HOOPP ⇒ holiday change

Minister in Canada or gonnany
5/16

- Strategic Approach
- announced publicly
Ch 2. - our fault that things were late
- our responsibility
- media event
- Chair + Minister
↓
response to Chair's report
↓
following advice — as auditor has noted
↓
we prepare + she responds

TBS

Office of Provincial Controller

EDU
- John Paul wants to give his MO a heads up

Pension Asset Expert Advisory Panel – Update

- Minister gives ~~doc~~ advice to officials
- use her process definition - as she has articulated

December 19, 2016

Objective

TBS

- To provide an update on the status of the Pension Asset Expert Advisory Panel (the 'Panel'), as it works to provide advice and recommendations to the government on the application of public sector accounting standards to Ontario's net pension assets.
- To discuss report delivery timing and communication release strategy

General Overview

TBS

- In connection with the preparation and audit of the 2015-16 Public Accounts, the Office of the Auditor General and the government's professional accounting staff disagreed regarding the application of Public Sector Accounting Standards (PSAS) to pension assets related to two pension plans that the Province jointly sponsors – Ontario Teachers' Pension Plan (OTPP) and Ontario Public Service Employees' Union Pension Plan (OPSEUPP).

- The expert panel was established as a short-term advisory body to review the application of the Public Sector Accounting Standards (PSAS) to accounting for pension assets and provide advice to government.

- On November 10, 2016, the Province announced the appointment of four members to the Panel (See Appendix A).

- The Panel held four all-day meetings: November 18, December 5, December 12, and December 13.

General Overview

TDS

- The following briefings were provided to the Panel to assist in their analysis:
  - OPCD accounting position papers;
  - Deloitte opinion on the appropriate application of certain aspects of Canadian public sector accounting standards to the recognition of the accrued benefit asset related to OTPP;
  - Ministry of Education overview of the Ontario Teachers' Pension Plan;
  - Communications media protocol; and
  - 2016 Annual Auditor General's report Chapter 2 (Public Accounts of the Province) & Chapter 4 (Accounting Treatment of Pension Funds)

Discussions

TBS

- The Panel discussed the two main pension issues: can a pension asset be recognized and, if so how should they be measured.
- Recognition Issue:
  - Discussed the accounting definitions of "asset" and "control"
  - Discussed the differences between the BC, NB, and Ontario plans specifically regarding "control".
  - Discussed the Auditor General's perspective on the issue.
  - Reviewed the various pension plan agreements to determine if the Province had a right to access the surplus.
- Measurement Issue:
  - If a pension asset is to be recognized, the Panel discussed the application of the measurement guidance in the accounting standards.

Report

TDS

- A report writer is assisting the panel in drafting the report. No other support was requested by the Panel.
- The report will consist of: an executive summary (approximately 3 – 4 pages) and a detailed analysis of the accounting issue with conclusions and recommendations of each item within the Terms of Reference (see Appendix B).
- The report will focus on the OTPP and OPSEUPP as the plans are currently in a surplus position and have a material impact on the Province's consolidated financial statements. A supplement to the report will be issued on the Health Care of Ontario Pension Plan (HOOPP) and College of Applied Arts and Technology Pension Plan (CAATPP) which are forecast to be in a surplus position in 2017/18 and 2016/17 respectively.

1989/
1990
holiday

Media Analysis

TBS

- There have been **23 articles** from **11 outlets** (print, TV, radio) since the release of Public Accounts in October.
  - 12 reference the Panel, all reference the pension asset issue.
  - See Appendix C: Media Content Analysis for a detailed breakdown of all media.
- The perceived dispute between the government and the Auditor General generated the most press, with another spike following the release of the Auditor General's Report on November 30.
- Since then, there has been no media coverage. For example, there was no mention of the matter in the Martin Regg Cohn piece, on December 12, that was highly critical of the Auditor General and her relationship with the government.
- Top coverage themes were:
  - Panel review
  - Accounting methods in question
  - Perceived dispute between the Auditor General and government

Communications

Strategy & Rollout

- A reactive, low to medium profile approach is recommended
- Messaging should remain neutral and high-level.
- Strategy needs to be adjustable in order to accommodate the Panel's findings, which are currently unknown.

Pre-Launch	Launch (mid to late February TBC)	Post-Launch
▪ Receive draft report (January 16 TBC) ▪ Three weeks for translation, design and production (based on assumption report is 40 pages) ▪ Prepare media Qs & As, update HBN ▪ Engage MOF	▪ Post Bulletin (or News Release) ▪ Release Report (online only) [redacted]	▪ Update HBN and media Qs & As ▪ Budget 2017 in March

Communications

TBS

<u>Narrative</u>

- Since the release of the Public Accounts, the government has taken action to establish a Pension Asset Expert Advisory Panel.
- The Pension Asset Expert Advisory Panel has released its advice and recommendations to the government on the application of public sector accounting standards to Ontario's net pension assets.
- The results of the Panel will help inform the province's future accounting treatment.

<u>Considerations</u>

- Coordination with the MOF.
- Outreach to Auditor General, OPSEU and OTPPB.
- FAO's position on the pension asset matter.

Jan 26

? TR.

Timelines

TBS

- December 16th – the Panel met with the Auditor General in order to discuss her position on the pension issue.
- December 19th – the Panel will submit their comments to the report writer on the 2nd draft of the outline. ✓
- ~~December 30th~~ or 31st – the report writer will send the 1st draft of the final report to the Panel for review and comments.
- January 8th – The Panel will submit their comments to the report writer for consolidation.
- January 9th – Chair to brief OPCD, Associate Deputy Minister of TBS, and Deputy Minister of TBS.
- January 10th – the report writer will send 2nd draft of the final report to the Panel for review and a meeting on January 11th will be held to discuss any outstanding questions.
- January 11th – the Chair will start drafting of the Executive Summary and will meet with the Panel to discuss HOOPP and CAATPP
- January 16th – Completion of final report

start translation

- English
- French

??

minister

Appendix A – Panel Members

TDS

- Patricia O'Malley (Chair) – Chair of the Canadian Actuarial Standards Oversight Council, member of the Canadian Accounting Standards Oversight Council, Chair of the Canadian Accounting Standards Board and Chaired the International Forum of Accounting Standard Setters;
- Paul Martin – Comptroller with the Government of New Brunswick and previously a partner with the national accounting firm of Grant Thornton LLP;
- Uros Karadzic – Partner at EY's People Advisory Services Reward practice, which includes pension, benefit and compensation consulting; and
- Murray Gold – Leading practitioner and senior pension and benefits partner at Koskie Minsky LLP.

Appendix B – Terms of Reference (Scope)

TBS

- The requirement regarding control with respect to recognizing a pension asset for a joint defined benefit plan
- The requirement regarding control with respect to recognizing a pension asset for other pension plans
- Appropriate valuation techniques to measure a pension asset that take into consideration future decision making authority by plan sponsors
- Recommendations to the Employee Future Benefits Task Force of the Public Sector Accounting Board regarding issues that should be considered in its review of the retirement and post-employment benefits standards.

Appendix C: Media Content Analysis (October 3-December 1, 2016)

TBS

	MEDIUM			TONE			GOV'T KEY MESSAGE PICKUP		GOV'T SPOKESPERSON QUOTED		3RD PARTY QUOTED	
	PRINT	RADIO	TV	POS.	NEU.	NEG.	YES	NO	YES	NO	YES	NO
TOTAL	20	2	1	0	6	17	10	13	11	12	19	4
%	86.9	8.6	4.3	0	26	74	43.4	56.5	47.8	52.2	82.6	17.4