



ISSN 1180-5218

Legislative Assembly
of Ontario
Second Session, 38th Parliament

Assemblée législative
de l'Ontario
Deuxième session, 38^e législature

Official Report of Debates (Hansard)

Thursday 26 January 2006

Journal des débats (Hansard)

Jeudi 26 janvier 2006

**Standing committee on
general government**

Ontario Municipal Employees
Retirement System Act, 2006

**Comité permanent des
affaires gouvernementales**

Loi de 2006 sur le régime
de retraite des employés
municipaux de l'Ontario

Chair: Linda Jeffrey
Clerk: Tonia Grannum

Présidente : Linda Jeffrey
Greffière : Tonia Grannum

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Copies of Hansard

Copies of Hansard can be purchased from Publications Ontario: 880 Bay Street, Toronto, Ontario, M7A 1N8.
e-mail: webpubont@gov.on.ca

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Exemplaires du Journal

Des exemplaires du Journal sont en vente à Publications Ontario : 880, rue Bay Toronto (Ontario), M7A 1N8
courriel : webpubont@gov.on.ca

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON
GENERAL GOVERNMENT**

**COMITÉ PERMANENT DES
AFFAIRES GOUVERNEMENTALES**

Thursday 26 January 2006

Jeudi 26 janvier 2006

The committee met at 1001 in room 151.

**ONTARIO MUNICIPAL EMPLOYEES
RETIREMENT SYSTEM ACT, 2006**

**LOI DE 2006
SUR LE RÉGIME DE RETRAITE
DES EMPLOYÉS MUNICIPAUX
DE L'ONTARIO**

Consideration of Bill 206, An Act to revise the Ontario Municipal Employees Retirement System Act / Projet de loi 206, Loi révisant la Loi sur le régime de retraite des employés municipaux de l'Ontario.

**ASSOCIATION OF MUNICIPALITIES
OF ONTARIO**

The Chair (Mrs. Linda Jeffrey): Good morning and welcome. Thank you for being here today. After you've introduced yourself and the individuals at the table with you, should they be speaking, for Hansard, if you could record your name and the organization you speak for. After that you'll have 15 minutes. Should you use all that time, there won't be an opportunity for questions. If you leave a little bit of time, there will be an opportunity for us to ask about your delegation.

Mr. Roger Anderson: Thank you very much, Madam Chair. My name is Roger Anderson. I'm the president of the Association of Municipalities of Ontario and chairman of the regional municipality of Durham. To my right is Pat Vanini, our executive director, and to my left is Brian Rosborough, our policy staff. We're pleased to be here today and have the opportunity to once again make a follow-up submission to the standing committee on general government on Bill 206.

As a representative and advocate of almost all municipal governments across the province of Ontario, with more than 380 municipal members who are OMERS employers, AMO is profoundly concerned about the impact of Bill 206 and the potential for significant costs for municipalities and, ultimately, for the property taxpayers that we all represent. To date, AMO has heard from over 200 municipalities across this province citing concerns regarding the proposed legislation. AMO maintains that the province is rushing to reform one of Canada's most important pension funds without a reasonable understanding of the potential repercussions

and without sufficient regard to the best interests of the employees, retirees, employers, citizens and taxpayers, or the Ontario economy.

The government advised the Legislative Assembly at second reading of this proposed legislation that all of the input received by standing committee members was brought forward and taken very seriously. Yet amendments tabled to date reflect a fundamental, absolute disregard for the interests of OMERS employers, municipal governments and property taxpayers. Bill 206 is terribly flawed and fundamentally wrong. If this bill was once about the devolution of responsibility and autonomy to OMERS employee and employer members, it no longer is. It is now a bill that is first and foremost about ensuring access to enhanced retirement benefits for a select group of employee members.

AMO's preliminary analysis concluded that the potential cost impact for municipalities in Ontario for supplemental plans could be as much as \$380 million a year. This is estimated to be equivalent to a province-wide property tax increase of 3%. Over five years, this amounts to \$1.9 billion. This is equivalent to the full amount of the federal gas tax being transferred to Ontario municipalities over the next five years. How interesting.

While the amended bill appears to put some limits on benefit changes and the government has signalled an intent to remove the solvency requirement for supplemental plans, we have absolutely no doubt that there will be new OMERS costs, with not one penny finding its way into any service improvements for the public. The province has told the committee that AMO's costing is based on a worst-case scenario, as mentioned by MPP Brad Duguid. If they have any alternative data or actuarial analysis they can provide us, we urge them and call upon the government of Ontario to present it to us and to the public now.

Bill 206 provisions mandating supplemental plans for police, fire and paramedics will result directly in property tax increases and will undermine our ability to invest in communities, including emergency services. There will be costs, ladies and gentlemen. In fact, the amendments introduced subsequent to the last standing committee hearings, particularly the provisions making supplemental plans mandatory within two years and the addition of paramedics, would increase AMO's cost estimates dramatically.

Needless to say, the logistical challenges of supplemental plans are considerable and complex. All would have to be managed and administered by OMERS on behalf of approximately 900 employer groups, not to mention the anticipated significant increase in actuarial and technology costs. The OMERS board has speculated that the cost of lawyers and pension experts to advise the sponsors corporation in establishing province-wide supplemental plans alone is somewhere between \$5 million and \$10 million. These estimates don't even factor in the resources necessary to ensure the successful transition of the plan and support for the sponsors in educating themselves as they assume their new and very important role.

When Bill 206 was introduced, it outlined the potential for a number of supplemental plans to enhance the retirement benefits of OMERS police and fire service employees. Not only did government amendments to the bill after first reading introduce mandatory supplemental plans, but they also extended these provisions to paramedics and clarified that the definition of "police" now included civilian police services employees and not just front-line officers.

In debates of the Legislative Assembly at second reading, the government assured the members opposite that the rationale for providing emergency services workers special consideration in this legislation is that such noble careers are characterized by particular physical and mental challenges, necessitating personal and special sacrifices. Yet those OMERS employees in civilian police services jobs include office administrators, information technology services, human resources workers and school crossing guards. AMO is certain that it is only a matter of time before OMERS employees in other areas of employment outside the emergency services sector will seek the same access to enhanced retirement benefits as their colleagues in police, fire and paramedics.

1010

The tenets of Bill 206 will effectively change the face of municipal labour relations forever in this province. If you think AMO's last cost estimates for supplemental plans were a worst-case scenario, trust that you will see these enhanced benefits whipsaw across this province in the public sector, including the provincial OPP service. And at what cost to the taxpayers of Ontario?

Bill 206 introduces an unusual decision-making model whereby the sponsors corporation may make a specified change—an example would be a change to benefits or contribution rates—with an affirmative vote of two thirds of its members. If a proposal is neither accepted by the two-thirds majority nor rejected by a simple majority, the sponsors corporation may, by an affirmative vote of a simple majority of one, refer the proposal to mediation and an arbitration process. A little complicated, isn't it?

What the government must consider as inevitable, though, is that if an arbitration decision on plan benefits is rendered at the sponsors corporation level, then the likelihood of arbitration at the local level will happen

with great ease. Current arbitration decisions take decisions elsewhere and replicate them. That's a common fact. AMO cannot support such a model. In essence, a decision by an arbitrator could have significant impact on the municipal tax rate, without any regard for tax increases and the ability to pay, without any regard for the reduction of staffing and services to other programs, without any accountability whatsoever to the public, taxpayers or, better yet, the employees. It is an appalling means to supposedly protect the interests of the public of Ontario. The bill should simply include that the decisions for specified changes are subject to a two-thirds majority vote—full stop.

The proposed decision-making model is incomprehensible and unnecessarily complicated and flies in the face of the stated objective of the sponsors autonomy. As well, the government's amendments to make supplemental plans mandatory negate the rationale for an arbitration component.

To date, the government of Ontario has not provided any information to demonstrate that it has analyzed the potential cost implications of Bill 206 for any employers, including municipalities. OMERS estimates that the cost of implementing certain supplemental benefits could quadruple the costs, without solvency funding, in the first five years, placing an additional, perhaps even insurmountable, fiscal pressure on the employers and the employees who fund it.

Add to this the current financial performance of the basic plan that necessitates OMERS employees and employers to manage an average 9% increase in their OMERS contribution. Costs related to Bill 206's mandatory supplemental plans would be in addition—in addition, ladies and gentlemen—to the escalating cost for the basic plan.

AMO stands 100% behind our costing analysis as accurate, as should the province. When asked to provide their own fiscal analysis, the province of Ontario indicated that they are relying on figures supplied to them by the OMERS board. Well, AMO has also produced fair and reasonable estimates using OMERS data and actuarial information projected across 120 municipalities in this province.

Although the finance minister has signalled to OMERS his intent to recommend to cabinet that supplemental plans be exempted from solvency requirements under the Ontario Pension Benefits Act, nothing in Bill 206 changes the legislated solvency requirements. While we do not question the sincerity of the minister or his commitment, his promise provides no guarantee. It would be irresponsible for AMO or anyone else to adjust its current cost estimates under these circumstances. If anything, the original costs we provided to this committee and to the municipalities in the province of Ontario have grown. The \$380 million does not account for the new costs that were added to the bill at second reading: the extension of mandatory supplemental plans for paramedics or civilian police service employees.

Furthermore, even if we factor in a solvency exemption, the cost developed by OMERS actuaries at AMO's request projected a 10% increase in OMERS costs for municipalities with 1,000 employees. That's a 10% increase on top of the already escalating costs of the OMERS basic plan, with not one penny going toward better services for our residents. I guess that's not what the government would call a best-case scenario: a 10% hike in OMERS costs without one penny invested in better services. That means increased pension benefits supported by municipal taxpayers, including pensioners on a fixed income, for a pension plan that is already one of the most generous in this country.

Yesterday this committee heard from the Police Association of Ontario that the costs of supplemental plans would be low. So this committee has heard from stakeholders with different views and very different interests, and still the government of Ontario has refused to provide anyone on this committee or in this province with any information about the costs of this bill.

The notion that costing done from 2002 consultations has any bearing on Bill 206 is ridiculous. Is it possible that the government simply doesn't know what the true cost impacts of Bill 206 will be? What does this say about this bill and the work of this committee right here in this room?

We maintain that taxpayers deserve nothing less than full disclosure of the province of Ontario's costing analysis as part of due diligence on this major policy initiative. The government has commented on the credibility of our costing analysis. It's only fair that we should be able to comment on theirs. Unfortunately, they won't provide it to us. AMO feels so strongly about this, in fact, that we felt compelled to make a formal request, which is absolutely unheard of by the Association of Municipalities of Ontario, for information under the provisions of the Freedom of Information and Protection of Privacy Act, something we were reluctant to do, as our preference would have been that the government of Ontario provide us the information and the costings they should have gotten before this bill passes. To this day, we're still waiting for the information.

The Chair: Mr. Anderson, you have a minute left.

Mr. Anderson: You have a copy of the remainder of my comments, so I'm going to leave the last minute for any questions. I would hope that the province of Ontario takes a sober second look at this and really does their homework and makes their decisions from an informed basis as opposed to an uninformed basis, which we think is the situation today.

The Chair: Unfortunately, that was a total minute left. There's no time for questions. You've exhausted the time. I apologize.

Mr. Anderson: No problem.

The Chair: Thank you for coming today.

ONTARIO PROFESSIONAL FIRE FIGHTERS ASSOCIATION

The Chair: Our next delegation is the Ontario Professional Fire Fighters Association. Good morning and welcome. Before you begin, please identify yourselves and the group you speak for for Hansard. Then when you do begin, you will have 15 minutes. Should you leave time at the end, there will be an opportunity for us to ask questions.

Mr. Fred LeBlanc: Thank you. My name is Fred LeBlanc. I'm president of the Ontario Professional Fire Fighters Association. With me today is executive vice-president Brian George. Also joining us in the committee room are many members from across the province, including many from throughout the GTA, right here in Toronto, the Niagara region, London and Kingston, and also representatives from the Police Association of Ontario.

I'm pleased to make a subsequent presentation on behalf of the OPFFA with respect to Bill 206. Attaining OMERS autonomy has long been a priority for the OPFFA and its members. This commitment has been recently underscored with the passing of Bill 211 and the ending of mandatory retirement in Ontario. While the OPFFA supported the maintenance of mandatory retirement within the fire sector, early retirement options within Bill 206 provide a possible solution for our members.

The OPFFA joined the Police Association of Ontario in September 2001 and jointly submitted recommendations for OMERS governance. That coalition was formed due to our common pension goals, and it remains today. I'm confident you'll notice the similarities in our respective presentations and recommendations.

Bill 206, as amended, fulfills our essential priority with the inclusion of supplemental plans or optional benefits for those within the police, fire and paramedic sectors. We thank the government for its recognition of Ontario's emergency responders in this manner and offer our support for the passage of this legislation.

1020

Notwithstanding, we do appreciate this additional opportunity, and we advocate for further amendments to meet the goals of our members and those of other stakeholders within OMERS.

