Fw: Updated Media scan - OPSEU release

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Date: Thu, 16 Feb 2017 18:17:02 -0500

FYI.

From: Wesley, Jason (TBS) <Jason.2Wesley@ontario.ca>
Sent: Thursday, February 16, 2017 5:07 PM
To: @TBS-L-Issues and Media; Balgobin, Sueanne (TBS); Cabell, Jonathan (TBS); Cusumano, Josephine (TBS); Eastwood, Alexander (TBS); MacIntyre, Kyle (TBS); Nelson, Dane (TBS); Simone, Nicole (TBS); Ostergard, Matt (TBS); Prins, Sebastian (TBS); Tedesco, Lauren (TBS)
Cc: Hosick, Sarah (TBS); Ovenden, Erin (TBS); Laughton, Patrick (TBS); Spadoni, Peter (MOF); Pichette, Marc (MOF); Blodgett, Scott (MOF); Kucherenko, Carly (TBS)
Subject: RE: Updated Media scan - OPSEU release

And here's an OPSEU press release on the topic tweeted out 6 mins ago:

Press Release

Auditor General has it right on pensions: Thomas

Toronto – Ontario Auditor General Bonnie Lysyk is "100 per cent correct" when she says the provincial government has no unfettered right to count public employees' pension funds as government assets, the President of the Ontario Public Service Employees Union says.

"We agree entirely with Ms. Lysyk when she says that the money in jointly-trusteed pension plans is 'for the benefit of employees and retirees,'" OPSEU President Warren (Smokey) Thomas said today. "As President of OPSEU, I will never support any move to allow the government to siphon money from any of those plans for any other purpose."

The provincial government maintains that surpluses in the Ontario Teachers' Pension

Plan and OPTrust, the pension plan for 87,000 current and former OPSEU members, should be accounted for as government assets on the province's books.

But many public sector plans in Ontario are jointly trusteed, meaning that employers and unions manage the plans together. In a news release today, the Auditor General said she would not give the province's books "a clean audit opinion" without a letter from plan sponsors agreeing to the government's view.

"Members of my union were fighting for joint trusteeship at least as far back as the 1960s because they were tired of seeing government after government using their retirement savings as a source of cheap capital," Thomas said. "We first got joint trusteeship in the early 1990s. As a result, we have a number of extremely well-run pension plans that deliver good, stable incomes to retirees at a very affordable cost.

"We have no interest in going back in time."

For more information: Warren (Smokey) Thomas, 613-329-1931

From: Wesley, Jason (TBS)
Sent: February 16, 2017 5:01 PM
To: @TBS-L-Issues and Media; Balgobin, Sueanne (TBS); Cabell, Jonathan (TBS); Cusumano, Josephine (TBS); Eastwood, Alexander (TBS); MacIntyre, Kyle (TBS); Nelson, Dane (TBS); Simone, Nicole (TBS); Ostergard, Matt (TBS); Prins, Sebastian (TBS); Tedesco, Lauren (TBS)
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Subject: RE: Updated Media scan - Queen's Park Briefing story

Hi all,

Following is the QPB story on this issue, just published:

Pension tension roils as Ontario turns down Auditor's request to see surplus agreements in black and white

By Sabrina Nanji

The government cannot legally withdraw cash from jointly sponsored pension plan surpluses to spend however it wishes, but has agreements in place for how that might be used, such as rolling back contributions.

Auditor general **Bonnie Lysyk** told the government Thursday do not pass go, do not collect $10.7 billion in pension assets until she sees an agreement with the other plan sponsors in black and white - which the government isn't inclined to draft.

"Show me the letter that says you can use that pension money with permission - with an agreement," Lysyk said Thursday in the Queen's Park media studio. "Until that happens, the bottom line is, this office can't give its stamp of approval on this particular issue."

It was the first time the AG addressed reporters since the government-appointed expert advisory panel concluded[1] Monday the surpluses - $10.1 billion associated with the Ontario Teachers' Pension Plan and $521 million for the Ontario Public Service Employees Union Pension Plan, for a total of nearly $10.7 billion - should count toward the province's balance sheet.

Since those plans are jointly sponsored, Lysyk said both parties need to sign off on how the surpluses are used, whether that means rolling back contributions or taking a contribution holiday. According to the 2016 budget (which Lysyk said helped trigger a closer look at the accounting standard this year as opposed to any of the previous years since the province began including those assets in 2001), Ontario's matching contributions to the teachers' plan would grow to nearly $1.7 billion in 2016-17.

"But the parties have to agree . . . in order for the accounting to work its way through," Lysyk said. "Until there's that agreement, there is no asset."

Treasury Board President **Liz Sandals** doesn't seem to think written permission is necessary.

"They (the panel) concluded that the government does not need a letter from either of the unions because the joint pension agreements spell out how the surplus will be dealt with. They also concluded that there are no public-sector accounting standard requirements for any additional letter to be in place specifying when or by how much contributions will be reduced beyond the joint pension plan agreements already in place," Sandals fired back in a statement.

