



Ontario Public School Boards' Association



Ontario Catholic School
Trustees' Association

November 22, 2005

Linda Jeffrey, Chair
Standing Committee on General Government
Legislative Assembly of Ontario
Queen's Park
Room 1405, Whitney Block
99 Wellesley Street West,
Toronto, Ontario M7A 1A2

Attention: Tonia Grannum, Committee Clerk

Dear Linda Jeffrey:

Re: Bill 206, An Act to revise the OMERS System Act, 2005

Please find enclosed a joint submission from the Ontario Catholic School Trustees Association and the Ontario Public School Boards' Association on Bill 206. The Catholic School Trustees' Association (OCSTA) represents 600,000 students and the Ontario Public School Boards' Association advocates on behalf of 1.3 million learners.

We had requested an opportunity to make a joint presentation on behalf of our members, but unfortunately were not given that opportunity.

We ask that these views and concerns put forward in this written submission on Bill 206 be given due consideration during the committee's deliberations.

Yours truly,

Rick Johnson, President
Ontario Public School Boards' Association

Paul C. Whitehead, President
Ontario Catholic School Trustees' Association



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Submission to the General Government Committee

Regarding Bill 206

An Act to revise the Ontario Municipal Employees Retirement Systems Act, 2005

This submission is presented to the Committee by the Ontario Catholic School Trustee Association (OCSTA) and the Ontario Public School Boards' Association (OPSBA) referred to as the Parties. OCSTA represents all of the English language separate District School Boards in Ontario encompassing about 600,000 elementary and secondary students or about one-third of the student population in Ontario. OPSBA represents all of the English language public District School Boards and 22 school authorities in Ontario encompassing about 1.3 million elementary and secondary students or about two-thirds of the student population in Ontario.

On May 2, 2002 the Parties sent a joint letter to the Chair of the OMERS Board supporting the proposed Provincial direction to change the governance structure of the pension plan. The letter outlined the need for proportional representation on both the Sponsors Corporation and the Administrative Corporation, supported the principle of one sponsorship committee, the maintenance of the exclusivity of the plan and the need for the Province to continue to discharge their fiscal responsibility to fund the required employer contributions.

On June 1, 2005, the government introduced Bill 206, an Act to revise the Ontario Municipal Employees Retirement System Act, to change the OMERS governance structure. Upon review, the Parties continue to be supportive of the change in governance structure but wish to raise three specific issues that we believe need to be addressed in the Bill 206. As well, we also note and share some of the concerns outlined in the AMO letter of September 20, 2005 (copy attached) to the Hon. John Gerretsen, Minister of Municipal Affairs and Housing. As requested by AMO, both of our organizations would be very interested in the Minister's response to these questions to continue to help us understand the full impact of Bill 206.

Representation:

While Bill 206 sets out one OPSBA and one OCSTA representative on the Sponsors Corporation, only one education representative is proposed for the Administrative Corporation, to be shared alternately, by the two organizations. This proposed structure does not provide for an appropriate education voice in the OMERS pension plan. We recognize that there are significantly fewer employers than many of the other represented organizations and that School Boards are represented by four Board associations. However, 27% of the active OMERS members are from the education sector. One representative voice on the Administrative Corporation is not appropriate member representation.

Mandatory Arbitration:

Bill 206 sets out a mandatory arbitration process for the first year of operation for the Sponsors Corporation while procedural by-laws are prepared by the members. Since the Corporation structure will be half employer and half employee representatives there is the concern that mandatory arbitration may be too simple a solution for some issues rather than both parties working within a process where resolution can only be found through continued discussion, compromise and consensus. Such a decision making process will no doubt result in better pension decisions and a better ongoing working relationship. We believe that in the absence of an appropriate by-law, the mandatory arbitration could become entrenched in the ongoing decision making process to the detriment of all parties.

As well, pension issues are already at the negotiation table for some employers and labor failure there could inappropriately move negotiation issues to the Sponsors Corporation agenda for resolution. Mandatory arbitration should not be an automatic option if this happens.

Provincial Representation in both Corporations:

There is an ongoing need for the Province to continue to be fiscally responsible for the cost of delivering education services. Since 100% of funding is now provided by the provincial government it would seem prudent for the Province to be represented at both the Sponsors and Administrative Corporations to have first hand knowledge of the proposals, changes and costs faced by all employers. For example, OMERS premiums are set to be increased by approximately 9% on January 1, 2006 while provincial funding for all benefits increased by only 2% in this fiscal year. As well, the costs for the operation of the proposed Sponsors Corporation and Bill 206 have been raised as a concern by AMO and will need to be addressed in an appropriate manner. Again, Provincial representation at both tables will ensure that the Province is aware of the financial pressures faced by all employers. Provincial representation currently exists on the OMERS Board of Directors and is also provided for in the Teachers Pension Plan governance structure.

Recommendations:

- 1) That a second representative for education be provided for in the Administrative Corporation structure,
- 2) That the proposed mandatory arbitration in the operating process of the Sponsors Corporation be removed, and
- 3) That Provincial representation in the structure of both the Sponsors and Administrative Corporation be provided.

Thank you for the opportunity to present our views and proposed amendments.



Rick Johnson, President
Ontario Public School Boards' Association



Paul C. Whitehead, President
Ontario Catholic School Trustees' Association