You may recall that in our November 16 presentation to this committee we presented 10 recommendations. Through the hard work of this committee, Bill 206 was significantly amended for second reading. As well, the Honourable Dwight Duncan, Minister of Finance, has issued his support for solvency relief of supplemental plans. We acknowledge and applaud all of these efforts in the evolution of a new governance structure for OMERS.

Today, we have five remaining issues from our previous submission and one additional concern that we are putting forward to you for further deliberation. However, given the time restrictions with respect to our presentation, I'll just focus on four of our priorities.

On the supplemental plan issue for police, fire and paramedics, section 10 of Bill 206 was amended to include section 10.1, which can be found in appendix 1 of our brief. This amendment provides that "the sponsors corporation shall amend the OMERS pension plans to provide optional benefits for members of the primary plan who are employed in the police and fire sectors," understanding that definition for "police and fire sectors" now includes paramedics.

Sections 24, 25, 34 and 35 clearly identify the roles and responsibilities of the sponsors corporation as one of plan design, and the administration corporation as one to act as the administrator of OMERS pension plans, respectively.

The inclusion of section 10.1, in our view, has essentially designed the supplemental plan and thus fulfilled the role of the sponsors corporation. It is now the responsibility of the administration corporation for its implementation. It is therefore our recommendation that section 10.1 be amended to reflect that the responsibility of implementing these optional benefits be the role of the administration corporation.

As stated during our previous submission, the inclusion of benefits through a supplemental plan is of critical importance to our membership. We do recognize and appreciate the committee's and government's support in this matter. However, I must make comment respecting the employers' continued assertion that supplemental plans will cost the taxpayers millions of dollars, when the financial result of this amendment is zero.

I believe everybody here understands that these benefits are subject to negotiations, with all costs shared equally between employers and employees, yet the employers' spin continues to be fed by adding all of the optional benefits together, as well as assuming that all police, firefighters and potentially now paramedics are receiving these benefits on the same day. As we heard yesterday, many municipalities are still going outside the identified optional benefits within the amended bill in an effort to drive up any potential costs and unrealistically heighten the impact of their statements. This remains a totally unacceptable illustration. Obviously, the employers have a very high confidence level in our negotiating abilities yet do not recognize our members' limitations to pay their share for these benefits.

It is our position that this committee and, subsequently, the government have listened to the various employers' and the Association of Municipalities of Ontario's presentations. We take this view because the amendments found within section 10.1 go further than simply limiting the number of possible benefit enhancements. It also restricts the parties eligible for

these optional benefits to negotiate no more than one benefit as described until an initial agreement has been reached.

Notwithstanding, the language within this section requires some clarity. The issue of past service should be clearly defined. The 2.33% accrual rate has been identified under section 13 as a benefit, without the opportunity for past service applications unless paid for entirely by the employee. It is our position that the remaining benefits are eligible for past service recognition through negotiations. However, clear language would assist in recognizing this intent.

As well, subsection 10.1(6) states "an additional benefit." The language allows for an argument that it is singular in nature, resulting in the parties being essentially capped at two benefits. Our recommendation would be to delete the word "an" prior to "additional" and change the word "benefit" to "benefits" to clearly identify the intent.

With respect to defined benefit definitions, section 9 of Bill 206 originally contained the following wording: "Every OMERS pension plan must be a defined benefit plan." During the previous amendment process, this section was deleted. The OPFFA views this deletion of section 9 as the thin edge of a dangerous wedge. Eliminating a provision requiring all OMERS pension plans to be a defined benefit provides a new opportunity to significantly disrupt the foundation of our pension plan. Cementing the principle of defined benefit for all plans within OMERS will ensure that all stakeholders can rely upon a predictable pension, and we recommend reinstating the previous language within section 9.

Section 12 of the bill references the CPP offset. It describes a mathematical calculation with respect to the integration of OMERS with the Canada pension plan. It restricts the offset calculation or caps it at 0.6% where currently OMERS retirees are subject to 0.675% integration.

The problem with this restriction is that although it may be considered a slight improvement to the current status, in reality it places OMERS retirees at a distinct disadvantage in comparison to other retirees under other public pension plans in Ontario. Currently, the teachers' and hospital workers' pension plans offer 0.45% and 0.5% CPP offsets respectively, thereby giving their retirees a greater portion of their pension. We would therefore recommend that this section be deleted and that you leave this issue to the sponsors corporation.

With respect to the corporations, the composition of the sponsors and administration corporations were heavily scrutinized during the first set of committee hearings. The committee's response was an increase in the overall numbers on both corporations. While the attempt may have been sound in its intent to satisfy the, at times, acrimonious criticism, the result is two corporations that could be easily described as unwieldy. The OPFFA's position was to secure seats for the major stakeholders while maintaining representation for the OPFFA and PAO on each corporation. With the

significant increase in the composition for the sponsors corporation and administration corporation, the value of a seat has been greatly impacted.

OMERS recently issued an active member affiliation breakdown that can be found at appendix 2. For the employee side, the four largest stakeholders—CUPE, management employees who are non-union, police and fire—represent over 80% of the active members. It is important to note that the NRA 60 members in police and fire contribute at a significantly higher rate and thus have a much larger proportionate financial investment in the plan. Although collectively, police and fire represent slightly over 15% of the active members within the plan, OMERS has estimated that the NRA 60 members represent approximately 30% of the plan's financial status. A comparison of what an NRA 60 member would pay in contribution rates for this year versus an NRA 65 member is outlined in appendix 3, and that is from the OMERS website. You will see that an NRA 60 member potentially contributes an additional \$4,300 annually.

While we may not have the solution to satisfy all parties on the makeup of the corporations, it is our position that where the legislation refers to the composition of the sponsors corporation and the administration corporation, the language be amended so that at all times the corporation shall be composed of at least one representative from each of the OPFFA and the PAO.

In conclusion, once again we would like to acknowledge and thank the Honourable John Gerretsen, Minister of Municipal Affairs, and the Liberal government for introducing Bill 206. OMERS governance has been debated for far too long, and we applaud the very detailed action that has been taken thus far.

It is our position that this committee has responded to the priorities as presented by the various stakeholders and should not heed the intense criticism by very few stakeholders to stop Bill 206 and essentially go back to the drawing board.

Bill 206 does not discriminate against women and it does not discriminate against lower-paid workers, as is the claim of other stakeholders. Bill 206 does recognize the unique realities of Ontario's emergency first responders, many of whom are female, and facilitates opportunities to negotiate the ability to afford to retire earlier. As well, Bill 206 does not alter the premise that your pension is based upon your salary, but it does initiate much-needed flexibility within a very diverse plan.

This committee and the government should be proud of their work. We remain confident that Bill 206 will not introduce financial hardship across municipal employers and employees, as some would have you believe. The bargaining realities and the restrictions surrounding the optional benefits reflect the necessary balance on this very contentious matter. The PAO yesterday provided sample costing within their brief, and we would support those figures and arguments. Taking action on the amendments before you in addition to your previous work and encouraging swift passage of Bill 206 will

provide a governance structure that will greatly enhance the ability of OMERS to deliver its pension promise and allow people to retire with dignity.

The OPFFA would once again like to thank the members of the standing committee for this opportunity to appear before you today, and we would be pleased to answer any questions that you may have.

The Chair: You've left about a minute for each party to ask a question, beginning with Ms. Horwath.

Ms. Andrea Horwath (Hamilton East): I'm glad you raised the issue of section 9; I think that's an important issue and I'm glad to see it here.

I wanted to ask you, though, and it's interesting, because the issue of whether or not the bill discriminates—I know you were here for a little bit yesterday.

1030

Mr. LeBlanc: Yes.

Ms. Horwath: I read some of the comments in a paper you issued I don't know when, maybe yesterday, about that issue. It seems to me that the crux of the concern around discrimination is the extent to which the bill allows, for example, police and fire to go to the 2.33%, and what's allowed under the Income Tax Act, but other employees are not allowed to go to the maximum. I think the paper that you issued yesterday acknowledges that lack of equity, if you want to call it that. Can you comment on whether or not you see there being a lack of equity or a lack of equal treatment in that regard?

Mr. LeBlanc: On the 2.33%, that became a reality as a result of the changes to the Income Tax Act at the federal level, which recognizes certain occupations as public safety occupations. I guess I take exception to the fact that because we are recognized within the greater scheme of public safety occupations because of the nature of our work—us, police and paramedics now—that somehow discriminates against women. There are many female police officers, firefighters and paramedics as well. I don't know what that says toward those individuals, except that I believe they're quite insulted by the accusations as well.

Ms. Horwath: But you didn't address my specific question around whether or not allowing your groups to get exactly what they're allowed under the Income Tax Act and other groups—that's where the inequity, from the way I read it, comes in. So all of the other rhetoric aside, that's the issue, in terms of fair treatment, on that piece.

Mr. LeBlanc: I think the 2.33%, just to try and answer your question, is a reflection of our ability to retire earlier. In Ontario, many of the firefighter collective agreements and I believe many of the police agreements would have a mandatory retirement element within the collective agreements. For our fire sector, and I'll speak specifically to fire, it's NRA 60. You need the financial ability to make up for those lost income years, those five years, and that's where that extra 0.33% comes in. I don't find it discriminatory when, given the nature

of some of the other professions we're talking about, they allow for maybe a longer employment status, where I don't think that should be applicable in our profession.

Ms. Horwath: I see what you're saying. I think caps should be—

The Chair: Thank you, Ms. Horwath. Your time has expired. Mr. Duguid.

Mr. Brad Duguid (Scarborough Centre): Sid Ryan said yesterday that the government is asking other non-emergency workers to pay for supplemental benefits for firefighters. He went so far as to suggest that somehow these supplemental benefits are "sticking" it to their workers; that's the word he used. Madam Chair, my reading of the bill, and the advice I've received from staff, suggests that that is blatantly misleading, blatantly untrue, and in fact there's a clause in the bill that was strengthened in the last set of hearings, at CUPE's request, which strengthens and eliminates any possibility of rebound costs.

My question to you is, are Mr. Ryan's concerns legitimate, or is he misleading his own members in suggesting that somehow supplemental benefits will be paid for by CUPE members?

Mr. LeBlanc: I think he's vastly misleading not only his members but this committee and the public. I believe it's under section 14—I think that's the one you're talking about—that that was amended to strengthen the language to make sure there were no rebound costs, and that those who are eligible for supplemental plans or optional benefits would pay for those. OMERS a few years ago readjusted how it determines the rates for NRA 60 versus NRA 65, and we saw a significant increase in the rates paid by NRA 60 members to eliminate any opportunity for those types of accusations to be levelled.

Mr. Duguid: What do you think about Mr. Ryan's suggestion—

The Chair: Thank you, Mr. Duguid. I'm sorry; your time has expired.

Mr. Duguid: I'd love to have more time.

The Chair: I'm sorry. Mr. Hardeman.

Mr. Ernie Hardeman (Oxford): Thank you very much. First of all, I just want to make a comment about the parliamentary assistant's comment about presenters being misleading. I don't think there's anything more misleading than the minister's letter that suggests there will be no new costs and no new benefits in this bill provided.

Mr. Duguid: Do you agree with Sid Ryan—

The Chair: I'm not going to have cross-chatter. Mr. Hardeman, could you direct your question to the delegation.

Mr. Hardeman: I do want to ask a question to the presenters on the firefighters' position, and it's to do with the issue of the defined benefit plan, section 9. I spoke strongly against that amendment being put forward because I didn't think it should be taken out. I think that was there for the protection of the people involved in the pension plan and should be left in.

My understanding is that the reason it was being taken out was because the supplementary plans, if they are defined benefits—that if the premiums over time do not cover the cost for pensioners, then the whole OMERS pension plan would have to pay for those. I think that's where it comes in, where at some point in time the supplemental plan could cost the main plan money. Could you explain to me whether that would or would not happen if it remains a total defined benefit plan?

Mr. LeBlanc: I believe section 14 is the one that recognizes that for any costs associated with the supplemental plan, the actuaries have to provide an estimate back to the OMERS administration corporation, I'm assuming, or the sponsors corporation, to determine the appropriate contribution rates, and that takes into account your issue on the supplemental plan.

Mr. Hardeman: I guess my concern is, though, that we've had it in the past where actuaries make these projections, as they did with the OMERS plan a few years ago, and now find that it's somewhat underfunded. If that should happen in the supplemental plan, would the main plan then be obligated to cover the costs for the pensioners who have retired on the supplemental plan benefits?

Mr. LeBlanc: That's not my understanding of how it's supposed to work, anyway.

Mr. Hardeman: But that's my understanding of why it was put there, and I'm just pointing that out.

The Chair: Your time has expired, Mr. Hardeman.

Thank you, gentlemen. We appreciate your being here today.

PETER WYNNYCZUK

The Chair: Our next delegation is Mr. Wynnyczuk. Have I pronounced that right?

Interjection.

The Chair: Close? Wonderful.