The government cannot legally take cash from the pension fund to spend however it wishes. It has agreements in place for how a surplus might be used. For OPSEU's plan, the government is "free to use its allocation for benefit improvements or contribution reductions as it sees fit," the panel said in its report. For the teachers, there is an agreed-upon policy that, once any previous reductions are restored, "the next priority is to reduce contributions for both members and the government."

"The public sector accounting standards are clear that the benefits from the surplus need only be expected. In these cases, benefits can reasonably be expected based on the law, the terms of the Plans and the policies and past actions of the joint Sponsors in fulfilling their responsibilities to act fairly," added the panel, which was led by **Tricia O'Malley**, who chairs the Canadian Actuarial Standards Oversight Council.

The impasse began last fall, when Lysyk said the pension surpluses shouldn't be counted, since the government cannot unilaterally withdraw the funds for its own purse, leading to an unceremonious release of the public accounts for 2015-16. Because the panel sided with the government, the accounting reversal means the annual deficit for the last fiscal year was $1.5 billion less - rounding out at $3.5 billion instead of $5 billion. That would give the province more space to balance the budget this spring.

This isn't the first time the government and auditor have gone to fisticuffs, and the AG made a point to say that her stance was not borne out of partisan leanings. To suggest otherwise is "misguided," she told reporters.

"This isn't about this office and this isn't about me," Lysyk said. "It's not my pension. It's not my budget deficit."

The Tories, meanwhile, charged the Grits with belittling an independent officer of the legislature.

"Time and time again, the Wynne government makes decisions that unleash a torrent of doubts and criticisms, and that give the public serious concern they have something to hide," MPP **Lisa MacLeod**, the PC treasury critic, said in a release.

"After all, who would you trust - a hastily assembled panel paid $435,000[2] by the Wynne Liberals to dispute the auditor general, or the independent auditor general?"

Warren (Smokey) Thomas, president of OPSEU, said he agreed with the AG that the pensions are for the benefit of those public sector employees and retirees. He said he would not support "any move to allow the government to siphon money from any of those plans for any other purpose."

Lysyk is "100 per cent correct when she says the provincial government has no unfettered right to count public employees' pension funds as government assets," Thomas added in a release.

The Ontario Teachers' Federation said the accounting dispute was a matter for the AG and government to sort out.

The Ontario Teachers' Pension Plan office declined opportunity to comment.

From: Wesley, Jason (TBS)
Sent: February 16, 2017 3:05 PM
To: @TBS-L-Issues and Media; Balgobin, Sueanne (TBS); Cabell, Jonathan (TBS); Cusumano, Josephine (TBS); Eastwood, Alexander (TBS); MacIntyre, Kyle (TBS); Nelson, Dane (TBS); Simone, Nicole (TBS); Ostergard, Matt (TBS); Prins, Sebastian (TBS); Tedesco, Lauren (TBS)

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Subject: RE: Updated Media scan - statement from PCs and tweet from press office

Hi all,

The PC's have released the following statement from MPP MacLeod on the AG response to the panel report:

Statement from PC Treasury Board Critic Lisa MacLeod on the Auditor General's response to the Pension Asset Advisory Panel Report

February 16, 2017

"The Auditor General, Bonnie Lysyk, has shown a prudent and responsible approach to ensuring the government follows the letter of the law in recording assets and revenues.

"The fact is, the Government cannot lawfully use the surpluses of two pension plans to balance its budget until it has agreement from the plans' co-sponsors (OPSEU and the Ontario Teachers' Federation).

"There is still no evidence that the government and the unions are recording the pension surplus the same.

"If it was not for the Auditor General pointing this out, the Government may have steamrolled over due process and laid claim to these assets as a surplus without agreement or approval.

"It's unfortunate the Liberals failed to take a proper account of their duties before deciding to hire a nearly half-million dollar panel for a secondary opinion. The fact is, this panel made the same conclusion as the Auditor General that an agreement from all parties is required.

"The Auditor General is an independent officer and her office consists of more than 100 accounting experts, most of whom are CPA professionals. Together they conduct credible value-for-money and financial audits of the provincial government.

"This isn't the first time the Liberal government has attempted desperate and costly manoeuvres to manage the province's finances. Just this week we learned the Wynne government has failed to table its quarterly financial statement, which is required by law.

"Time and time again, the Wynne government makes decisions that unleash a torrent of doubts and criticisms, and that give the public serious concern they have something to hide.

“After all, who would you trust – a hastily assembled panel paid $435,000 by the Wynne Liberals to dispute the Auditor General, or the independent Auditor General?”

The government has responded with:

Press Office @LibPressSec
1m
. @MacLeodLisa u were offered a briefing by phone & email at both your QP & constit office - no response. I guess facts don't matter to u?