RE: Pension Q

From: "Veinot, Cindy (TBS)" <"/o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=veinot, cindy (tbs)d57">
To: "Donaldson, Mark (TBS)" <mark.donaldson@ontario.ca>
Date: Thu, 29 Mar 2018 11:19:25 -0400

I came by, but you were in a conversation Nell – the FHP would factor in, but not sure that's our area to comment on -- let's discuss – I have a call at 11:30, but am free before and after.

Cindy

From: Donaldson, Mark (TBS)
Sent: March 29, 2018 9:45 AM
To: Veinot, Cindy (TBS)
Subject: RE: Pension Q
Importance: High

Cindy,

I've highlighted below …. the $1.4B and $12.4B are correct. The statement that pension assets will rise is also correct.

The net debt understatement comment – the pension asset numbers I provided (based on Pauline's worksheets) were **$14.6B** in 17-18, **$17.3B** in 18-19 and **$20.3B** in 19-20 –this may be the basis for that range, but unclear how the FHP Trust borrowing also factors in.

Let me know if we need to chat.
Mark

From: Bonnie Lemcke [mailto:Bonnie.Lemcke@ofina.on.ca]
Sent: March 29, 2018 9:09 AM
To: Mayman, Gadi (OFA); Veinot, Cindy (TBS); Schuurman, Tim (MOF); Lewis, Brian (MOF)
Cc: Strathy, Anna (OFA); Hughes, Karen (TBS); Laughton, Patrick (TBS); Donaldson, Mark (TBS); Cross, David (OFA); Birks, Ryan (MOF); Tarin, Ghufran (MOF); Kandeepan, Ken (OFA)
Subject: RE: Pension Q
Importance: High

Here is the draft of the commentary. We need to provide comments back by 10 am. He has made a statement about the pension deficit. Please make sure that he is not stating anything that should not be made public

"The 2016-17 Audit Report indicated that the deficit was understated by $1.4 billion and that net debt was understated by $12.4 billion (equivalent to 1.6% of nominal GDP). The 2018 Budget does not provide disaggregated balance sheet data, but given the performance of the underlying pension plans in recent years and the budget projection for other net assets, the reported net pension asset appears likely to rise. With Ontario Fair Hydro Trust expected to borrow about $2.0 billion annually over the coming years, the Auditor General would likely argue that the deficit is understated by more than $3.0billion in 2018-19 and that the net debt is likely understated by between $15.0 and $20.0 billion (1.7 to 2.3 percentage points of GDP)."

Bonnie

From: Gadi Mayman
Sent: Wednesday, March 28, 2018 5:25 PM
To: Bonnie Lemcke <Bonnie.Lemcke@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Re: Pension Q

Somewhat negative would be OK. Let's see what that means, though.

On Mar 28, 2018, at 4:24 PM, Bonnie Lemcke <Bonnie.Lemcke@ofina.on.ca> wrote:

> I spoke to Paul and he said he will be sharing his draft so we will be able to confirm that everything is ok to publish. It may come this evening. He was surprized that the deficit did not improve over the next two years and indicated his report will be somewhat negative.
>
> Bonnie
>
> **From:** Gadi Mayman
> **Sent:** Wednesday, March 28, 2018 2:55 PM
> **To:** Bonnie Lemcke < Bonnie.Lemcke@ofina.on.ca >
> **Cc:** Anna Strathy < Anna.Strathy@ofina.on.ca >
> **Subject:** Fwd: Pension Q
>
> Begin forwarded message:
>
>> **From:** "Donaldson, Mark (TBS)" <Mark.Donaldson@ontario.ca>
>> **Date:** March 28, 2018 at 2:35:09 PM EDT
>> **To:** "Hughes, Karen (TBS)" <Karen.Hughes@ontario.ca>, "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>
>> **Cc:** "Hosick, Sarah (TBS)" <Sarah.Hosick@ontario.ca>, "Strathy, Anna (OFA)" <Anna.Strathy@ofina.on.ca>, "Laughton, Patrick (TBS)" <Patrick.Laughton@ontario.ca>
>> **Subject: RE: Pension Q**
>>
>> Info was provided - I have clarified with Paul it is not for publishing - he asked if YOY change was ok but I indicated that wouldn't be. He said he'll be sharing a draft.
>>
>> From: Hughes, Karen (TBS) <Karen.Hughes@ontario.ca<mailto:Karen.Hughes@ontario.ca>>
>> Date: Wednesday, Mar 28, 2018, 2:25 PM
>> To: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>, Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>, Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>
>> Cc: Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca<mailto:Sarah.Hosick@ontario.ca>>, Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>, Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca<mailto:Patrick.Laughton@ontario.ca>>
>> Subject: Re: Pension Q

Just talked to Gadi and we are ok to give the number as long as they are using it only for their analysis - not for publication.

Karen

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Veinot, Cindy (TBS)
Sent: Wednesday, March 28, 2018 1:50 PM
To: Donaldson, Mark (TBS); Hughes, Karen (TBS); Mayman, Gadi (OFA)
Cc: Hosick, Sarah (TBS); Strathy, Anna (OFA); Laughton, Patrick (TBS)
Subject: RE: Pension Q

I had a conversation with Karen this morning re: how much detail we should provide and we agreed not to provide specific numbers if not disclosed in the budget. However, given this question is from a rating agency, we should confirm.

Re: the numbers – they are in the email Pauline sent to me this morning. We can confirm those once we determine how we will respond.

Gadi – what is your view on this?

Thanks,

From: Donaldson, Mark (TBS)
Sent: March 28, 2018 1:47 PM
To: Veinot, Cindy (TBS)
Subject: RE: Pension Q

I have it here. What are net pension assets in net debt calc? Not clear if asking for total or just Teachers/OPSEU. I've called Pauline. I can come find you.

From: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>
Date: Wednesday, Mar 28, 2018, 1:41 PM
To: Donaldson, Mark (TBS)
<Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>
Subject: RE: Pension Q

I don't have the question – can you send it to me.

From: Donaldson, Mark (TBS)
Sent: March 28, 2018 1:40 PM
To: Veinot, Cindy (TBS)
Subject: Pension Q

DBRS. Can we discuss?