Mr. Peter Wynnyczuk: I'm humbled here today and I do need your assistance. I did err on the front page, as you can see; a little bit of levity here.

The Chair: Welcome. We appreciate you being here. I'm just going to wait till the crowd at the back settles itself, so that we're not distracted, before you begin. If everybody could find a seat, please, we're about to begin, or have your conversations outside.

I presume you're not speaking for an organization; it isn't here on my delegations. You will have 15 minutes. Should you use all that time, there won't be an opportunity for us to ask questions. After you have introduced yourself, we will start the time.

Mr. Wynnyczuk: Thank you. My name is Peter Wynnyczuk and I am representing myself as an employee contributor to the OMERS plan through the municipal sphere. I apologize for the error I placed on the cover page and in some of the notations as to the number of the bill.

However, good morning, honourable members of the standing committee on general government and ladies

and gentlemen. Thank you for the opportunity to address you today. I look forward to your review of the comments and suggestions I have presented today.

I've had the honour of working in the municipal field for over 26 years serving the public. In that time, I have had many opportunities to better understand how municipal and other levels of government interact, give direction, solve problems, plan and make mistakes. Having lived through the high-inflation years of the early 1980s, the rapid growth of the mid-1980s, seeing the slide in the economy of the late 1980s and early 1990s and the relatively steady economic growth since then, this has led to significant shifts in investment opportunities, to a point that in the early part of the decade, as you well know, OMERS was in the position of a surplus, and therefore some of the offsetting surpluses were benefiting the members.

Also around the time of the late 1980s, OMERS was initiating the seeking of autonomy as it related to its role under the provincial government in respect of the administration and investment decisions that were needed to anticipate and take advantage of investment opportunities in a reasonable timeline. In 2002, times were very good for the OMERS plan, and the current and retired members benefited. As a contributing member to OMERS for many years, I have had no qualms with the accountability, the representation and the communication provided in various forms.

There is a footnote here about the federal government. The election seems to have been capturing the media's attention over the last number of months, but I understand that the bill was introduced back in June 2005. In speaking to various employees of different OMERS employers over the last week on this matter of Bill 206, they had none or very little understanding, as I had before my research began, on what was proposed in the bill and the potential impacts. Communication seems to have been disjointed or glossed over by the media, OMERS and employers, as it is not clear what action a member could take if they had an issue.

In reading some of the various documents presented, such as the OMERS newsletter of the winter of 2005-06, they seem to tread carefully and vaguely on how the changes will affect governance at one end, and then we have the major concerns that have been raised by AMO and CUPE.

The age of quality leadership and decisiveness seems to have been changed to a public perception of uncertainty and untrustworthiness of government in general. The media has unfortunately done a great job of highlighting issues that in the bigger scheme of things are an unneeded distraction.

1040

Today, the issue before the standing committee on general government has an impact potentially on the livelihood of up to a million residents, if you include family members in this province now and at some point in the future. In my understanding, this act not only revises the OMERS plan but changes the governance

structure. The key to this whole thing is that we have such a diverse range of employers and employees that it makes it much more difficult for you to try and come up with a reasonable solution. I'm paraphrasing that paragraph.

As an individual, this causes me concern that the best interests of the pension plan members do not appear to be served by Bill 206 in its current form. I shall try to highlight some of the issues that I have been able to interpret, as the act is, shall we say, written in a form that the average person is flummoxed by. If both the existing OMERS act and Bill 206 were analyzed side by side, you would think the only difference should be the sponsors group. This does not seem to me to be the case.

Generally, in my understanding, the province is currently in a position to ensure the operation of the plan. Under the new structure, the board of directors, after bylaws are enacted, will become, in my understanding, responsible as described under the Business Corporations Act. The sense I have is that the board members will then have a fiduciary responsibility, which is a paradigm shift from the current administrative philosophy. Expertise in the Municipal Act, Income Tax Act, Business Corporations Act, Pension Benefits Act and, if arbitration is included in the bill, the Arbitration Act will be needed. Therefore, the calibre of expertise will have to be raised, with no disrespect to current or previous board members, as the legal exposure was somewhat shielded by the province. Therefore, if a sitting member group wishes, they would have to nominate one from their ranks who may need exposure to financial/administrative management courses for those directors who need the skills to properly carry out their duties.

Overall, I believe there should be greater negotiations between the existing pension plan participants to develop a made-in-OMERS solution to the administration of the plan, similar to the OSSTF, before passage of this bill. My suggestion is that there should be a provincially guided opportunity for all of the stakeholders to come up with a workable governance structure prior to the enactment of Bill 206. This could then be more reflective of the interests of the diverse members of the existing pension plan.

If I'm inviting guests over for a party, I tend to think it's appropriate for the members of the household to have everything in order before the guests arrive. I sense that at this point this legislation still needs some reworking, and the affected parties should resolve some of the issues prior to enactment of the legislation—or the guests' arrival. The act I envision is to get the house in order first, then drive the legislation.

To help the process, the Ministry of Municipal Affairs and Housing should take responsibility to facilitate the meetings for the transition/governance committees and set a deadline of between six months to a year to come up with the governance and policies. This would help in the bylaw creation framework, as it would then be able to be included in the deliberations. This would reduce the pressure on the interim board and staff during the

transition to also have to deal with the creation and enacting of bylaws in a one-year period, as presently identified in the bill. It's not clear to me what the status of the applicability of the existing OMERS bylaws would be under the new model resulting from changes enacted by Bill 206.

Currently, in my opinion there have been many presentations on a piecemeal basis, either to support, suggest changes or to criticize the bill. As an individual contributor, the representation that I should be getting seems to occur on a consultative basis. This is not the same as in a goal achievement process, with direct contact and discussion of issues with the stakeholders. In presentations such as we have here today, the honourable members and staff present listen, make notes and analyze my presentation. Then they see how my comments and/or comments from other presenters can be incorporated, unfortunately in some cases on a disjointed basis, lacking cohesive background understanding. Therefore, if the current stakeholders and governance structure are advised to hold meetings to iron out the issues with direct provincial guidance before passage of the bill, greater success can be achieved, in my opinion. It is unfortunate that so much time and energy has to be put into this process under these conditions.

Based on the actions of certain vocal groups that have carried out recent media campaigns and sought support of large and small employers to voice a concern, it is not clear to me how successful the OMERS administration and stakeholders consultation process was. This does not instill confidence in me and possibly many other members if there is a sense of confusion and, it seems, confrontation at the pre-legislated stage.

My point is that this government has the responsibility to both OMERS members and the taxpaying public to ensure that the foundation for current and future members is built on a sound, fair and reasonably governed pension plan. Therefore, OMERS, stakeholders and the provincial government, through the Ministry of Municipal Affairs and Housing, have the responsibility—I emphasize the word “responsibility”—to focus energies on coming up with workable solutions to the issues that have been discussed here in my presentation. Therefore, I place the onus on the province to guide OMERS through the process before direct provincial sponsorship is divested by enactment of Bill 206. As someone once related to me, you can pave the road for the child or you can prepare the child for the road.

In closing, I would like to thank the honourable members of the standing committee on general government and the provincial staff for the opportunity to be here today respecting this issue.

The Chair: You've left about two minutes for each party to ask you a question, beginning with Mr. Ruprecht.

Mr. Tony Ruprecht (Davenport): Thank you very much, Mr. Wynnyczuk, for your presentation. You listened to the Association of Municipalities of Ontario and the Ontario Professional Fire Fighters Association,

and I want to have your opinion on something. It's very important.

You advocate in your presentation a paradigm shift, so you are really standing outside the box and looking in. What is your sense of the claims that were made about discrimination against those who make less than \$30,000, especially against women? From your research, is there any other pension plan in existence that advocates these kinds of changes that the professional firefighters and the police are suggesting?

Mr. Wynnyczuk: You pose an interesting question that I can't say I'm really comfortable in responding to. The premise of my presentation is to say that there should be a clear understanding and discussion with all the members. Each of them has diverse interests. This issue of a perception of some differences in priorities as far as the members go: That's something that should be worked out through the discussions with the stakeholders. My position is that this isn't ready to go forward. This should be put aside. Get the stakeholders to the table and get their house in order before then, because basically I understand that the province right now is the sponsor of this pension plan; they have a responsibility for the proper divesting. The question I have to ask is, then they are encumbered to make sure that their house is in order. The issues you mention or the question you ask me, I'm not really going to comment on that.

Mr. Ruprecht: I was especially interested in your comments because you want to think outside the paradigm. That, to you, is important, but I understand what you're saying. Thank you very much.

Mr. Hardeman: Thank you very much for the presentation, and I want to say that I find it interesting. It's well researched and it points out the problem that we have. When the bill was introduced by the minister it was focused on the devolution of OMERS to have a different governance model and to change the way the plan operates so it would be operated by employers and employees, as other pension plans are, and just to take it out of the realm of the provincial government.

Since the public hearings have started, nothing seems to be farther from the truth, because the fact is that all the debate and all the presentations speaking to the bill seem to be totally away from what the purpose of the bill was; they talk about supplemental plans for plan members. Of course, the municipalities have concern about supplemental plans because they say that's going to cost them a lot more money. People who are asking for the supplemental plans say that isn't the case: “We are going to pay for the supplemental plans,” and so forth. But it really is down to that that wasn't the reason the bill was proposed.

I share your concerns that we're going to pass a bill for the devolution that is not well suited for the devolution because we have spent collectively all our time debating supplemental plans, whether that's the right or the wrong thing to do. So I commend you for coming forward and saying, “Let's step back and look at what the purpose of the bill was and whether what we're

doing there is the right thing to do.” As we heard yesterday, a number of presenters say that the devolution shouldn’t take place because it would be better if the government kept it going.

What is your view?

Mr. Wynnyczuk: My view is that some of the other pension plans, as I understand it, are very specific to an individual or a group, such as the Ontario Secondary School Teachers’ Federation. That’s straightforward: Monies from the province flow through the boards to the teachers.

With the municipalities or other agencies or groups, monies in some cases are filtered through various other levels of government.

Therefore, there is a much broader, more diverse, with quite interesting and varied—their issue is that each group has its own priorities, and when you have such a diverse group, it certainly does become a challenge to try and get some consensus in this process. There may be an opportunity, in my opinion, to section off portions of it and for those specific groups to pick up their own pension plan, potentially, thinking outside the box, because that would be difficult.

1050

The Chair: Thank you. Ms. Horwath.

Ms. Horwath: I was interested in your presentation because I think what it really did was highlight what, at the end of the day, has turned out to be a very poor process in terms of trying to get consensus among the stakeholders. It’s unfortunate, because my understanding was that at the beginning of the process, at least around Bill 206, there was some consensus around the stakeholders, and what the government has succeeded in doing, unfortunately, is dividing the stakeholders, not along traditional lines.

Usually the employer stakeholders will have one position, employee stakeholders will have a different position, and that’s understandable; they’re coming from different perspectives. Unfortunately, in this bill you have employee stakeholders, and one section of them has a position and another section has a different position. Employer stakeholders are over here. Some people are interested in seeing the bill passed as it is or with a few amendments because it’s in their interests; others, employee stakeholders, want the opposite. That happens to be the same as—you missed yesterday—the shaking of hands between Sid Ryan and Hazel McCallion, who both want this to be slowed down because it’s not meeting the interests of their particular, different interests, but their interests.

It’s interesting that you call for the government to kind of take a step back and start over again. Would that be your advice, and what would you see as a more appropriate process to get this addressed?

Mr. Wynnyczuk: I think the government should step back. Because it’s gotten into the legislative aspect—it’s not within the ministry anymore; it’s gone to the general forum, as I could say. If it was reverted back to the Ministry of Municipal Affairs and Housing and got them

to get the players to the table, as I mentioned in my presentation, then maybe they could figure out if there are opportunities even for diversification of some of the plan members into other groups, potentially, where they have more common interests. Like I said, the diversity of the pension plan is quite significant. When you go from a nursing home worker to a tree climber to a person who’s working in a water and sewer situation, there’s quite a diverse risk-benefit and also opportunity.

The Chair: Thank you very much for being here. We appreciate your delegation.

Mr. Wynnyczuk: Thank you for your time.

MUNICIPAL RETIREES ORGANIZATION ONTARIO

The Chair: The next group we are going to hear from is the Municipal Retirees Organization Ontario. Good morning and welcome. Thank you for being here.

Mr. Don MacLeod: Good morning. Thank you, Madam Chair and members of the committee. I see that you had on the agenda that Dan McIntosh was going to be with me, but that’s not the case. It’s Bill Winegard, who is our executive director.

The Chair: Are you Don MacLeod?

Mr. MacLeod: I’m Don MacLeod.

The Chair: Actually, my agenda was fixed. We have it right.

Mr. MacLeod: I just went on the website yesterday and thought, “Uh-oh. I don’t know who this Dan is.”

The Chair: We have the most accurate agenda in front of us. So welcome. Thank you very much for identifying yourselves, and the group that you speak for is the Municipal Retirees Organization Ontario. Is that right?

