Key Messages:

- In preparing the 2015-16 Public Accounts of Ontario, the province's professional accounting staff and the Auditor General's Office engaged in discussions about the appropriate interpretation of Public Sector Accounting Board standards regarding pension accounting for the province's jointly sponsored pension plans.

- As a result of these conversations, the government committed to forming an expert advisory panel to provide advice and recommendations on this issue.

- Ontario has appointed four members to the Pension Asset Expert Advisory Panel. This short-term advisory body, chaired by Tricia O'Malley, has been appointed by the President of the Treasury Board, and comprises experts in the areas of jointly sponsored pension plans, actuarial modelling for pension plans and Public Sector Accounting Standards (PSAS).

- The expert advisory panel will look at the interpretation of public sector accounting standards to Ontario's net pension assets. Panel members will also provide advice on how to value net pension assets reported on the province's books, taking into account future decisions which might be made by the plan's sponsor or sponsors.

  The Panel's recommendations are expected to be delivered to the President of the Treasury Board by the end of the year and will be shared with the Auditor General.

Media Qs&As

Expert Advisory Panel

1. **What will the Expert Advisory Panel do?**

   The Pension Asset Expert Advisory Panel will deliver advice and recommendations to the government on the interpretation of Public Service Accounting Standards (PSAS) to Ontario's net pension assets for defined benefit pension plans. The Panel will also provide advice on how to value net pension assets reported on the province's books, taking into account future decisions which might be made by the plans' sponsors.

2. **When will the Panel's report be ready? Will this report be made public? What happens after that?**

The Panel's recommendations to the President of the Treasury Board are expected by the end of the year.

3. Who will be on the Panel?

The membership of the Pension Asset Expert Advisory Panel is comprised of accounting, legal, and pension experts in the areas of jointly sponsored pension plans, actuarial modelling for pension plans and Public Sector Accounting Standards.

The following four members have been appointed to the Pension Asset Expert Advisory Panel:

Tricia O'Malley (Chair)
Murray Gold
Uros Karadzic
Paul Martin

Commented [np1]: Not yet disclosed

4. How much are they going to be paid?

The Chair will be compensated at $2,000 per diem and $1,900 per diem for the members. Panel members will also be reimbursed for reasonable expenses incurred in connection with their duties in accordance with Treasury Board/Management Board of Cabinet Directives and Guidelines.

Commented [np2]: Not all members will be compensated. Nelson to review

5. How much is this panel going to cost?

The cost of the Panel has been estimated based on the timeline and amount of effort and support services that will be required. The Province will be responsible only for the costs of the appointed members to attend the meetings and any people supporting the work of panel.

The total maximum budget has been established at $978,500.

Commented [np3]: Why would we disclose.

6. The panel won't have the authority to overrule the AG – what's the point?

The government is responsible for ensuring the objectivity and integrity of the consolidated financial statements. In fulfilling this responsibility, the government needs to ensure that its accounting policies fairly reflect the economic substance of

the government’s transactions and activities. This is a complex accounting matter. The outcome of the Panel’s work will help to inform the government’s decisions on future accounting policies related to pension plans.
The role of the Auditor General will continue to be one of reviewing the Province’s financial statements to ensure that they fairly reflect the financial position and activities of the government.

7. Has the AG endorsed this panel? Will she be a part of it?

The Auditor General is not part of the panel itself. However, the Panel will undertake to understand the Auditor General’s position on this issue as part of its deliberations.

8. Isn’t the Public Sector Accounting Board looking into this issue? Why create a panel?

The Public Sector Accounting Board has initiated a project to review current accounting standards related to accounting for employee future benefits. The outcome of the project may impact future accounting standards for pension plans; however, the issue that the Panel will address focuses on the interpretation of existing standards related to Ontario’s specific joint defined pension plans.

9. Why are you continuing to fight the Auditor General in public on this issue?

In preparing the 2015-16 Public Accounts of Ontario, the province's professional accounting staff and the Auditor General's Office engaged in discussions about the appropriate application of Public Sector Accounting Board (PSAB) standards regarding pension accounting for the province's jointly sponsored pension plans.

From the government’s perspective, the accounting treatment for jointly sponsored pension plans that was initially adopted in 2001 is still appropriate. Given the difference of opinion, the Province filed a time-limited regulation, which legislated the accounting for pension assets of jointly-sponsored pension plans for the 2015-16 Public Accounts only. The government believes this is consistent with the fiscal outcome proposed by the Auditor General.

Since the release of the Public Accounts, the government has taken action to establish a Pension Asset Expert Advisory Panel to provide advice on the interpretation of the accounting standards to Ontario’s defined benefit pension plans. The results of the Panel will help inform the province’s future accounting treatment.

It remains the government's responsibility to ensure that the Province's financial results are presented fairly. The actions being taken by the government are intended to serve the public interest and to fulfill that important responsibility.

10. You've agreed with the Auditor General's numbers in September, why don't you just accept her ruling and continue to use her methodology going forward?

Although the 2015-16 Public Accounts reported financial results are consistent with the Auditor General's interpretation of the accounting standards for jointly sponsored pension plans, those results were only made possible through a regulation enacted by the government.

To ensure the fair reporting of the Province's financial results, the government has established a Pension Asset Expert Advisory Panel that will advise the government on the interpretation of accounting standards to the government's defined benefit pension plans. The results of the Panel, once available, will help to inform the Province's future accounting treatment for our defined pension benefit plans.

11. It sounds like the government is yet again fighting with the Auditor General. What do you say to this?

This is not true from the government's perspective. Let me explain why: the government respects the oversight and recommendations provided by all independent officers of the Legislative Assembly of Ontario, including the Auditor General. In this case, for the 2015-16 Public Accounts, while one specific issue is being sorted through, we enacted a regulation which would allow us to reflect the financial impact consistent with the Auditor General's numbers.

Commented [np4]: We DO NOT agree.

We believe that this complex and significant accounting matter would benefit from additional discussions, information and consideration.

That's why the Government has appointed the Pension Asset Expert Advisory Panel to provide advice and recommendations to the government on the application of Public Service Accounting Standards (PSAS) to Ontario's net pension assets. The Panel will also provide advice on how to value net pension assets reported on the province's books, taking into account future decisions which might be made by the plan's sponsor.