Pension Accounting KMs + Public Sector Salaries KMs

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Morning Jordan,

See below for summary and for our KMs.

Sebastian.

Summary:
The Toronto Star's (A4) Martin Regg Cohn reports billions of dollars are at stake in a dispute pitting Ontario's auditor general against the government. He writes that despite an outside panel of top accounting and pension experts determining that auditor general Bonnie Lysyk has gone out on a fiscal limb by effectively wiping away nearly $11 billion in government assets – she told this reporter that "she won't climb down," and this now sets the stage for a public showdown over an accounting change that is worth $1.5 billion to the bottom line this year alone. "The auditor told me her mind is made up and nothing she has heard so far has changed her view…. which leaves her on a limb and the government in the lurch."

Key Messaging:
- I can confirm that we have received the report from the Pension Asset Expert Advisory Panel.
- We are in the process of analyzing its findings, and having discussions with key stakeholders.
- We will release the report in full and will do so in the near future. We look forward to providing comment at that time.
- We thank the independent experts who formed the Pension Asset Expert Advisory Panel for their work.

Summary:
The National Post has a column written by Charles Lammam and Ben Eisen of the Fraser Institute on why Ontario government workers cost so much more than other workers. The article says wages are just one component of total compensation, which includes pensions, early retirement and job security. "In 2015, eight of 10 government workers in Ontario (79.7 per cent) were covered by a defined-benefit pension plan — which guarantees a level of benefits in retirement — compared to just one of 10 workers in the private sector (11.4 per cent)…. Government-sector workers in Ontario also retire, on average, 1.4 years earlier than private-sector workers. Furthermore, they are away from their jobs for personal reasons 60-per-cent more days per year (10.9 days versus 6.8 days in the private sector)"

Key Messaging:
- Let me start by saying that our government values the work and dedication of our public servants.
- We rely on their advice, professionalism and expertise to help us make Ontario the best place to live, work and do business.
- We always tries to balance two ideals: we want to ensure that we can continue to attract

talented people to the public service, and we want to do the best job possible in managing public dollars responsibly.

- Our settlements average less than our comparators.
- In fact, since 2012, the average annual negotiated wage increase has been 0.6 per cent – lower than the federal public sector in Ontario (1.7 per cent), Ontario's municipal public sector (1.8 per cent), and private sector in Ontario (1.9 per cent).

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