Mr. MacLeod: That’s right.

The Chair: Great. You have 15 minutes. Should you leave any time at the end, there will be an opportunity for us to ask questions.

Mr. MacLeod: On behalf of the 15,000 OMERS pensioners who are members of the Municipal Retirees Organization of Ontario, I would like to thank you for this opportunity to appear again at your second set of hearings. In addition, I would like to congratulate you for providing a second set of hearings. This is a very complex subject with lots of room for controversy and with long-lasting effects.

No group before you over the last two days is more concerned about the potential impacts of this bill than OMERS pensioners. We rely upon the OMERS for our livelihoods. Most of our life savings are in OMERS’ hands. Furthermore, we believe that the pensioners understand pensions in a way that no one else does. We have advice to offer.

MROO has always supported OMERS’ autonomy. We hope that all parties throughout this Bill 206 process are committed to taking the time to get it right. These hearings and your willingness to hear every group that requested it give us faith in the process.

At our first hearings, we presented a number of recommendations. We are grateful that one of these recommendations was accepted at second reading: that the retiree representative on the sponsors board would have voting status. This change will strengthen the pension voices of 100,000 retirees. We note, though, that several of our earlier recommendations were not accepted. Also, the wording of the bill after second reading introduces some new issues.

Unfortunately, it appears to us that the viewpoint of 100,000 pensioners has perhaps still not been fully taken into account. In this presentation, we are not reworking all the old ground; we are concentrating on pensioners' highest priorities: (1) our hope for improvement to the basic plan, and particularly for a reduced CPP offset if and when the fund can safely permit pension improvements; (2) a strong and effective voice for pensioners in the pension plan, consistent with our unique stake in the plan and the fact that almost 30% of its assets were generated with pensioners' money.

Pensioners' priority number one is to remove the 0.6% CPP offset limitation in section 12. Almost 30% of the assets of the plan were generated with the contributions over the last 40 years of today's pensioners. As the number of retirees increases, so will the pensioners' portion of the assets. While few current retirees may see a surplus situation which would permit a reduction below the 0.6%, we see no reason why the option should not remain at the discretion of the sponsors in future decades, subject to the bill's other safeguards. In our view, it is not necessary to legislate with respect to the CPP offset, and it is not consistent with the rules pertaining to other public sector pensions.

As a corollary to this recommendation, we recommend that the Legislature remove the reference to the solvency basis of computing OMERS liabilities in section 15. The 105% required minimum ratio of going concern liabilities to assets already will guarantee the prudent management of the fund. Adding words about the ratio of the fund's assets to the solvency liabilities is unnecessary, and it just delays the time when OMERS' successful investment strategies will produce an actuarial surplus and enable the sponsors to consider reducing the CPP offset. We want to make it clear that we are not talking about the Pension Benefits Act. Reference to solvency liabilities can be removed from section 15 without any commitment by the government on the larger question.

Our second priority is to ensure an effective and balanced voice in OMERS governance for all OMERS pensioners. In our earlier submissions, we advocated two retiree representatives on each board. This remains our preferred option. It would permit proportionate representation closer to the pensioners' financial stake in the plan. It would permit permanent representation from both NRA 60 and NRA 65 retiree organizations. MROO hopes that you will reconsider our earlier recommendation. However, after second reading, the bill still limits retiree representation to one on each board. Furthermore, it still suggests that this representation

would be selected over time on a rotational basis: largest organization first, second-largest second, and so on. As noted in our earlier submissions, this rotational method is completely unworkable. It would permit small, marginal groups to claim a turn. It would permit groups representing retirees in only one small part of this large province to claim a turn. It would encourage every union to create a retiree section, however small, and claim a turn. It would disenfranchise NRA 65 retirees, who are 85% of the total, for long periods. It would place an undue onus on the OMERS staff to do a membership census and lead to questionable membership criteria and counting.

If the Legislature chooses to limit retiree representation to one on each board, we believe there is only one way to ensure consistently effective and balanced representation for all OMERS retirees. Municipal Retirees Organization Ontario is the logical body to appoint the retiree rep on each board on a permanent basis. I say this not because it benefits our organization in any way—it doesn't—but because the nature of our organization provides a logical way for the Legislature to ensure consistently effective and balanced retiree representation. MROO represents former employees from all walks of municipal life, including police officers, firefighters, union and management. MROO is not restricted to either union or management viewpoints, nor to either NRA 65 or NRA 60 categories, and is able to work with all sides.

1100

MROO has many more members than any other OMERS retiree organization. MROO has membership across Ontario. MROO has stable funding and therefore has the resources to consult other OMERS retiree organizations, to work with those organizations to find the best candidate to communicate with retirees across Ontario, and to ensure a well-rounded voice for all OMERS pensioners.

MROO has a credible record of almost 30 years speaking for pensioners and understanding pension matters. MROO has consistently nominated well-qualified retiree representatives for the OMERS board since retiree representatives first went on the board in 1992. These have included a retired police officer, a retired school board administrator and a retired manager of municipal budgets and investments.

MROO's selection process will include prior consultation with all known OMERS retiree organizations. MROO is the only retiree organization representing all OMERS retirees and with the ability, interest and track record to ensure a balanced and effective voice from all elements of the OMERS retiree sector. Subsection 39(5) of the bill should make the Municipal Retirees Organization of Ontario responsible for appointing the retiree representative on each board and be amended accordingly.

We see two additional obstacles to ensuring that both boards have effective retiree representation. The first problem is section 56 of the bill. This section contains a

“drop-dead” provision, which virtually guarantees three or four years of chaos and unnecessary cost for the newly fledged OMERS sponsors board. As of the end of 2009, it wipes out everything in the bill regarding composition of the boards and requires the newly recreated sponsors board to start all over again.

This committee and the Legislature, as well as the groups who have spoken to you, have given considerable time and thought to a workable structure for the OMERS boards. They are trusting you to refine the bill accordingly, not to create another free-for-all in three years’ time. The structure created in the bill should remain in place until and unless amended by bylaw of the sponsors, pursuant to subsection 23(1). Therefore, section 56 should be deleted.

Subsection 39(6) of the bill creates a similar problem. In keeping with the drop-dead provisions discussed above, subsection 39(6) limits the first term of office to three years, i.e., until December 31, 2009, unless the sponsors pass a bylaw to adopt a structure for the two boards before that date. If the Legislature is not willing to remove the 2009 drop-dead date, an alternative would be to give the appointing organizations the right to extend the term of a member for a further three years. It is our observation and that of many past and present OMERS board members that many new OMERS board members have a steep learning curve. Three years is too short a time to get the best out of the board members who have learned what they need to know to be effective.

Once again, thank you for the opportunity to give you our pensioner’s point of view as you consider this important piece of legislation. Best wishes in your deliberations.

The Chair: You’ve left about a minute and a half for each party, beginning with Mr. Hardeman.

Mr. Hardeman: Thank you very much for the presentation. I just wanted to point out that in the community that I represent, when they talk about Bill 206 and the pension, it’s generally the retirees who are talking about it. The other members of the plan who are presently still working seem to be quite oblivious to the fact that this is happening at all. But the retirees have great concern as to what the changes to the plan will do to their pensions and their livelihood.

I’m just wondering: As you made your presentation, you said there was only one thing from your previous presentation that was incorporated in the amendments and that you appreciated that being put in. Would you suggest that it’s good enough to take that and say we should now pass the legislation in its present form, or do you believe that more consultation with both your membership and the membership around the province is required in order to come up with a plan that will serve us all well? You seem to imply that discussions will lead to solutions to some of these problems, as opposed to being forced to do it. Could you comment on what you think we should do to proceed from here?

Mr. MacLeod: I’ve been giving you the viewpoint of the retirees, and if all of those things we were asking for

were passed, then we would say that maybe they should go ahead. But we would say they should wait until everybody else is happy, because you don’t have a very good plan if you have sides fighting all the time. I think you must sit down and resolve all the problems before you go ahead and pass the bill.

Mr. Hardeman: Can the solving of those problems be done here by this committee, or does it need to include your membership?

Mr. MacLeod: We would like to be part of the solving of any problems. As I said, I thanked you for what you did on first reading, but on the second reading, I said that we have some of these issues that are still important and we would like you to seriously look at those.

Ms. Horwath: Nice to see you again. You raised the issue last time around about the restricted term of office to three years. Looking at your presentation and reviewing what happened in terms of amendments, the amendment the government put forward didn’t open it up, as a way to describe it. I think the government, instead of putting a strict three-year term of office in the bill, has said a three-year term unless that’s amended by the sponsors corporation. Can you tell me why that’s not good enough, in your opinion, in terms of a change?

Mr. MacLeod: Especially in the case of the retirees and in the case of some of the other places where there’s going to be a rotation—and as I pointed out, if we rotate with the largest group first and then the second and the third, we don’t have that choice of keeping that person on. If you’re in one of the representatives where you have an automatic seat, then that person could stay longer. I know the bill says that it’s three years, but we’re saying, especially in the case of the retirees, where we have to rotate, that it should be six years once that person gets in there, because then that person has more expertise to continue at that time.

Mr. Duguid: Your organization sent out a letter to your members some time ago. I assume it was not on purpose, but it led some of your members to be misinformed into believing that their pensions were somehow threatened by this legislation. I know that you know, because we’ve talked about this, that that is not the case. Retirees’ pensions are not in any way threatened by this legislation. They’re secure and will be secure, and we’ve been able to reassure retirees of that. I would hope you would join us in doing that.

I was a little surprised that you didn’t mention the fact that retirees are being designated two voting positions on both the sponsors committee and the administration committee, something that doesn’t exist in any pension plan that we’re aware of across the country. So the ability of retirees to have input in future decisions is enhanced, greater in this pension plan than potentially any other. I’m a little surprised you didn’t bring that up. You didn’t bring it up in your letter; you didn’t bring it up today. To be honest with you, I don’t understand why you wouldn’t. I would have thought you would have come

here today to suggest that is a good thing, unless you don't think it is.

The question I have for you is, who paid for the correspondence that you sent out to your members?

Mr. MacLeod: We did.

Mr. Duguid: Who funded that correspondence?

Mr. MacLeod: We did.

Mr. Duguid: I've been told that CUPE funded that.

Mr. MacLeod: No, no. CUPE had no funding in that whatsoever. That is our correspondence; that is money that we paid for. As I said in our presentation, we have secure funding and we can do all the things that we've said we want to do, that we would like you to do, if we are going to be selecting them.

Mr. Duguid: My question to you is—

The Chair: Thank you, Mr. Duguid. Your question time has expired.

Thank you, gentlemen, for being here today.

1110

CANADIAN UNION
OF PUBLIC EMPLOYEES,
AMBULANCE COMMITTEE

The Chair: Our next delegation is the Canadian Union of Public Employees, ambulance committee. Good morning and welcome.

Mr. Michael Dick: Good morning.

The Chair: I only have two names here, so if you could identify yourselves and the organization you speak for when you get yourselves settled. After you've introduced yourself, I will set the clock for 15 minutes. Should you leave time at the end, there will be an opportunity for us to ask questions.

Mr. Dick: Great. Good morning. I'm Michael Dick and I'm the chairperson of CUPE Ontario's ambulance committee. To my left is Joe Matasic, CUPE staff, ambulance coordinator, and to my right is Antoni Shelton. He's the EA to the CUPE Ontario president.

I'd like to thank you for allowing us this opportunity today. This follow-up presentation supplements our original submission that was presented to the committee. Following a clause-by-clause and second reading of the bill in December, we made a decision to focus on one core issue. Like other CUPE presenters, we are very disappointed with Bill 206 as it stands. The government amendments introduced at second reading render the bill deeply flawed.

It is our understanding that the intent of the revised meaning of police and fire sectors in Bill 206 was to put paramedics on the same footing as other individuals employed in the public safety occupations. However, there appears to have been an oversight in carrying this out. Currently, if Bill 206 becomes law without any changes, paramedics will not be on the same footing as those employed in the police and fire sectors for the purpose of normal retirement age 60 provisions of the primary plan.

While the bill includes paramedics with the fire and police sectors for the purpose of the proposed supplemental plans, it does not address the core issue, which is the normal retirement age for paramedics. The purpose of the federal income tax amendments recently passed was to allow employers to provide the same enhanced pension benefits to paramedics as are currently allowed for police and firefighters. In OMERS, this would be achieved by providing enhanced benefits commonly referred to as normal retirement age 60.

The NRA 60 provisions are currently set out in the Ontario Municipal Employees Retirement System Act, regulation 890. Subsection 12(3) of the regulation provides that: "(3) An employer may change the normal retirement age of all members or any class of members who are police officers or firefighters from 65 years to 60 years by submitting an election in writing to the president."

As you can see, paramedics are not included in this regulation. However, this is the section that implements the public safety occupation benefits of the Income Tax Act. As it currently stands, Bill 206 does not amend subsection 12(3) of the regulation to include paramedics in the normal retirement age 60.

