RE: Draft statements for tomorrow

From: "Forgione, Andrew (OPO)" <andrew.forgione@ontario.ca>
To: "Tedesco, Lauren (TBS)" <lauren.tedesco@ontario.ca>, "Lazarus, Jordan (OPO)" <jordan.lazarus@ontario.ca>, "Ostergard, Matt (TBS)" <matt.ostergard@ontario.ca>
Cc: "@OPO-Media Relations and Issues Management" <opo-mediarelationsandissuesmgmt@msgov.gov.on.ca>, "Jackson, Kelly (MOF)" <kelly.jackson2@ontario.ca>, "Ingram, Kelsey (MOF)" <kelsey.ingram@ontario.ca>, "Moore, Brynne (MOF)" <brynne.moore@ontario.ca>
Date: Thu, 16 Feb 2017 14:40:07 -0500

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?”

From: Tedesco, Lauren (TBS)
Sent: February-16-17 10:20 AM
To: Lazarus, Jordan (OPO); Ostergard, Matt (TBS); Forgione, Andrew (OPO)
Cc: @OPO-Media Relations and Issues Management; Jackson, Kelly (MOF); Ingram, Kelsey (MOF); Moore, Brynne (MOF)
Subject: Re: Draft statements for tomorrow

Looking into this now to get agreements.

From: Lazarus, Jordan (OPO)
Sent: Thursday, February 16, 2017 10:17 AM
To: Tedesco, Lauren (TBS); Ostergard, Matt (TBS); Forgione, Andrew (OPO)
Cc: @OPO-Media Relations and Issues Management; Jackson, Kelly (MOF); Ingram, Kelsey (MOF); Moore, Brynne (MOF)
Subject: RE: Draft statements for tomorrow

Could we pull the agreements we have with both unions for the Pension plans, the panel mention these agreements yesterday and they refute everything the AG is saying

These quotes are helpful to be added to statement number 2, there from Tricia O’Malley on Monday

“ the agreements in place are sufficient to tell us that the joint plan sponsors can do this – there is history of them agreeing to reduce contributions in the past. From the accounting standards perspective, all that’s required is that these benefits from surplus can be reasonably expected”

“ Uros mentioned that there are agreements in place. One of them is an appendix to the partners’ – the sponsors’ agreement – the partners’ agreement between the sponsors. It came into place I think during their – during the downturn because what it tells them is it's an already-agreed-upon protocol for the use of the surplus in the teachers’ plan. So because the teachers accepted the reduction in the indexing of their pensions, so not indexed for inflation anymore, the first priority is to restore the – all the indexation, and if you look at the reports of teachers’ in the last little while, that's what they've been doing is using the surplus to restore the indexation of the pension benefits. And once that's done, the next objective is to reduce contributions for both the teachers and the province. So there's a clearly-laid-out contemplated plan about how – how that surplus is going to be used”

“And as I said the funding management policy of the teachers plan specifically doesn't contemplate asset withdrawals at all, it specifically says contribution reductions or holidays are perfectly permissible”

From: Lazarus, Jordan (OPO)
Sent: February-16-17 7:56 AM
To: Tedesco, Lauren (TBS); Ostergard, Matt (TBS); Forgione, Andrew (OPO)
Cc: @OPO-Media Relations and Issues Management; Jackson, Kelly (MOF); Ingram, Kelsey (MOF); Moore, Brynne (MOF)
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Ok I think that still works, let's keep her on standby and let media know after the press conference she's available then (if we need to)

From: Tedesco, Lauren (TBS)
Sent: February-16-17 7:50 AM
To: Lazarus, Jordan (OPO); Ostergard, Matt (TBS); Forgione, Andrew (OPO)
Cc: @OPO-Media Relations and Issues Management; Jackson, Kelly (MOF); Ingram, Kelsey (MOF); Moore, Brynne (MOF)
Subject: Re: Draft statements for tomorrow

The chair won't be available until 3pm today as she is in meetings and on the road.

