Pension Plan Administration Corporation.

Mr. Gold is a Fellow of the Ontario Teachers' Federation, recognizing his work with the Ontario Teachers' Pension Plan.

Murray served on the firm's executive committee and then as the firm's managing partner from 2012-2016.

Uros Karadzic is a partner at EY's People Advisory Services Reward practice, which includes pension, benefit and compensation consulting. As a pension actuary, Mr. Karadzic has extensive experience in accounting for benefit plan obligations. He works with numerous EY audit teams, the EY Professional Practice (Canadian and Global) and industry bodies on benefit accounting issues.

Mr. Karadzic has advised Canadian and multinational clients on all aspects of their pension and benefit plans, including accounting, funding, design, implementation, management, risk and administration. His primary focus is in:

- Pension audit and internal audit
- Pension and benefit issues in merger and acquisition transactions
- Ongoing advisory services on retirement benefit plans

Since 2006, Mr. Karadzic has been a Fellow of the Society of Actuaries (FSA) and a Fellow of the Canadian Institute of Actuaries (FCIA).

Paul Martin is Comptroller with the Government of New Brunswick and previously a partner with the national accounting firm of Grant Thornton LLP. He is a respected leader with more than 35 years of experience. He has significant expertise with Public Accounting Standards and pension plans including the shared risk/targeted benefit models. Mr. Martin is a past president of the New Brunswick Institute of Chartered Accountants and currently serves as a member of the CPA Canada Employment Benefits Task Force.

Matt Ostergard, Minister's Office, 416-326-3839
Jason Wesley, Communications, 416-327-4023

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NR - Expert Panel Appointed - 10NOV2016 - FINA.pdf

Ontario

NEWS

Treasury Board Secretariat

Ontario Names Expert Panel to Review Pension Assets

Independent Panel to Deliver Recommendations on Accounting for Pension Assets

NEWS November 10, 2016

Ontario has appointed four members [link to Backgrounder with bios] to its newly established Pension Asset Expert Advisory Panel to provide advice and recommendations to the government on the application of public sector accounting standards to Ontario's net pension assets.

The members of this short-term advisory body include Murray Gold, Uros Karadzic, Paul Martin and chair Tricia O'Malley. The panel has been appointed by President of the Treasury Board Liz Sandals, with members having expertise in the areas of jointly-sponsored pension plans, actuarial modelling for pension plans and Public Sector Accounting Standards.

Panel members will also provide advice on how to value net pension assets reported on the province's books, taking into account future decisions which might be made by the plan's sponsor or sponsors.

QUOTES

"We look forward to receiving the expert panel's report and recommendations on this important accounting issue. This independent advice will guide our discussions as we work toward agreement with the Auditor General of Ontario on the future preparation of the province's financial statements."
— Liz Sandals, President of the Treasury Board

"Pension accounting is a complex issue. I look forward to bringing together the unique professional skillsets and perspectives of the advisory panel and to delivering recommendations that will help clarify how public sector accounting standards are interpreted and applied."
— Tricia O'Malley, Chair, Pension Asset Expert Advisory Panel

QUICK FACTS

- In preparing the 2015-16 Public Accounts of Ontario, the province's professional accounting staff and the Auditor General's Office engaged in discussions about the appropriate application of Public Sector Accounting Board (PSAB) standards regarding pension accounting for the province's jointly sponsored pension plans. Despite best efforts to resolve concerns, the province's professional accounting staff and the Auditor General continue to have differences of opinion, and the government committed to forming an independent expert panel to deliver advice and recommendations on this issue.
- The panel's report is due to the President of the Treasury Board. It will be shared with the Auditor General of Ontario and be made public in early 2017.
- Public Accounts is a retrospective report that compares Ontario's actual performance to what was planned in the Budget.

- Treasury Board Secretariat prepares the Public Accounts in accordance with the principles for governments recommended by the PSAB, which independently establishes accounting standards for the public sector in Canada.
- The objective of PSAB standards is to meet the needs of the users of financial statements by providing the information needed for accountability and decision making.