In addition, our understanding is that Bill 206 will establish the current plan as the basic plan. If the legislation is passed without the regulatory changes, paramedics would be excluded from the NRA 60 portion of the current plan. Therefore, under OMERS, paramedics would be denied the benefits of early retirement as provided for in the Income Tax Act. In order to implement the Income Tax Act public safety occupation changes, the basic plan would need to be amended to include paramedics in section 12.

I'd like to thank the committee for the opportunity to address our concerns. If there are any questions, we'd be pleased to answer them.

The Chair: You've left about three and a half minutes for each party to ask questions, beginning with Ms. Horwath.

Ms. Horwath: I'm just trying to recall if this issue was raised by you in the last round.

Mr. Dick: Yes, it was.

Ms. Horwath: Did you receive any correspondence or any acknowledgement from the government that this was a problem that they were going to address in any way?

Mr. Dick: Not on that issue.

Ms. Horwath: So they pretty much just put this aside, and although they are saying they're bringing paramedics in in their description of what they've done in this bill, what you're saying is that in effect, a big piece of that is not being addressed by the bill.

Mr. Dick: Right. There are really no benefits to the changes without this change being implemented.

Ms. Horwath: Okay. Well, I don't know what the government's intentions are, but I would hope that they would be prepared to undertake the appropriate amendment. I'm surprised that they're saying verbally that that has happened, and yet the actual language that

brings that into effect doesn't exist—that's what you're saying.

Mr. Dick: Correct.

Ms. Horwath: Can I ask you, from your perspective, having participated thus far in this process, do you think that this bill is in a position now, after second reading, in this process that we're in now, in a place where it should go forward in its current state, or do you think there is some other process that needs to take place to bring all parties on side?

Mr. Dick: I think there's still a lot of work that has to be done. Stakeholder meetings would be somewhere to start, but I think there's still a lot of work that has to be done on the bill.

Ms. Horwath: Do I have any more time?

The Chair: Yes.

Ms. Horwath: It seems to me that we're in a position now where the government's trying to demonize a particular group of employees in their attempts to try to get what they think is the appropriate model or the appropriate issues addressed in the bill. It seems to me that today's language coming from the parliamentary assistant is very strong, and it harkens back to a previous government that tried to demonize a certain section of workers. In that case, it was teachers; in this case, it happens to be CUPE workers. Can you comment, in terms of being a member of that union, how you feel about the government and the kind of language that has come from the parliamentary assistant today?

Mr. Dick: Big question. I am part of a big organization, CUPE. There have been some issues that have been brought forward from them, and there's been a lot of dialogue from across the table which I'd rather not get into. They have their position that they're taking. It looks like maybe there are some people getting their backs up over that, but it's the paramedics that I'm here to represent. We always seem to be left out. We don't know why; we're wondering if we've done something to somebody. All the way through the process—I've been a paramedic for 26 years, and we always seem to be trying to fight to get the same luxuries that the police and firefighters have. Now we think that we have that chance, and still we were left out after second reading.

Mr. Duguid: Thank you, Mr. Dick, and thank you for your representation of the paramedics today and always. The first question I have for you is, I've been advised with regard to this issue that we legally cannot include this in the legislation, that it's something that has to be negotiated from a legal context. I'm not a lawyer; I don't know exactly why, and I want to get a little bit more information on that. Do you have any legal advice on this matter? If so, if you could share it with committee, that would be great. If not, if you can't share it today, I'd be very interested to hear something on that which would suggest that we can do a little more than we're doing.

Mr. Dick: I'll let Mr. Matasic address that.

Mr. Joe Matasic: Subsection 12(3) of the regulations established the framework for providing the enhanced benefits that employers are entitled to provide under

OMERS and under the Income Tax Act public safety occupation group provisions. Our understanding is that the government does have the capacity to amend the regulation in the normal fashion.

The understanding that we've gotten through advice from our counsel is that government could also include in this bill a provision that would amend the current regulations or that would serve to amend that section, section 12 of the regulation, which would have the effect of including the paramedics along with police and firefighters.

Mr. Duguid: Thank you. We'll certainly look into that.

The second question is, yesterday we heard Mr. Sid Ryan disparaging our province's emergency workers and suggesting that there's nothing unique about their jobs compared to other CUPE members. I've been out on the ambulances with paramedics on a number of occasions in Toronto, and I've seen first-hand the difficult job you do, the unique circumstances, and the reasons why careers for emergency workers—in particular, paramedics—often necessitate earlier retirement. I understand that and recognize that from being out first-hand with your members. I guess my question to you is, do you share those views, or do you feel that emergency workers and paramedics are in a unique circumstance, recognizing that unique circumstances are warranted?

Mr. Dick: I must have missed the comments from Mr. Ryan to that—

Mr. Duguid: It's too bad you weren't here.

Mr. Dick: —because that's not what I heard.

Mr. Duguid: It would have been nice if you were here.

1120

Mr. Dick: Yes, I do agree that police, fire and paramedics do a different type of work. It is very stressful. It does shorten careers. That's why we've now been included in the public safety occupations.

As far as other people's positions and jobs in CUPE, they all are important, top to bottom, so we should all be treated as equals. On certain points, I think he was getting toward the supplemental plans, where he was concerned about the plan in general paying for the upgraded early retirement option.

If I could as well—

Mr. Duguid: You've had a look at that, I'm sure, and I'm sure you recognize that our intention in the legislation is that there will be no costs going on, that if paramedics get access to these benefits—and they'll have to negotiate with municipalities to get that, so we don't know what's going to happen, but it may be, depending on your negotiations into the future—those costs will not be subsidized by other members of the CUPE plan. Have you had a look at that, and can you confirm that's your understanding?

Mr. Matasic: I could address that. First, going back to your previous point, CUPE does unequivocally support early retirement for paramedics.

Mr. Duguid: It didn't seem to yesterday.

Mr. Matasic: CUPE has been very clear about that. The issue that CUPE—

Mr. Duguid: They weren't clear yesterday, I can assure you.

The Chair: Mr. Duguid, let him answer the question, please.

Mr. Matasic: The issue that Mr. Ryan has raised with respect to the legislation has to do with the governance, with the accrual cap, with how workers other than the police and fire sectors are treated with respect to that group. I don't think anybody is saying that that group should be kept down. I think the concern CUPE has is that other workers aren't being afforded the same rights as police and firefighters.

The position we take, including the CUPE paramedics unequivocally, is that other workers deserve in every respect the same rights, benefits and privileges as the police and fire sectors. The purpose was never to denigrate or to diminish those particular sectors. It's merely to say that CUPE members, the other members of the plan who are not police and firefighters, or paramedics, for that matter, deserve consideration as well throughout the process.

The Chair: Thank you.

Mr. Duguid: That's not what we heard, unfortunately, but I understand that's what you would like to believe.

The Chair: Mr. Duguid, your time has expired. Mr. Hardeman.

Mr. Hardeman: Thank you very much for your presentation. I too had the privilege of sitting in on the presentation yesterday, and I think Mr. Ryan was quite clear. It's not often I speak in support there, but it was quite clear that he was talking about the general terms of the change for the plan and that he did not believe it was fair to cap certain employees as opposed to giving everyone the same opportunity. He never spoke to the fact that there should not be supplemental plans for the police, fire and ambulance services. I think it's important to put that forward.

On the issue of early retirement and the part that you suggest still doesn't apply to the ambulance workers, if a supplemental plan was put in place and it was negotiated, the early retirement would only apply to ambulance workers if there is a supplementary plan that you negotiated. Am I to understand that in the other section of the regulation, the early retirement possibility is there now, in the main plan, for police and fire?

Mr. Matasic: If I could address that, the early retirement provisions of OMERS, as they exist now, are contained in the basic plan. Our understanding is that that will be continued if Bill 206 passes. The supplemental plans are in addition to the basic plan, which includes the early retirement provisions for police and firefighters. That's the core section of the plan that establishes the basic early retirement provisions. That's the part we're most concerned with.

The supplemental inclusion in the police and fire supplemental plans is a step in the right direction, but without amendments to the basic plan, it would in effect

be meaningless for the paramedics. That's a very, very important piece of the entire picture.

Mr. Hardeman: I take the parliamentary assistant's comments as the fact that they've kind of overlooked that that part of the bill should be changed to include the ambulance service within that. You're suggesting, then, that if that part isn't changed, when supplemental plans are put in place you would not be eligible for the NRA 60?

Mr. Matasic: That's correct, yes. If the basic plan, as it stands now, is not amended to include paramedics in subsection 12(3), then paramedics would not be entitled to the normal retirement age 60.

Mr. Hardeman: Thank you very much, and I think my colleague has a question he would like to ask you.

The Chair: You have about 30 seconds.

Mr. Jerry J. Ouellette (Oshawa): One quick question. The way the bill is laid out now, would you rather see it move ahead or go back and be cancelled and start from zero?

Mr. Dick: As the plan is now?

Mr. Ouellette: Yes.

Mr. Dick: It would be devastating if the plan went ahead as it is now.

Mr. Ouellette: So you would rather not have it go ahead in its present form.

Mr. Dick: That would be our decision.

The Chair: Thank you, gentlemen, for being here today. We appreciate it.

Mr. Duguid: I wonder if I could ask our legislative research staff—and perhaps the deputants who are just leaving might want to listen to make sure the wording is good—to review the comments made on the NRA 60 provisions in this last presentation and report to committee on whether there are legal options for the government to accommodate those concerns. Would that wording be specific enough for you to do that?

Mr. David McIver: Yes, I will look into that.

Mr. Duguid: Okay, and perhaps you might want to consult with ministry staff as you do that as well. Thank you.

CANADIAN UNION
OF PUBLIC EMPLOYEES,
LOCAL 79

The Chair: Our next deputation is the Canadian Union of Public Employees, Local 79, Toronto. Good morning and welcome. I'm just going to wait until the chatter outside ends so that you have our full concentration. Before you begin, if I could remind you to introduce yourself, anybody you would like to introduce who's with you, and the organization you speak for. When you do begin, you will have 15 minutes. Should you leave time at the end, there will be an opportunity for us to ask questions.

Ms. Ann Dembinski: My name is Ann Dembinski. I'm the president of CUPE Local 79. With me today is Jacqui Latter. Jacqui is on staff for Local 79.

I thank you for this opportunity to speak to you once again. It's the second time I have been here before this committee. I just want to remind you who Local 79 is. We are the largest municipal local in Canada; in fact, probably one of the largest locals in any area. We represent the city of Toronto, the Bridgepoint Hospital and TCHC. Our members work in public health, in homes for the aged, in social services, in parks and recreation, in housing, in ambulance services and in the courts. We represent child care workers, registered nurses, ambulance dispatchers, planners, hospital workers, building inspectors, shelter and hostel staff, public health nurses, water and sewage treatment employees, and cleaners who work in the city of Toronto, including the police stations.

Why are we here again? When we came here in November, we were optimistic that the government would listen to our concerns and make the appropriate amendments. In fact, Mr. Duguid even said after our presentation, "I just want to assure you we'll be taking your recommendations very seriously. I don't know if they will all be included in amendments, but certainly we'll seriously be looking at them. You've made some good suggestions."

Not only is the government ignoring our recommendations, but the 11th-hour amendments included at second reading in December 2005 have made a bad situation even worse.

What are our concerns? CUPE Local 79 continues to have grave concerns with the proposed legislation regarding discrimination against women and other low-paid members of OMERS. We have already said that the capping of pensions is unfair and will create inequities. When we appeared before this committee in November 2005, I told you that there is serious systemic gender discrimination inherent in this proposed legislation. Most of our members are women, many of whom entered the workforce later in life. This adversely affects their ability to accumulate adequate pension benefits. Many of them have difficult and stressful jobs. Some of our members even have dangerous jobs. Many of our members work in the essential service field. They work in jobs that, too, are dangerous and life-threatening. Many of our members receive injuries at work from lifting patients. These injuries are so serious that they often never return to the workforce. We represent public health staff and workers at long-term-care facilities who have to deal with SARS and legionnaires' disease. Our members have been infected with SARS and legionnaires'. This pension cap would apply to all these workers. It would mean that any increases are capped at the 1.4% accrual rate. This cap would not apply to the male-dominated occupations.

1130

Local 79 members, as I've said, work in dangerous jobs. In fact, I was just back in Seven Oaks on Monday. I met one of the women who worked there. She had in fact got legionnaires' disease. What she said to me was very interesting. She said, "I went through chemotherapy. Legionnaires' disease was worse."

The nurse who died from SARS was one of our members from Bridgepoint Hospital. Our members, as I've said, contract injuries, they pick up diseases that are life-threatening, but no one seems to be listening. They deserve the same treatment as everyone else. Just because it's not something that's perhaps as visible as immediate injury, they can't be ignored.