From: Lazarus, Jordan (OPO)
Sent: Thursday, February 16, 2017 7:46 AM
To: Ostergard, Matt (TBS); Forgione, Andrew (OPO)
Cc: Tedesco, Lauren (TBS); @OPO-Media Relations and Issues Management; Jackson, Kelly (MOF); Ingram, Kelsey (MOF); Moore, Brynne (MOF)
Subject: RE: Draft statements for tomorrow

A couple updates to the statements below, is the chair willing to speak to media today?

AGREEMENT:

"I am pleased that there is now agreement between the Province's professional accounting staff and the Auditor General regarding the accounting standards for Ontario's jointly sponsored pension plans.

The Independent Expert Panel concluded that the province's share of the surplus in the net pension assets of both the Ontario Teachers' Pension Plan and the Ontario Public Service Employees Union Pension Plan should be recognized as an asset in Ontario's financial statements. They came to this conclusion because recognizing this asset will provide a faithful representation of the province's financial position.

I would like to thank the members of the Independent Expert Panel for their thorough analysis. I look forward to continuing to work with the Auditor General."

DISAGREEMENT:

"We asked an independent expert panel to look into this because the advice we received from officials varied from that of the Auditor General. The Independent Expert Panel has now released its advice and has concluded that the province's share of the surplus of the net pension assets of both the OTPP and OPSEUPP should be recognized as an asset in Ontario's financial statements. They concluded that the government controls access to the pension surplus which has a future economic benefit to the province and recognizing the asset will provide an accurate representation of the province's financial position.

The panel was made up of accounting, legal, and pension experts in the areas of jointly sponsored pension plans governance, actuarial modelling for pension plans and public sector accounting standards and they include;

- Tricia O'Malley - Chair of the Canadian Actuarial Standards Oversight Council
- Murray Gold – Leading Practitioner and senior pension and benefits partner at KoskieMinsky LLP
- Uros Karadzic – A pension actuary and partner at Ernst and Young
- Paul Martin – Comptroller with the Government of New Brunswick

The government is accepting the independent expert panel's recommendations in order to present its financial statements in accordance with public sector accounting standards. This means that the province will continue to represent pension assets on its financial statements as it has since 2001."

AG WANTS A NEW PANEL/ORGANIZATION TO LOOK INTO THIS:

"Our government was clear when we looked to strike an independent panel that we would do so in collaboration with the Office of the Auditor General. This offer was declined by the Auditor. The government then decided to move forward with its commitment to appoint an independent Expert Panel to provide advice and recommendations on the application of public sector accounting standards to Ontario's net pension assets. The panel was chaired by Tricia O'Malley, who was Chair of the Canadian Accounting Standards Board and a member of the International Accounting Standards Board. Panel members have expertise in the areas of jointly sponsored pension plan governance, actuarial modelling for pension plans and public sector accounting standards. The government is accepting the independent expert panel's recommendations in order to present its financial statements in accordance with public sector accounting standards. This means that the province will continue to represent pension assets on its financial statements as it has since 2001."

From: Lazarus, Jordan (OPO)
Sent: February-15-17 4:39 PM
To: Ostergard, Matt (TBS); Forgione, Andrew (OPO)
Cc: Tedesco, Lauren (TBS); @OPO-Media Relations and Issues Management; Jackson, Kelly (MOF); Ingram, Kelsey (MOF); Moore, Brynne (MOF)
Subject: RE: Draft statements for tomorrow

Adding the group, some edits below, we'll obviously have to adjust depending on what she says tomorrow,

I'm also wondering if any of the panel members would be available to talk to the media tomorrow? And if either of your offices have received a heads up yet on which way she is leaning

AGREEMENT:

"I am pleased that there is now agreement between the Province's professional accounting staff and the Auditor General regarding the accounting standards for Ontario's jointly sponsored pension plans.

