FW: Media summary on Independent Expert Advisors news conference on Public Sector Accounting Standards

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FYI

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Sent: February-13-17 11:11 AM
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Subject: Media summary on Independent Expert Advisors news conference on Public Sector Accounting Standards

MEDIA STUDIO PRESS CONFERENCE
Monday, February 13, 2017
TIME: 10:00 a.m.

SUBJECT:
Independent expert advisors present their advice and recommendations on the application of public sector accounting standards to two of Ontario's jointly sponsored pension plans.

MEDIA IN ATTENDANCE:
Benzie – Star; Sabrina Nanji – QP Briefing; Shawn Jeffords - Tor Sun; Smith Cross - CP; Crawley – CBC

SUMMARY:

Patricia O'Malley, panel chair, and Ernst and Young's Uros Karadciz.

The Panel agrees with the province that net pension assets of both the OTPP and the OPSEUPP should be recognized as an asset in Ontario's financial statements.

O'Malley notes that an accounting surplus does exist and that future economic benefits are available to government in the form of contribution reductions. She said it should be recognized that the province's financial statements recognise the asset provides a faithful representation of the province's financial position, and it represents a fair-trade deal on both sides.
The government will be able to benefit from lower contribution levels in the future, therefore surplus assets should be recognized.

NOTE : The Auditor General released a statement announcing that the AG will provide comment to the media later in the week.(see here news release below along with a social media roundup)

Q&As:

Benzie: So the AG was incorrect?
Answer: "our definition is it does meet the surplus definition."

What if AG doesn't agree?
Answer: "there are members of Public Sector Accounting Board ".. and we can make recommendations to the board to make its definitions more clear in the future

What should the govt do?
Answers: "There are 2 professional opinions here – the only thing I can think is to urge the board to finish its report asap… make it clear, ".

So who is right ?
Answer: "it's not as common as it is in other parts of the world – 'sometimes you have to live with more than one answer'…

"We got there differently than the government but conclusion is the same. Our answer that yes it can be recognized "

Benzie: You met with AG – what is her response?
Answer: - " We wanted her to know what we'd say and our logic, we presented the report on Feb 3… we were there to answer questions and our line of logic…, they thanked us, and had no questions. "

" they were surprised at the int'l literature which I think they haven't referenced before."

Canadian Press story: (10:09 am)

"- An expert panel has concluded in favour of the Liberal government in an accounting dispute with the auditor general.

The panel's conclusion that public pension plan surpluses should be counted as assets gives the government $1.5 billion of breathing room in the same year it has promised to deliver a balanced budget.

Auditor general Bonnie Lysyk's interpretation of the accounting rules would have added $10.7 billion to the net debt.

The issue was with the accounting of the **>Ontario Public Service<** Employees Union Pension Plan and the **>Ontario<** Teachers' Pension Plan, which are jointly sponsored with the government.

Lysyk told the government that because it did not have a legally enforceable right to unilaterally access the assets, they should not appear on the balance sheets.

The government complained that it had been treating such assets the same way for the past 14 years, and called in an independent panel to settle the dispute.

Twitter coverage:

Allison Jones @allisonjones_cp
now
Panel says they're not all accountants. One is a pension lawyer and another is a comptroller...

Allison Jones @allisonjones_cp
10:06 am 1m
Expert panel sides with govt in accounting dispute with AG. Auditor's interpretation would have added $1.5B to deficit, $10.7B to net debt.

Robert Benzie @robertbenzie
9:59 am 2m
Tricia O'Mallet, chair of Canadian Actuarial Standards Oversight Council, and EY's Uros Karadzic. #onpoli

News release from the Office of the Auditor General:

February 13, 2017

Ontario's Auditor General will be reviewing the report being made
morning by the provincial government's Pension Asset Advisory P
two of Ontario's jointly sponsored pension plans. Once her office a
advisors have finished reviewing this final report, the Auditor will th
comment to the media later in the week.

For more information, please contact:
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