I just wanted to give you an example. A woman who is in CUPE and who is a member of OMERS, who works for 30 years and retires at age 65, with the current OMERS 1.325% accrual rate multiplied by her best five years at a \$30,000-a-year wage will get a pension of \$11,925 a year. The best that Bill 206 will allow is an accrual rate of 1.4%. Police and fire could have as much as 2.33% and many other public pension plans have a rate of 2%. At that 2% rate, that same woman would receive \$18,000 a year. For many pensioners, especially women, it is a \$6,000 difference, the difference between living in poverty and having some comfort later in life.

As I've said, women are already seriously disadvantaged financially when they retire from the workforce. Why would this government propose legislation that will only continue to perpetrate this disadvantage? Does this government not understand that pension plans hold out the greatest potential for preventing poverty of older women in the future?

I also wanted to talk about the fact that following second reading, a two-thirds majority on the sponsors corporation will be required to make decisions on benefit improvements and contribution rate adjustments. This will hamstring an already weak sponsors corporation and ensure that important decisions can never be made. The sponsors corporation will never allow increases, as it would mean that the employers would have to pay larger contributions.

There are more new flaws. A group representing senior municipal managers was given a seat on the employee side of the table on both the sponsors corporation and the administration corporation. Representatives from this group have traditionally sat on the employer's side of the table. Bill 206 will make OMERS unaccountable to the members. There will be 40 directors on two boards, with neither board nor an individual director held accountable to anyone. This is totally unacceptable to Local 79.

Pensions must be protected to guarantee the best outcome for all retirees regardless of where they work. The proposed legislation must allow for significant pension improvements for every group and must create a level playing field for all OMERS members. The appropriate sections of the proposed legislation must be altered. The principle of representation by population has not been applied to the administration corporation, where CUPE members remain seriously underrepresented. This must be amended. The new administration corporation must be accountable to the new sponsors corporation. This must be reflected in the legislation.

The sponsors corporation must be able to act in a democratic fashion and have a voting process that is not

so oppressive that the corporation is rendered dysfunctional. Normal voting rights must be restored. The original mediation-arbitration process must be restored to ensure 50-50 deadlock access to mediation-arbitration. The amendments that change the original process must be scrapped.

CUPE Local 79 strongly urges this committee, especially government members, to seize this opportunity. Take a leadership role in the struggle to help women overcome poverty, especially in their senior years. Amend the legislation to ensure that all workers who are contributors to the plan will always have meaningful input and that their financial interests will always be protected appropriately. Do not legislate poverty for a whole group of workers. If these amendments are not made, this seriously flawed piece of legislation must go back to the drawing board. The Ontario government will then have to start over and begin a broad collaboration process with the OMERS stakeholders to get it right.

Again I'll ask you, please do not ignore our largely female-dominated group. Thank you.

The Chair: You've left about a minute and a half for everybody to ask a question, beginning with Mr. Duguid.

Mr. Duguid: Just quickly, I want to thank you for a measured and helpful deputation. I listened carefully to your comments on the cap issue and would certainly appreciate an opportunity to maybe talk a little bit further with you about that in a little more detail. You've raised some good points there and I'd like to hear what you have to say on that—perhaps in the next few days, if that's possible. Maybe we could elaborate on that a little more.

I really don't have too much more to say. I guess I'm trying to figure out the structure of all the different stakeholders and how they relate. I'm looking at CUPE as an organization. You represent CUPE Toronto, more or less. Do you have an arrangement with CUPE Ontario in terms of ensuring that Toronto's voice is heard within any kind of representative structure on these committees? Have you had discussions with them about how you'd be represented?

Ms. Dembinski: In terms of the—

Mr. Duguid: On the sponsors committee or—

Ms. Dembinski: We have had discussions, and I will be very honest. I believe that Local 79 represents more members than anyone, and my position is that Local 79 needs to be there.

Mr. Duguid: So you think there should be independent recognition of Local 79, whether it be through CUPE recognizing it or whether it be in the legislation?

Ms. Dembinski: That would be great.

Mr. Ouellette: Thank you for your presentation. A quick question: Why do you believe that senior municipal managers were given a seat on the employee side and what do you believe the recommended breakdown for the membership on the board should then be?

Ms. Dembinski: I think basically they were put there to try to influence members, and I don't think they should be there. That's all I want to say. I will reiterate that I

think the crux of the issue is that you're treating predominantly female members differently. More so, when I even look around the room and I look at the deputations, it's primarily the largely male-dominated groups that are here.

1140

As I've said, I respect everything they do—I do; I've said that last time—but everyone seems to forget that our members don't have a choice. They can't abandon the residents, the patients, when they are in a dangerous situation. Nobody can. The ambulance drivers can't. The police can't. No one is recognizing that our members deserve the same treatment as everyone else. We seem to be drifting away from the fact that they are not being treated the same.

Ms. Horwath: I'm really glad that you clarified the issue about the accrual rates. I tried to get at that issue with the firefighters delegation, and again, all along, yourself, myself, everyone has acknowledged in this process that the Income Tax Act treats emergency workers differently, and nobody is denying that that's appropriate. Everybody agrees—and I think that the parliamentary assistant tries to bring this up as some wedge issue when it is not—that there is something that is acknowledged around those particular workers and their right to retire early and all of that.

The issue, though, is that if the government acknowledges that by removing caps on their ability to get to their 2.33%, which everyone supports, then similarly, fair treatment would mean that the cap of yours, that 1.4%, has to go, and you should be able to achieve the 2% that, under the Income Tax Act, is allowed. Does that reflect the issue that you're concerned around in terms of what we call discrimination in the way different workers are being treated under this bill as it sits?

Ms. Dembinski: Yes, that absolutely is the issue.

Ms. Horwath: Thank you.

The Chair: Thank you, ladies, for being here today. We appreciate your delegation.

CITY OF GUELPH

The Chair: The next group we have before us is the city of Guelph. Good morning and welcome. Thank you for being here. I'm just going to wait till all of the hubbub behind you subsides a little bit and remind you that when you do begin, if you could introduce yourselves and the group that you speak for. After you've done the introductions, you'll have 15 minutes. Should you leave time at the end, there will be an opportunity for us to ask questions. We have your handout with us.

Could people sit down, or leave the room if you're going to have a chat, please? We're about to begin.

It's all yours.

Ms. Kate Quarrie: Good morning, Madam Chair and honourable members. My name is Kate Quarrie, and I'm the mayor for the city of Guelph. With me today is the city's chief administration officer, Larry Kotseff, and the city's director of human resources, Pauline Blais. On

behalf of the city of Guelph, we thank you for taking the time to consider our municipal concerns regarding Bill 206, An Act to revise the Ontario Municipal Employees Retirement System Act.

The city of Guelph is a rapidly growing community of approximately 120,000 people, located in the heart of southern Ontario, just about 100 kilometres west of Toronto. It is in one of Ontario's strongest economic regions. The province's Places to Grow draft growth plan has identified Guelph's downtown area as an urban growth centre and has forecasted its population to grow to approximately 200,000 persons by 2031.

While we acknowledge that the Ontario government has an interest in removing itself from the governance of OMERS, and while we may be supportive of OMERS' autonomy, the city of Guelph continues to have significant concerns with respect to the proposed Bill 206 in its present form. We are concerned that Bill 206 will have very serious negative implications on our city, our residents and businesses. The costs related to the proposed Bill 206 will have a dramatic effect on our ability to provide services in our community.

Ladies and gentlemen, please also take the time to reflect on the comments we raised in our previous written submission on November 21, 2005. It's attached as appendix A.

Today, we wish to focus on two very important issues for the city of Guelph: decision-making by the sponsors corporation and the financial impact.

In its current form, Bill 206 proposes decision-making which requires a two-thirds majority of the members of the sponsors corporation to effect any proposed changes in matters such as changes to benefits, including the supplemental plans, changes to contribution rates and changes to, or the establishment of, a reserve to stabilize contribution rates.

The bill further proposes that if a two-thirds majority is not achieved, the sponsors corporation through a simple majority can refer proposed changes to a process of mediation, and, failing mediation, can subsequently refer such matters to arbitration, again by way of a simple majority decision.

We do not believe that alternative decision-making mechanisms such as mediation-arbitration are required or advisable in resolving such important pension plan design and cost matters. We believe that since the second reading of Bill 206, the government has already introduced some key changes which greatly diminish the need for such matters to be referred to a process of mediation and arbitration.

The composition of the sponsors corporation has been improved to better represent all OMERS stakeholders. We are pleased to see that the government has recognized the importance of providing representation on the sponsors corporation for the very large group of non-union management employees who are OMERS plan members.

The most recent provisions of Bill 206 now require that supplemental plan options be developed for police,

fire and paramedic employees, thereby greatly diminishing, if not negating, this potential area of dispute among members of the sponsors corporation.

In light of the above, we believe a two-thirds majority decision-making process will ensure that the members of the sponsors corporation retain both the responsibility and the privilege of making final decisions regarding such significant issues for all OMERS stakeholders.

In keeping with our previous recommendation to you regarding the proposed decision-making process for OMERS plan changes and improvements, Guelph city council strongly recommends that these decisions rest with the sponsors corporation in accordance with the two-thirds majority currently proposed by Bill 206.

The financial impacts: We have yet to see evidence that the Ontario government has conducted a full risk analysis regarding the proposed changes to OMERS, nor has it sufficiently assessed the cost impact on members, employers and taxpayers. The changes proposed under Bill 206 will have substantial financial impact on the city of Guelph, resulting in costs of millions of dollars per year.

Our most current analysis of the cost of Bill 206 provisions related to supplemental plans suggests a potential increase of \$2.8 million annually which will need to be funded from the city of Guelph's tax-supported and user-pay budgets. Each increase of \$1.2 million in the city's budget results in a tax increase of 1%. This OMERS increase of \$2.8 million annually will result in an annual increase of 2% to 2.5% in taxes for the average residential household in Guelph.

If this cost is not passed on to the local taxpayer and if alternative funding is not provided by the government, the city of Guelph will ultimately be faced with the reduction or elimination of services to its citizens. Guelph city council recommends that the government conduct a significant review of the cost impact of Bill 206 on municipalities and that it share its findings with municipalities prior to proceeding with Bill 206 in its current form.

1150

In light of the above, the city of Guelph is requesting that the government of Ontario not proceed with Bill 206 in its current form. Also, as a member of the Association of Municipalities of Ontario and the Large Urban Mayors' Caucus, we endorse the submissions put forward to you by these associations regarding Bill 206 on our behalf.

In conclusion, financial, pension and governance matters are very complex and require a great deal more analysis prior to the Ontario government proceeding with Bill 206 in its present form. Guelph city council strongly urges the Ontario government to seriously reconsider the proposed changes to the Ontario municipal employees retirement system as reflected in this proposed bill and to support our recommendations made to you today.

I thank you for the time that you've taken. I understand my colleague Hazel was in here yesterday. I won't

end my comments the same way she did, but I have to agree with her sometimes. Thank you very much.

The Chair: Thank you. You've left about two minutes for each party to ask a question.

Mr. Hardeman: Thank you very much for your presentation. It's much appreciated. I would say that I'd be willing to admit that I always have to agree with Hazel.

Ms. Quarrie: I do, too.

Mr. Hardeman: It's not good news to not do that. I think it's particularly true yesterday. She made a very passionate presentation and came down to the final crux of the problem, which is that not enough work has been done. Obviously, from the hearings we've held so far, we've had groups from every direction coming in and saying that there are still problems with this piece of legislation. Some presenters had a different view than you, Madam Mayor, and came here saying that it would be better not to pass the bill than to pass it in its present form, recognizing that they are really looking for some of these changes to be made.

I think the big problem we have—first of all, you address the issue of cost, that the province should come forward with an analysis of what the impact will be to municipalities if this bill is passed in its present form. We've been asking the government if they have done some work on that, and to present the committee with the cost analysis they've done. They have so far been reluctant to do that. It turns out that the minister wrote—and I expect that you got the letter—on December 20, and said that this bill, if passed, would not increase any cost or pension benefits that would be detrimental to municipalities. So obviously he can't do a cost analysis if he has already committed to the fact that it's not going to have a cost impact. I guess we shouldn't hold our breath waiting for those comments to come forward.

Having said that, with all the presentations we've gotten from municipalities in particular, how would you explain that the minister would tell the heads of every council in this province that there will be no financial impact? Not that they disagree with your analysis of the financial impact, but that there will be no financial impact and no cost to municipalities if this bill is passed.

Ms. Quarrie: I don't want to get in the middle of party politics. That's one of the great things about being in municipal politics: I can work both sides of the fence here.

I would strongly suggest that if an analysis had been done that made the minister make that statement, then show us the material. AMO has asked for that material, as well as municipalities. All we're saying is, if we're wrong, show us where we're wrong. That's all we're asking. But it hasn't been forthcoming.

The Chair: Thank you. You're clearly a wise mayor.

Ms. Quarrie: I'm learning.

Ms. Horwath: Good afternoon. I wanted to know how you came up with your figures. What are some of the assumptions around your \$2.8 million annually?

Ms. Quarrie: We had our director of finance and Pauline Blais, who is director of human resources, work together. She could likely answer that in detail for you, or we would be very happy to supply the information to you, if that would save you some time. But if you would like her to answer, by all means.

