# Pension Asset Expert Advisory Panel Report – Release Recommendation

## Communications Approach

- A **proactive, low to medium profile** communications approach is recommended.
- Approach must not jeopardize **the independent and neutral nature of the PAEAP.**
- Messaging should remain **neutral and factual,** balancing the need for the gov't to state its position, **while demonstrating respect for all parties involved**, i.e. Auditor General, members of the PAEAP.
- Continue to position government as **cooperative and diligent** and acting with **integrity** in its attempt to resolve the issue.
- Continue to put forward **Minister Sandals and Minister Sousa** as primary spokespersons to deliver government's key messages (e.g. via press conference).
- Communications tactics will be **adjustable and flexible** to give the government the ability to accommodate PAEAP's findings.
- Continue to **engage the QP Press Gallery, particularly print media,** in an effort to carry the gov'ts message to a broad spectrum of Ontarians.
- Provide a **technical briefing** led by PAEAP for opposition and media to better explain this complex topic.

**Considerations:**

- Coordination with the MOF & OFA.
- Outreach to Auditor General, PSAB, OPSEU and OTPPB.
- FAO's position on the pension asset matter.
- Credit rating agencies perception of Ontario's financial position.
- Production timelines for 25,000 word document:
  - Translation & proofreading: 8 business days
  - Formatting & HTML: 5 business days English, 5 business days French

## Announcement Options

***Option A: Proactive, high-profile***

- PAEAP media event led by PAEAP Chair with Ministers Sandals and Sousa present. Recommend event be held in neutral location i.e. boardroom in MacDonald Block, consistent with fall 2016 technical briefing for media.
  - PAEAP Chair submits report to Minister Sandals and holds press conference.
  - Press conference is followed by media availability by Minister Sandals and Minister Sousa.
  - Possible technical briefings led by PAEAP for media and opposition party.
- TBS issues news release with province-wide email distribution, report posted on Ontario.ca.
- At a later date, TBS issues media bulletin on Newsroom with no email distribution to announce supplemental report is available on Ontario.ca.

***Option B: Neutral, medium-profile***

- TBS issues news release with province-wide email distribution, with a link to the report posted on Ontario.ca.
- PAEAP holds technical briefings for media and opposition party.
- Minister Sandals and Minister Sousa available for comment on reactive basis.
- At a later date, TBS issues media bulletin on Newsroom with no email distribution to announce supplemental report is available on Ontario.ca.

***Option C: Reactive, low-profile***

- TBS posts media bulletin to Newsroom with no email distribution, with a link to the report posted on Ontario.ca.
- MO/PO delivers hard copy of bulletin to the QP press gallery and is available for questions.
- PAEAP holds technical briefings for media and opposition party.
- At a later date, TBS issues media bulletin on Newsroom with no email distribution to announce supplemental report is available on Ontario.ca.

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**Timeline**

Recommended:

| Date | Item | Lead |
| --- | --- | --- |
| January 25 | Final Report submitted to TBS | PAEAP |
| January 25 | Embargoed Final Report shared with MOF & OFA | OPCD |
| January TBD | Letter from PAEAP Chair to Auditor General, with embargoed Final Report and offer to brief<br>NOTE: Reassess tactics in order to respond to Auditor General's position, if known | OPCD/PAEAP |
| w/o January 30 | PAEAP Chair briefs Auditor General on report findings | PAEAP |
| *w/o February 6* | *Considerations:*<br>- *Auditor General is unavailable*<br>- *MOF releasing its Long-term Fiscal Report February 8 TBD* | |
| w/o February 6 | Outreach to PSAB with findings and recommendations | PAEAP |
| | Outreach to OPSEU, OTPPB with findings and recommendations | OPCD |
| February 13 | Report is ready for public release | Comms |
| **w/o February 13** | **Public release of report** | **Comms/OPCD/PAEAP** |
| February 15 TBC | Supplemental report submitted to TBS | PAEAP |
| *February 21* | *Considerations: House resumes* | |
| February 23 TBC | Supplemental report is ready for public release | Comms |
| w/o February 27 | *Considerations: FAO to release their report (TBD)* | |

Aggressive:

| Date | Item | Lead |
| --- | --- | --- |
| January 25 | Final Report submitted to TBS | PAEAP |
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| January TBD | Letter from PAEAP Chair to Auditor General, with embargoed Final Report and offer to brief<br>NOTE: Reassess tactics in order to respond to Auditor General's position, if known | OPCD/PAEAP |
| w/o January 30 | Outreach to PSAB with findings and recommendations | PAEAP |
| | Outreach to OPSEU, OTPPB with findings and recommendations | OPCD |
| | PAEAP Chair briefs Auditor General on report findings | PAEAP |
| *w/o February 6* | *Considerations:*<br>- *Auditor General is unavailable*<br>- *MOF releasing its Long-term Fiscal Report February 8 TBD* | |
| **w/o February 6** | **Public release of report**<br>*NOTE: This does not allow for production timelines. Alternate resources will need to be allocated.* | **Comms/OPCD/PAEAP** |
| February 15 TBC | Supplemental report submitted to TBS | PAEAP |
| *February 21* | *Considerations: House resumes* | |
| February 23 TBC | Supplemental report is ready for public release | Comms |
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APPENDICES:

Target Audiences

| Primary Audiences | Position | Tactic to Reach |
|---|---|---|
| FAO | Negative<br>• The FAO has publicly stated the Province's plan to balance the budget relies on optimistic assumptions for revenue growth and program spending restraint.<br>• The FAO believes there is significant risk the gov't may not be able to eliminate the deficit in 2017-18, nor maintain a balanced budget going forward.<br>• Stephen LeClair, a Financial Accountability Officer, is quoted that the FAO will not give an opinion on the pension asset matter and that the FAO is only interested in how this affects Ontario's fiscal position. (TorStar, Oct 6, 2016) | • Letter from Deputy Minister with a link to report on Ontario.ca |
| Auditor General | Negative<br>• QP Briefing (Nov 30) reports the AG is wondering if the government is trying to "undermine" her office in releasing unaudited financial statements. | • Letter from panel with embargoed copy of report<br>• Panel briefing |
| PSAB, OPSEU, OTPPB, HOOPPB, CAATPPB | Neutral<br>• TBS has not received correspondence on this issue. It is fair to assume that these stakeholders are waiting for Ontario to clarify their position on the matter. | • Letter from panel highlighting report's findings |
| **Secondary Audiences** | **Position** | **Tactic to Reach** |
| Credit rating agencies | Neutral<br>• Checking with MOF for any recent inquiries, etc | • Letter from OFA head Gadi Mayman with link to report on Ontario.ca |
| Official opposition and third party | Negative<br>• PC Finance Critic Vic Fedeli has talked about the govt's 'budget hole' and says the gov't is in "*full panic mode*" (Ottawa Sun Oct 4, Beach Mirror Oct. 3)<br>• NDP Leader Andrea Horwath is quoted on her concern over the relationship between the government and the Auditor General, describing it as a "*pattern of behaviour*". (TorStar, TorSun) | • Opposition briefing |
| **Tertiary Audiences** | **Position** | **Tactic to Reach** |
| General public | Neutral to negative<br>• TBS has not received any correspondence or inquiries on this matter.<br>• It is fair to assume the general public's opinion will be based on how the media has framed the matter (74% negative coverage, 26% neutral coverage). | • News media coverage<br>• Web content |

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Issues & Mitigation

| Issue/Consideration | Mitigation Strategy | Key Messages |
|---|---|---|
| Stakeholder uncertainty about Ontario's fiscal situation. | • Proactive outreach to key stakeholders (e.g. credit rating agencies, FAO) to deliver positive messaging on Ontario's financial position. | • Our intention is to move forward and continue to present the province's finances fairly and accurately.<br>• We remain committed to balancing the Budget by 2017-18 and remaining balanced in 2018-19. |
| Perception that Ontario has paid for a third party opinion. | • Reactive messaging in Qs&As reinforcing independent nature of Panel of professional experts. | • Since the release of the Public Accounts, the government established an independent advisory panel.<br>• The Pension Asset Expert Advisory Panel has provided their neutral advice on the interpretation of the accounting standards to Ontario's defined benefit pension plans. |
| Auditor General continues to disagree with Ontario's position on pension assets, given Panel's findings are not binding. | • Proactive outreach to Auditor General's Office by Panel to provide briefing and embargoed report.<br>• Reactive messaging in Qs&As | • The government respects the oversight and recommendations provided by all independent officers of the Legislative Assembly of Ontario, including the Auditor General.<br>• The Panel's advice will help inform discussions with the Auditor General as we work toward agreement on how the accounting standard is applied to future financial statements. |
| Address Recommendation #1 in **Auditor General's 2016 Report**: "We recommend that the TBS and the MOF finalize their position on the pension asset issue." | • Proactive outreach to Auditor General's Office by government to finalize position on pension asset issue.<br>• Messaging in Qs&As.<br>QUESTIONS TO BE DISCUSSED:<br>1. Do we keep qualified rating? If so, do we need more messaging that explains basis and what this means?<br>2. Do we do this as part of Report Release as part of 2016-17 public Accounts? | • |
| For 2015-16 Public Accounts, government filed time-limited regulatory amendmentin order to adopt the Auditor General's accounting interpretation for the treatment of net pension assets for 2015-16. This resulted in $10.7 billion added to the net debt and accumulated deficit and $1.5 billion increase to 2015-16 annual deficit. | • Clarify Ontario's course of action on this issue.<br>QUESTIONS TO BE DISCUSSED:<br>1. Is Ontario lifting the amendment and re-stating 2015-16 Public Accounts numbers? If so, how and what is the timing? Will this be done prior to 2017 Budget?<br>2. Can we claim the lower deficit projection numbers ( pre-reg) or do we need to wait for a formal readjustment? | • |