Minister's Statement – Release of 2015-16 Public Accounts

I want to thank the Auditor General for providing her opinion on the 2015-16 Public Accounts. We respect the oversight and recommendations provided by all independent officers of the Legislative Assembly of Ontario, including the Auditor General.

Ontario has followed the same pension accounting treatment for the past 14 years, in a way that fairly presents the Provinces' financial activities – including its pension assets. The Auditor General in her audit opinion has acknowledged that our numbers are correct and fairly stated.

We adopted the Auditor General's fiscal interpretation for the treatment of jointly-held pension assets. In order to comply with the interpretation, a regulatory amendment was made to change our accounting of these assets for the 2015-16 Public Accounts. Using the numbers that were suggested by the Auditor General, we beat our deficit target for 2015-16. We had a projection originally of an 8.5 billion deficit for last year. We now have a 5 billion deficit last year.

The Auditor General has offered a qualified opinion based on the government's decision to report this liability in 2015-16 without restating previous years. Restating previous years would have no impact on the deficit reported in the 2015-16 Public Accounts.

We have been transparent about the fact that the Province's professional accounting staff and the Auditor General's office could not reach an agreement on the appropriate application of the Public Sector Accounting Board's standards (PSAB) in relation to pension accounting.

The government is forming an expert panel to deliver advice and recommendations on the best practices for the accounting treatment of pension assets.

Panel members will consider under what circumstances the government can claim pension assets from jointly sponsored and other pension plans. In addition, they will provide advice on how to value pension assets in a way that takes into consideration future decisions made by the plan's sponsor or sponsors. The report is expected to be finalized later this year.

Once the panel's results are known, we will be in a better position to determine the impact, if any, on both past and future financial reports