Ms. Horwath: Sure, a quick answer would be great. We had another presentation yesterday where there was a discrepancy between how different parties are analyzing the numbers, so I would appreciate that.

Ms. Pauline Blais: I hope I can assist to some degree. All of the municipalities used a fairly similar approach, as advised by our treasurers and directors of finance. Essentially, we looked at the proposed potential improvements to the supplemental plan, whether or not it would be an increase in the accrual rate or whether or not there would be improved early retirement: rather than after 30 years, that it would be after 25 years. So we looked at those scenarios that would be the most plausible improvements that seemed to be outlined through the auspices of the bill. Using those costings, projecting—you have to project age and your numbers etc., so we were basing that on our current numbers of employees, assuming that they would still be around in those numbers. They were not inflated; they were projections based on current FTEs.

Ms. Horwath: And with all the potential benefits in at once?

Ms. Blais: Knowing that these would come in over a period of time. This also relates back to the decision-making process that is spoken about in the bill. So we did project all costs, knowing that over a short period of time, if the language of decision-making remains the same, it could be a fairly short period of time where all the improvements would be in place. So, yes.

Mr. Lou Rinaldi (Northumberland): Thank you very much, Your Worship, for being here today. We appreciate your submission in person. I'm going to share my time with Mr. Ruprecht here.

My question is specific to your cost analysis, to follow Ms. Horwath's question. I reviewed your written submission, and the cost seems to be basically the same; very little variance. One of the things we heard after first reading was the fact that the supplemental plans and the solvency issue create a huge burden. After second reading, we got a letter from the Minister of Finance to consider removing the solvency provisions so that the cost wouldn't be as great. I'm just wondering if you took that into account in your submission here today.

Ms. Blais: What we took into account is that the scope of Bill 206 does not address the issues of solvency, that that is another discussion by government, and that we can't assume that that promise would ever be implemented when it is not within the purview of this bill. Our key message here is that, based on the current provisions of this bill and our costing, it is going to be a burden on the municipality.

Mr. Rinaldi: Thank you.

The Chair: Mr. Ruprecht, you have about 30 seconds.

Mr. Ruprecht: I'm going to follow up on Ms. Horwath's question and my colleague's question here. You're actually indicating that the OMERS increase is supposed to be \$2.8 million, and that would also represent a tax increase, Ms. Quarrie, of 2% to 2.5%. Is this the—

Ms. Quarrie: This is on an annual basis.

Mr. Ruprecht: On an annual basis; that's right. Is this the worst-case scenario—I was listening very carefully to what your colleague said—or is this an estimated cost? I know you can't be totally specific and you can't be totally correct in this number, but I'm just wondering. It just seems a bit high, that one municipality like Guelph—

Ms. Quarrie: My understanding is that they went on very conservative numbers. Perhaps, Pauline, you could address that.

Ms. Blais: I think you had a range of many other municipalities speaking about a 3% increase. No, we held to fairly conservative projections based on looking at the eventual implementation of an increased accrual rate and increased improvements to the year where these employees would be able to retire with the new, improved supplemental plans.

The Chair: Mr. Ruprecht, your time has expired.

Thank you very much. We appreciate your being here.

DURHAM REGIONAL CUPE COUNCIL, RETIRED WORKERS' CHAPTER

The Chair: Our next delegation is the retired workers' chapter of the Durham Regional CUPE Council. Good morning and welcome.

Mr. William Harford: Good morning, Madam Chair.

The Chair: Are you Mr. Harford?

Mr. Harford: Yes. It's Harford; no "t." We got rid of that in Boston.

The Chair: Okay. Thank you. Welcome. If you could introduce yourself and the group you speak for for Harford when you begin. After that, you'll have 15 minutes. If you leave some time, there will be an opportunity for questions.

Mr. Harford: Thank you very much. My name is William John Harford. I am the acting president of the retired workers' chapter of Durham Regional CUPE Council. Thank you very much, Madam Chair and members of the committee, for the opportunity to speak this morning regarding Bill 206 and the way we grassroots retirees see it.

1200

I represent a group of retirees who get together three times a year to talk about issues that are of interest to us. I can tell you, they do not usually centre around politics or our pension, which, until recently, seemed to be relatively quiet. However, in recent months we have seen in the newspapers items regarding our OMERS pension and Bill 206. I can tell you, one thing retirees seem to zoom in on is something that may affect their pensions. So this matter did come up at our last meeting. After

much discussion, it was felt that we should let our views be known from a grassroots level.

We are ordinary workers from school boards and local municipalities in the region of Durham. We do not have all the technical jargon that I see from reading some of the other presentations, nor a detailed understanding of the proposed Bill 206, but we do understand what self-governance, retiree representation and a Canada pension plan cap mean.

For some 15 years or more we have heard the request for self-governance and how it would give us better control over our pension destiny. Over that span of time we had nearly reached the goal, only to have a provincial election called or a new minister put in the municipal affairs office. It seems that OMERS and its stakeholders are on the brink of achieving that goal. As retirees watching this development, we are becoming a little concerned. Under the current system, we have a retiree representative on the board selected from the Municipal Retirees Organization Ontario, more commonly known as MROO, who has voice and vote.

This well-structured, non-partisan organization has served our members and other retirees well over the years by bringing retirees' pension concerns to the ears of other OMERS board members. This has resulted in positive improvements to our OMERS pension plan, not just for retirees but for retirees in the future. Our retirees chapter, most of whom are members of MROO, have recognized this organization as our voice at the OMERS board table. Its representatives, both on the OMERS board and in its organization, have always been well informed, knowledgeable and sensitive to the retirees' welfare, a voice for OMERS' inactive members, better known as retirees.

It is our understanding that Bill 206 is changing the structure of OMERS to have an administrative corporation and a sponsors corporation. We are pleased to see that each corporation will have a retiree. It is further understood that this retiree would not necessarily come from MROO, as is the current practice. In fact, it seems that even someone from our small chapter could become a retiree representative on the board. It is our belief that all-inclusiveness would not serve retirees well. A small organization such as ours would not have the expertise or a more global understanding and contacts with other retiree groups throughout the province or even beyond Ontario. Therefore, our chapter recommends MROO to be our voice and the common voice of all NRA 65 OMERS retirees. MROO has had a successful track record over the past 23 years to achieve improvements to the OMERS plan for both retired members and future members. MROO is a well-founded organization with eight zones throughout the province. It communicates with its members annually at zone meetings and with quarterly newsletters. I know our retiree group looks forward to both the zone meetings and the letters to keep them informed on matters that most affect retirees.

Upon request, MROO has sent speakers to the Durham chapter's meetings. MROO has the respect of the current OMERS retirees and the executive board of

OMERS. MROO, over its history, always put forward good, strong, informed, knowledgeable representatives who understand the need to improve the OMERS plan for current retirees and future retirees. As noted above in the reference to NRA 65, we would suggest, for the same reason that MROO has been able to represent us successfully, that the committee should consider increasing the number of retirees from one to two, with one being an NRA 65 and one an NRA 60.

As demonstrated, there have been improvements made to the OMERS plans. These changes have been brought about by experience in the field of being retired, and those experiences being told to the executive board, resulting in improvements to the OMERS plan. These same experiences will be had by the NRA 60s, especially with the expansion of the emergency and health sector to include paramedics. A representation by a person from the NRA 60 can best express the on-the-ground situation that those retirees are having.

The retired workers' chapter of Durham region recommends MROO to be the voice of the OMERS retirees. We further recommend that the legislation have this written into it to ensure that MROO always has continuous representation on the two corporation boards. This is what we understand to be self-governance and representation.

With regards to the CPP cap that is in the current Bill 206, this cap is a travesty and an insult to OMERS board members and the staff. To place this kind of restriction in the legislation would be a major setback for retirees and for the purpose of self-governance. For over 15 years we have worked to get self-governance, and one of the features would be to expedite changes to the OMERS pension plan without having to go through the political loops of the Ministry of Municipal Affairs. Had it not been for the delays caused by the current system, we could have achieved the Canada pension offset of 0.6%, and today may have reached parity with the hospital workers' pension plan, HOOPP, or the teachers' sector pension plan. OMERS, in our opinion, have always operated in a prudent, diligent and fiscally responsible manner to ensure the plan's security.

This cap seems to fly in the face of those at OMERS, that if they were given self-governance, they would irresponsibly run off and lower the Canada pension cap from its current 0.675% to maybe 0.4%. This won't happen. I and our members have faith in the OMERS board to use due diligence, to only make those kinds of changes when it is in the best interests of the plan's security and its OMERS members. Yes, we would like this cap to be lowered. We would most certainly like to see parity with the hospital workers' pension plan, HOOPP, or the teachers' sector pension. We also know and respect the fact that OMERS cannot do that unless there are enough funds to do so. A Canada pension cap reduction is the only way retirees can actually gain more money in their pocket. This is especially helpful for those among retirees who have a low pension income. I might add that a good number in this category are women.

In summary, I hope I have been able to give some idea how we retirees at the grassroots see the proposed legislation and how we would like to see it changed to reflect our needs. We will be depending on other advocates to finesse the details of the proposed legislation, but I do hope your committee, Madam Chair, will have the proposed legislation changed to meet the concerns contained in this presentation. I thank you very much for taking the time to listen.

The Chair: Thank you. You've left about two minutes for each party to ask questions, beginning with Ms. Horwath.

Ms. Horwath: I'm glad you've raised the issue of the cap, because it seems to be one of the issues that is raised to demonstrate how the bill in its current form discriminates against certain numbers of workers.

I was interested to receive a document today and wanted to read a piece of it. This is from the firefighters. It says, "Currently, Bill 206 allows the sponsors corporation the ability to negotiate an accrual rate from its current level of 1.35% to 1.4% or a 0.6% CPP offset. CUPE, fire, police and even the current OMERS board have recommended that this cap be removed and are continuing to recommend this change prior to third reading." Would that be your position as well, based on your presentation today?

Mr. Harford: Speaking on behalf of the retirees I represent in my little area, one of the things we had always looked forward to was a reduction in the CPP cap. It is the only way that current retirees can see a little more money come into their pocket. The other thing is that for over 15 years we've been arguing for self-governance in order to make these kinds of corrections. Unfortunately, we ended up being frozen. The other thing is that every time we'd get close to it, we'd have a change in government and we'd have to start all over again. I can tell you, some of the people who started out on this journey 15 years ago aren't here today. So I'm hoping that the government will listen.

1210

They have to have faith in that board. OMERS isn't some kind of Mickey Mouse organization, as you well know. We're talking about a \$30-billion operation, and these people are responsible. You can bet your bottom dollar that they're not going to give us something if we can't afford it. So it should be removed, that 0.6%.

Mr. Jean-Marc Lalonde (Glengarry-Prescott-Russell): Mr. Harford, I want to thank you for taking the time to come up and address the committee. You've probably clarified some of the concerns that you have today.

I'd just like to know: You say that MROO is your voice. They represent the retiring people. Have you read this letter that was sent out to all the people from MROO? And also the newspaper ads?

Mr. Harford: Yes, sir, because that letter was sent to all MROO members. So, yes, I had read it, and not only that, but I'd also read the paper items on Bill 206. To be quite honest with you, one of the questions I had put back

to MROO as a member out there in la-la land was, “What are we doing in MROO? Why aren’t you giving us some direction as retirees?” I can tell you, sir, that once we leave our workplace, either as a union member, where I was very active, or as an employee of an employment group, the door closes and the retiree has no more voice. The only voice that has consistently brought issues forward for retirees has been MROO. It’s a well-organized group formed by people who are, like myself, retirees who have come together and have studied the legislation, whether it be with the province or with the federal, and have tried to give some guidance and leadership to try and make improvements for retirees.

Mr. Lalonde: Have you had any meetings since last November’s public hearing that we had?

Mr. Harford: With the province?

Mr. Lalonde: No, with MROO.

Mr. Harford: No. MROO has not called any meetings. We’ll have one in April, I suspect, in our zone.

Mr. Lalonde: Because we feel that the content of the letter was misinforming the MROO members, and it’s also been confirmed. The people have been calling me. They were really concerned when they received this letter, and also reading the newspaper ad, because at the present time, definitely no retiree members will be affected by Bill 206.

The Chair: Thank you, Mr. Lalonde.

I’m going to give you an opportunity to respond.

Mr. Harford: I guess one of the things that could happen, as we’ve heard from some of the presentations, is if the taxes go up, that definitely hits retirees, a number of whom are on fixed wages. The main issue, I believe, from MROO, is that what our retirees were looking at is the fact that the 0.6% cap was going to be written into legislation, and if it is written into legislation and we ever wanted to try to correct that, if it took 15 years to try to get self-governance, it might take another 30 years to try to get that cap reduced to something that’s more suitable in the future, providing the funds provide.

Mr. Ouellette: Thank you for your presentation. It’s somewhat different from a lot of the ones we’ve heard in that it appears that you support the legislation, except that you would like us to ensure that MROO represents and has your voice there.

