

MEMORANDUM

TO: Jeff Abrams

FROM: Joy Hulton

DATE: October 26, 2005

RE: **Clause 7, Finance and Administration Committee Report 8**
Bill 206 – *Ontario Municipal Employees' Retirement System Act*

At its meeting of October 6, 2005, the Finance and Administration Committee recommended the adoption of Clause 7 of Finance and Administration Committee Report No. 8, entitled "Bill 206 – *Ontario Municipal Employees' Retirement System Act*", in which it was recommended that Regional Council endorse a letter to be sent by the Mayors and Regional Chairs of Ontario (MARCO) to the province, outlining municipal concerns with the Bill.

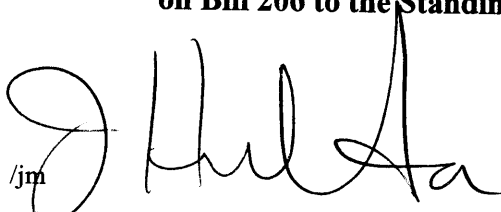
Subsequent to the Committee meeting, it was determined that the steps required to have the letter referred to in recommendation 1 of the clause (attached) endorsed by the Mayors and Regional Chairs of Ontario (MARCO) could not occur in a timely manner. It also became known that the Standing Committee on General Government had set hearings on the Bill for November 14, 16, 21 and 23 in Toronto.

Accordingly, it is now recommended that Council adopt the following motion in consideration of this matter:

The recommendation of the Finance and Administration Committee be deleted and replaced with the following:

- 1. The Regional Chair submit a letter to Premier McGuinty and the Minister of Municipal Affairs and Housing identifying concerns with Bill 206 and requesting that further consideration of the Bill be postponed pending municipal consultations;**
- 2. A copy of the letter be sent to MARCO member municipalities for information; and**

3. **The CAO and/or other appropriate Regional staff present the Region's position on Bill 206 to the Standing Committee on General Government.**

A handwritten signature in black ink, appearing to be "J. H. A.", is written over the text of item 3. The signature is fluid and cursive.

/jm

e-docs #175140

October , 2005

BY FAX (416) 325-9895

The Honourable Dalton McGuinty
Premier
Legislative Building
Room 281
Queen's Park
Toronto, ON M7A 1A1

BY FAX (416) 585-6470

The Honourable John Gerretsen
Minister of Municipal Affairs & Housing
17th Floor
777 Bay Street
Toronto, ON M5G 2E5

Dear Premier McGuinty and Minister Gerretsen:

Re: Bill 206 – OMERS Pension Reform

I am writing as Chair of the Mayors and Regional Chairs of Ontario (“MARCO”) to express our concerns regarding *Bill 206 – An Act to Revise the Ontario Municipal Retirement System Act* and to seek your assurance that this proposed legislation will not proceed any further until there has been a full assessment of the financial implications, in consultation with all stakeholders.

Employer stakeholders require additional time to fully assess the implications of Bill 206. In the meantime, we wish to bring some of our initial concerns to your attention and request that further consideration of Bill 206 be postponed until such time as the financial analysis of the proposals contained in the legislation is completed. We also ask that the Province fulfil its commitment to engage in consultation before introducing legislation that will have a significant financial impact on municipal budgets in accordance with the Memorandum of Understanding with AMO and section 3(1) of the *Municipal Act, 2001*.

We are particularly concerned about two aspects of the proposed legislation, namely the proposal to introduce supplemental plans and the composition of the proposed Sponsors Corporation and Administration Corporation.

(a) Appointments to Sponsors Corporation and Administration Corporations

Bill 206 provides that appointments to the first term of the Sponsors Corporation will be made by the Province, for a term of one year. However, employers have not been consulted regarding these appointments. The Sponsors Corporation will assume the role of plan sponsor, and the initial panel of appointees to the Corporation will play a significant role in shaping the future of the OMERS Plans. Representation on this corporation must be balanced as between employer and employee representatives to ensure that the interests of any one stakeholder group do not unduly influence the decision-making process. Employers along with other stakeholders should be consulted regarding the composition of the Sponsors Corporation, including appointments to be made for the first term.

While the Sponsors Corporation will assume the role of plan sponsor, the Administration Corporation will have the responsibility to safeguard the financial viability and integrity of the OMERS plans. As a result, it is imperative that appointees to the Administration Corporation possess the skills and expertise necessary to carry out these fiduciary responsibilities. This is an issue of paramount importance that has been given little attention in the discussion of Bill 206 to date, and it should be addressed through the consultation process and reflected in any proposed legislation.

(b) Supplemental Plans

Municipal employers are currently facing escalating labour costs, particularly in the emergency services sector and we are therefore extremely concerned about the potential costs that will result from the introduction of supplemental plans. If supplemental plans are prescribed in the legislation, the role of the Sponsors Corporation to make decisions about supplemental benefits will be undermined, and the prescription of the terms and conditions of such plans in the legislation would effectively bind employers to additional pension costs without the opportunity to engage in meaningful negotiations with their employee groups. Given the desire of the Province to remove itself from administration of the OMERS plans, it would be more appropriate to delete any specific reference to supplemental plans from Bill 206, and allow the Sponsors Corporation to exercise its decision making power.

Employers are also concerned about the fact that stakeholder meetings regarding supplemental plans are being carried out with police and fire associations in the absence of employer representatives. Employers have chosen not to participate in stakeholder meetings to date because they feel detailed discussions about supplemental plans are premature. Employers must, however, be given the opportunity to participate in meaningful stakeholder consultation once the financial implications of supplemental plans has been assessed. While employers are committed to participating in consultation with the Province, stakeholder meetings should be suspended until such time as employers are able to fully assess the financial implications of supplemental plans and present this assessment in an informed manner to the Province for its consideration.

The members of MARCO look forward to the opportunity to work with the Province to ensure that the interests of all stakeholders are reflected in the OMERS legislation. I ask that you consider our intial comments together with those submitted by other employer stakeholders.

Sincerely,

Bill Fisch, Chair
MARCO

Copy to: List name(s)

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