The Independent Expert Panel concluded that the province's share of the surplus in the net pension assets of both the Ontario Teachers' Pension Plan and the Ontario Public Service Employees Union Pension Plan should be recognized as an asset in Ontario's financial statements. They came to this conclusion because recognizing this asset will provide a faithful representation of the province's financial position.

I would like to thank the members of the Independent Expert Panel for their thorough analysis. I look forward to continuing to work with the Auditor General."

REWRITE – DISAGREEMENT:

"The Independent Expert Panel released its thorough advice, concluding that the province's share of the surplus of the net pension assets of both the OTPP and OPSEUPP should be recognized as an asset in Ontario's financial statements. They concluded that the government controls access to the pension surplus which has a future economic benefit to the province and recognizing the asset will provide an accurate representation of the province's financial position

We are committed to implementing the advice of this independent expert panel and will use it in preparing the province's financial statements."

ADDITIONAL LINES: AG CLAIM OF OFFERING ADDITIONAL PANEL

"Our government was clear when we looked to strike an independent panel that we would do so in collaboration with the Office of the Auditor General. This offer was declined by the Auditor. The government then decided to move forward with its commitment to appoint an independent Expert Panel to provide advice and recommendations on the application of public sector accounting standards to Ontario's net pension assets. The panel was chaired by Tricia O'Malley, who was Chair of the Canadian Accounting Standards Board and a member of the International Accounting Standards Board. Panel members have expertise in the areas of jointly sponsored pension plan governance, actuarial modelling for pension plans and public sector accounting standards. We are committed to implementing the advice of this independent panel and will use it in preparing the province's financial statements."

From: Ostergard, Matt (TBS)
Sent: February-15-17 4:10 PM
To: Forgione, Andrew (OPO); Lazarus, Jordan (OPO)
Cc: Tedesco, Lauren (TBS)
Subject: Draft statements for tomorrow

Hi guys –

Below are draft reactive statements for tomorrow morning.

AGREEMENT:

"I am pleased that there is now agreement between the Province's professional accounting staff and the Auditor General regarding the accounting standards for Ontario's jointly sponsored pension plans.

The Independent Expert Panel concluded that the province's share of the surplus in the net pension assets of both the Ontario Teachers' Pension Plan and the Ontario Public Service Employees Union Pension Plan should be recognized as an asset in Ontario's financial statements. They came to this conclusion because recognizing this asset will provide a faithful representation of the province's financial position.

I would like to thank the members of the Independent Expert Panel for their thorough analysis. I look forward to continuing to work with the Auditor General."

REWRITE – DISAGREEMENT:

"The Pension Asset Expert Advisory Panel released its independent advice, concluding that the province's share of the net pension assets of both the OTPP and OPSEUPP should be recognized as an asset in Ontario's financial statements. Recognizing the asset will provide a faithful representation of the province's financial position and it would be misleading not to recognize the province's share.

We are committed to implementing the advice of this independent panel and will use it in preparing the province's financial statements."

ADDITIONAL LINES: AG CLAIM OF OFFERING ADDITIONAL PANEL

"Our government was clear when we looked to strike an independent panel that we would do so in collaboration with the Office of the Auditor General. This offer was declined. The government moved forward with its commitment to appoint an independent Pension Asset Expert Advisory Panel in order to provide advice and recommendations on the application of public sector accounting standards to Ontario's net pension assets. The panel was chaired by Tricia O'Malley, who was Chair of the Canadian Accounting Standards Board and a member of the International Accounting Standards Board. Panel members have expertise in the areas of jointly sponsored pension plan governance, actuarial modelling for pension plans and public sector accounting standards. We are committed to implementing the advice of this independent panel and will use it in preparing the province's financial statements."

Matt Ostergard
Communications Advisor
Office of the Hon. Liz Sandals, MPP
President of the Treasury Board
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