ADDITIONAL RESOURCES

Pension Asset Expert Advisory Panel [link to Backgrounder with bios]
Pension Asset Expert Advisory Panel Terms of Reference
2015-16 Public Accounts and explore supplementary information available through new data visualization tools
Watch a video explaining Public Accounts
Learn about the government's fiscal cycle

Matt Ostergard, Minister's Office, 416-326-3839
Jason Wesley, Communications, 416-327-4023

ontario.ca/treasury-board-secretariat
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2 - Email - Update to Media Protocol Document.pdf

From:	Tam, Nelson (TBS)
To:	Patricia O"Malley (plomalley@outlook.com); Uros Karadzic (uros.karadzic@ca.ey.com); Martin, Paul (FIN) (Paul.Martin@gnb.ca); Murray Gold (mgold@kmlaw.ca)
Subject:	Update to Media Protocol Document
Date:	November-10-16 4:05:00 PM
Attachments:	Media protocol-pension panel-Nov 10-2016-MO approved FINAL.DOCX

Patricia, Uros, Paul, Murray

Just in case you need it, Patricia's email address was incorrect and is now updated. No other changes.

Thanks

Nelson
416-212-0514

Media protocol-pension panel-Nov 10-2016-MO a_1.pdf

Media Protocol – Pension Asset Expert Advisory Panel

The following media protocol is designed to ensure that any media requests pertaining to the work of the Pension Asset Expert Advisory Panel are co-ordinated in a structured, timely and efficient way.

Media inquiries will be coordinated through TBS Communications and directed to the panel spokesperson (Chair) as appropriate.

Should members of the panel receive a direct request from a member of the media, they should refer the request to the Chair who will notify TBS Communications. TBS will ensure the Chair is supported with the appropriate information to respond to inquiries and provide further support as needed.

Key Spokespeople:

Tricia O'Malley. Pension Asset Expert Advisory Panel Chair: 416-570-1924, plomalley@outlook.com (Contact information for internal use only – media will work through TBS Communications)

Matt Ostergard, Treasury Board Secretariat Minister's Office, 416-326-3839, matt.ostergard@ontario.ca

Jason Wesley, Treasury Board Secretariat Communications Branch: 416-327-4023, Jason.2wesley@ontario.ca (group email as alternate contact option is (@TBS-L-Issues and Media)

Who Speaks to What:

Chair can speak to the work of the panel and its mandate, what it will consider and the scope of its duties to assess accounting standards and provide advice to the government on how to value and account for pension assets.

Treasury Board Secretariat can speak to all other issues such as remuneration, current practices of reporting in public accounts and any history which led to the establishment of the panel. Any broader political questions such as impacts on relationships with the Auditor General should be referred to Treasury Board Secretariat.

Social Media:

Members of the panel may continue to use any personal social media accounts they have, however we ask that any mention of work associated with your duties as a panel member be strictly professional in nature and that comments do not go beyond the scope of the panel's mandate. Please refrain from any personal social media use that may be perceived as conflicting with the mandate of the panel and from engaging with any negative tweets that may occur.

Statement:

Following is a suggested statement for use by Chair Tricia O'Malley:

I am looking forward to working with my colleagues on the panel – Murray Gold, Uros Karadzic and Paul Martin – to explore the complex issue of pension accounting and advise the government on how it can best apply public sector accounting standards to pension accounting.

Questions and Answers:

1. **What will the Expert Advisory Panel do?**

   The Expert Advisory Panel will deliver advice and recommendations to the government on the application of Public Sector Accounting Standards (PSAS) to Ontario's net pension assets. The panel will also provide advice on how to value net pension assets reported on the province's books, taking into account future decisions which might be made by the plan's sponsor.

   The panel's report is due to the President of the Treasury Board. It will be shared with the Auditor General of Ontario and be made public in early 2017.

2. **What happens after your final report is sent to the government?**

   The Panel's recommendations will be delivered to the President of the Treasury Board. It will be shared with the Auditor General of Ontario and be made public in early 2017. I understand that Treasury Board will carefully consider the recommendations made by the panel and will ultimately make the report public.

3. **Are you confident that you have the right mix of skills on the panel to complete this task?**

   Yes. The panel members have a very broad range of skills as well as practical knowledge and experience which will help us fully assess the accounting challenges

around pension assets. The panel members have deep skill sets in accounting and legal, as well as pension expertise in the areas of jointly sponsored pension plans, actuarial modelling for pension plans and Public Sector Accounting Standards.

4. **What is your opinion on the disagreement between the province and the Auditor General over the accounting treatment of pension assets?**

   The panel is focussed on what we have been tasked to do by the government. The mandate of the panel is to deliver advice and recommendations to the government on the interpretation of Public Sector Accounting Standards (PSAS) related to the recognition and measurement of net pension assets.

2 - Media protocol-pension panel-Nov 10-2016-MO approved FINAL.DOCX

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