Pension Asset Expert Advisory Panel Report
Communications

Briefing for DM Betzner
Wednesday, February 1, 2017

Confidential Advice to Cabinet

Background

- In preparing the 2015-16 Public Accounts, professional accounting staff and the Auditor General's Office discussed appropriate application of Public Sector Accounting Board (PSAB) standards regarding pension accounting for Ontario's jointly-sponsored pension plans:
  - Ontario Teachers' Pension Plan (OTPP)
  - Ontario Public Sector Employees' Union Pension Plan (OPSEUPP)
- On Nov. 10, 2016, gov't formed Pension Asset Expert Advisory Panel.
- Mandate to deliver recommendations on how public sector accounting standards are interpreted as they apply to pension assets. Members have expertise in jointly-sponsored pension plans, actuarial modelling for pension plans, and Public Sector Accounting Standards.
- Panel's advice is gov't should record an asset in the 2015-16 Public Accounts for its share of the surplus reported in the accounting valuations of the two pension plans.
- In the coming weeks, panel will issue a supplemental report on how pension assets should be recognized in the Healthcare of Ontario Pension Plan (HOOPP) and the Colleges of Applied Arts and Technology Pension Plan (CAAT).

Strategic Approach

- Communications approach and messaging will remain **neutral** and **factual**, balancing need for gov’t to state its position, while demonstrating respect for all parties involved.

- Communications plan, tactics and messaging to remain **flexible** and **adjustable** based on advice and coordination with Ministry of Finance (e.g. Q3 report, long -term fiscal report).

- Tactics and messaging will be **reassessed**, as needed, to respond to **Auditor General’s position** (if known).

Key Messages

- We thank the Pension Asset Expert Advisory Panel for their work on this complex issue.
- We are pleased that the independent panel agrees with Ontario's view that net pension assets for jointly-sponsored plans should continue to be recognized in the province's financial statements, as they have been for the past 14 years.
- The province is accepting all of the panel's recommendations and will prepare its future financial statements based on this advice.
- By applying the panel's advice to the Province's 2015-16 finances, Ontario's deficit has been lowered to $3.5B, from the $5B originally reported in the 2015-16 Public Accounts.
- The panel's advice will also help inform discussions with the Auditor General in the hopes of reaching agreement on how the accounting standard is applied to future financial statements.
- The province remains committed to balancing the budget by 2017-18, and remaining balanced in 2018-19.

Announcement Options

Timing:

- Currently tracking for announcement **Monday, Feb. 13**
- If paper-only, report ready by **Thursday, Feb. 2**

Rollout options:

- Press conference (Ministers Sandals & Sousa)
- Paper release and media availability
- Bundle with release of MOF Q3 report

Top Issues

Audience	Areas of concern
Media & Opposition	• Dispute between AG and province • Perception Ontario bought opinion it wanted • Non-binding recommendations • Creative accounting • Impact on path to balance
Auditor General	• Disagreement with panel's position (TBC) • OAG sought independent opinions • Concern province undermining OAG authority • Impact on future audit opinions
Stakeholders (FAO, credit rating agencies, etc.)	• Impact on path to balance • Uncertainty re. Ontario's fiscal situation • Future borrowing ability • Re-stating Public Accounts

Next Steps

- Confirm timing & rollout
- Continue communications product approvals:
  - News release
  - Minister's statement
  - Qs&As
- Continue report prep (HTML conversion, translation)
- Reassess tactics and messaging, as needed, to respond to AG's position (if known)