The other aspect is that the change that you’re looking for is an additional seat for the NRA 60s and 65s. Do you feel that the board makeup, then, is best represented in that fashion only?

Mr. Harford: I’m not totally familiar with the whole composite of the proposed board, but I would like to say that one of the reasons why I think that it would be a good idea to have a retiree from the NRA 60 as well as NRA 65, which I understand will be there, is that, unfortunately, working people don’t have the chance to tell you what’s going to happen when they’re retired. Fortunately, with OMERS, we’ve had the opportunity of a debriefing of working people who have become retired. It’s from that debriefing of those retirees back through MROO that we’ve been able to effect positive changes in

the OMERS pension plan. Does that answer your question?

Mr. Ouellette: CUPE 79 had mentioned that they actually thought it would be good if they had representation by their organization on the board, and from that, I gathered that the various disciplines within CUPE would be seeking representation. What I’m hearing from you is that you feel that there could be potential growth in that single organization, such as MROO would best represent your interests.

Mr. Harford: Yes, certainly MROO does represent retirees because, as I said, there’s nobody who speaks on behalf of retirees once you retire. There is no voice. Not even our unions really speak to it in an effective way, because CUPE members are working members, and we’re the ones who are retired and know what has happened. Certainly, that has been my experience. When we have effected changes, it was because of retired members who said, “Holy smokes. Do you know what? I’m retired but I don’t have this or that”—things where we tried to effect change.

With regard to Local 79, I can certainly understand why they think they should have representation, being one of the largest. I’ll leave that up to the union to decide how they want to do that. CUPE’s a big umbrella.

The Chair: Thank you, Mr. Harford. We appreciate you being here today.

REGIONAL MUNICIPALITY OF NIAGARA

The Chair: Our next delegation is the regional municipality of Niagara. Good morning and welcome. Actually, I guess it’s good afternoon—good afternoon and welcome. Thank you for being here. Once you get yourself settled, if you could introduce yourselves for Hansard and the group that you speak for. After you’ve begun, you’ll have 15 minutes. If you leave time at the end, there will be an opportunity for questions.

Mr. Peter Partington: Thank you. Chair Jeffrey and committee members, my name is Peter Partington and I’m the chairman of the regional municipality of Niagara. With me is John Nicol, the region’s commissioner of human resources.

Niagara region is a great place to live in and visit, encompassing 12 municipalities across 1,800 square kilometres. We’re home to 425,000 citizens. Our tourism industry attracts over 15 million visitors a year. We’re critical to the socio-economic well-being of the province and the country. We, like a number of other regions and municipalities in Ontario, do, however, have significant challenges, including the responsibility for providing ever-growing and costly public health, emergency and social services and transportation needs within a very restrictive stream of revenue: the property tax system.

Notwithstanding the commonality of services provided across the major municipalities of Ontario and the funding concerns, we in Niagara differ significantly from a number of municipalities in Ontario and particularly the Golden Horseshoe as to our economy and our ability to

pay for ever-increasing municipal service costs. Our manufacturing sector is predominantly branch plant oriented. We have a sizable tourism and hospitality sector, significant agricultural and greenhouse production, and development in telecommunications and call centres.

Most of these sectors of the economy are struggling. For example, tourism has been set back by 9/11, SARS and the appreciation of the Canadian dollar. Manufacturing is the most significant contributor to the GDP in Niagara; however, manufacturing jobs are on the decline. Our unadjusted unemployment rate on average for 2005 was 7%, compared to a provincial average of 6.6%. With a higher share of provincial citizens 65 years and older residing in Niagara, government transfer payments account for a larger share of personal income in the region compared to elsewhere. Lower average earned income associated with our economic profile and a higher share of seniors in the overall population contribute to the region's lower-than-average household incomes and high out-migration of our youth. For example, according to 2003 Statistics Canada data, Niagara had a median family total income of \$63,800, compared to \$98,700 in Oakville and \$86,900 in Burlington, which are communities within an hour's drive of our headquarters. Our median family total income was the lowest of the 11 Ontario municipalities reported by Statistics Canada and compares to a provincial median income of \$67,500.

According to the 2005 BMA Management Consulting municipal study, nine of 12 single-tier municipalities in Niagara had a higher ranking as to total municipal tax burden as a percentage of income available on an average household. No Niagara municipality had a low ranking as to municipal tax burden, while other municipalities within a 100-kilometre radius did have a low ranking—communities such as Burlington, Cambridge, Guelph, Oakville and Waterloo.

1220

As a consequence, property taxes represent a greater percentage of disposable income in Niagara than in many other Ontario municipalities. Additional costs associated with the supplemental benefit, as proposed under Bill 206, will further the economic hardship already faced by our local taxpayers. We in Niagara do not have the same assessment base or ability to raise revenues for needed infrastructure investments as do many other municipalities. New greenbelt legislation has further added economic revenue generation challenges for a number of municipalities in Niagara and has accentuated our concern as to our ability to pay for municipal services.

OMERS pension contribution rate increases recently authorized by the provincial government already represent an additional \$1.78 million, or plus-10% in 2006 pension contribution costs for our regional municipality compared to 2005. We estimate that the proposed supplemental pension benefit alone for police, sworn and civilian personnel, as well as paramedics, could represent an additional \$4.7 million, or a 1.9% increase to our municipal levy for the region.

Mandated consideration of supplemental pension benefits prescribed under Bill 206, representing additional and costly pension plan benefits for police, fire, paramedics and sworn and civilian personnel, are not affordable in Niagara, given numerous other local service demands, infrastructure, transportation needs and costs. When introducing Bill 206 in the Legislature for second reading on December 12, 2005, the Minister of Municipal Affairs and Housing, as well as his parliamentary assistant, noted that municipalities will have control over supplemental benefits through negotiations with their respective bargaining units. In fact, in his letter to me of December 20, 2005, Mr. Gerretsen confirmed that once the supplemental benefit plan is made available, it will be up to local groups of employees and employers to decide whether or not they wish to access a new pension benefit.

We respectfully disagree with the minister and his parliamentary assistant, as the Police Services Act, the Fire Protection and Prevention Act and the Ambulance Services Collective Bargaining Act all require that any issue raised at negotiations leading to impasse must be decided by an arbitrator. This means that municipalities could lose the right to decide on the proposed supplemental benefit, should they reach impasse during collective bargaining. We strongly disagree that a third party should have the authority to decide such an expensive, complex and precedent-setting benefit for municipalities in Ontario. We believe it is all too easy for the associations to request supplemental pension benefits at collective bargaining and to bring the entire collective bargaining process to an impasse, requiring an outside arbitrator to decide this and any other issue remaining in dispute through the collective bargaining process.

I will now request our commissioner of human resources, Mr. John Nicol, to further explain why we believe the proposed legislation should exempt the authority of arbitrators to address supplemental benefits for emergency worker services.

Mr. John Nicol: Historically, there has been insufficient regard by interest arbitrators as to differences across municipalities pertaining to the ability to pay for municipal workers who are subject to mandatory interest arbitration following an impasse at collective bargaining. Notwithstanding specific language in the Police Services Act, the Fire Protection and Prevention Act and the Ambulance Services Collective Bargaining Act requiring arbitrators to consider the employer's ability to pay, arbitrators have awarded emergency service workers compensation improvements which are causing significant budgetary hardship for local taxpayers. As there is little emphasis given by arbitrators as to a municipality's ability to pay, we find there are very similar salaries paid to police personnel right across Ontario, as well as fire and paramedic personnel, for their particular occupational group.

As an example, as of December 2005, a first-class constable in Toronto received an annual base salary of \$69,361. That compares to \$69,293 in Peel, \$69,282 in

Halton, \$69,194 in Hamilton and \$69,097 in Niagara. Notwithstanding the considerable differences between Toronto and Niagara as to cost of living, service demands and ability to pay, the gross salary difference in pay between the two forces is only \$264 per year.

As noted in his arbitration award of October 5, 2004, concerning the determination of salary adjustments at Ottawa Police Service, William Kaplan stated, "I have been guided by the criteria normally considered and applied by interest arbitrators, most notably replication and comparability, particularly and historically with the big 12." The "big 12" refers to the province's largest municipal police forces and underscores the similarity of salaries and benefits across the 12 police services, notwithstanding differences as to ability to pay across these communities.

As well, the comparable, if not identical, annual percentage base wage improvement awarded to sworn officers is also awarded to civilian employees in these same services. For example, in the Brockville Police Service award of March 10, 2005, Richard McLaren noted, "This award recognizes the fact that historically there has not been a differentiation in wage settlements between the uniform and civilian agreements of this board."

As Bill 206 allows supplemental benefits for civilians in the emergency service sector, it is very likely that associations will request arbitrators to grant supplemental benefits to not only sworn officers but also civilian staff, who in many cases undertake similar work to municipal employees. This could add further cost for local governments and supplemental pension demands from other non-emergency sector municipal workers.

Fire associations have also effectively and successfully linked police settlements to their salary improvements in both negotiations and arbitrations. For example, the Mitchnick award concerning the town of Markham in March 2005 awarded a three-year salary improvement, "to match the general increases settled on in York both as to timing and amount" for York police services. The result in annual salary differential between a first-class constable and a first-class firefighter at York is only \$40 per year.

To date, fire associations have been less successful in bargaining retention pay commonly found in police contracts. However, they are proceeding to some 12 municipal interest arbitrations in an attempt to be awarded that benefit. Retention pay has considerable salary benefit and pension cost ramifications for municipalities of Ontario.

Arbitrators in the emergency workers sector have tended toward annual compensation improvements which exceed other municipal workers. In his award of June 2005 concerning the region of Peel paramedic arbitration, Kevin Burkett rejected "the employer's attempt to tie the wage increase to normative municipal sector wage increases." He awarded improvements of 20.3% over three years, which is an average of 6.77% per year.

Personnel costs associated with emergency services—that is, police, fire and paramedics—are consuming an

ever-increasing proportion of our municipal budgets and constraining the ability of municipalities to fund other necessary programs. Salary and benefits-related costs represent 86.8% of the net Niagara Regional Police Service operating budget in 2005. This large percentage of personnel costs to total operating budget is not unique to Niagara, as other police services have a similar percentage of salary and related benefits to net operating budget. Supplemental benefits for union and civilian personnel will add to our challenge across Ontario to control ever-increasing emergency services.

In conclusion, municipalities cannot afford supplemental pension benefits for police, fire and paramedics. Local councils do not have control over this costly benefit for purposes of emergency service workers who have recourse to mandatory interest arbitration. We have witnessed that specific legislation requiring arbitrators to give consideration to ability to pay or government intent in the absence of such specific legislation is not sufficient.

A good example is the Goodfellow arbitration award of December 17, 2004, concerning the issue of Ontario health premiums between the city of Hamilton and the Hamilton Professional Fire Fighters Association: "As for the question of the government's intent ... as expressed, for example, on at least one occasion in the Legislature (i.e., that the cost of the premium would not be covered by existing collective agreement language), it is, quite simply, irrelevant to the issue before me."

1230

Supplemental benefits for emergency workers will encourage early retirement of experienced and skilled emergency worker personnel, which in turn will lead to ever-more-difficult and costly recruitment competitions amongst municipalities for limited skilled resources. The supplemental benefit itself will be of significant cost to our benefit budgets.

We are not alone in our concerns. The Conference Board of Canada has confirmed, through their survey research of September 2005, that funding of existing pension plans and the question of a pension plan underfunding crisis in Canada is real for governments, plan sponsors and concerned Canadians. If the municipal pension plan amendment is to go forward, we ask that Bill 206 be amended to exempt the authority of arbitrators concerning supplemental benefits. To do otherwise is to remove control from local government and its employees, which is contrary to the Minister of Municipal Affairs and Housing, who stated in the House on December 12, 2005, "This puts the supplemental benefits in the control of local governments, which would bargain with their workers." To allow a third party arbitrator to decide such a benefit is to take control from local governments and is contrary to the intent of the bill as expressed by the Minister of Municipal Affairs and Housing and his parliamentary assistant. The latter stated in the House on second reading of Bill 206 on December 12 that, once supplemental benefits are set up, "It would then be left up to the local groups of employees and

employers to decide if they wish to access this new pension benefit.” He also emphasized to the House, “These reforms return the decision-making function to our democratically elected local representatives and their constituents.”

If we are to return the supplemental benefit decision-making function to local municipalities, the provincial government must ensure that arbitrators do not have the authority to address supplemental benefit issues arising from the collective bargaining process. Thank you very much.

The Chair: You’ve left exactly no time. You just used your whole 15 minutes. Thank you very much for your very thoughtful presentation. We appreciate you being here today.

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL 636

The Chair: Our next delegation is the International Brotherhood of Electrical Workers. Good afternoon and welcome.

Mr. Patrick Vlanich: Good afternoon. How are you today?

The Chair: I’m good. How are you?

Mr. Vlanich: Very well, thank you.

The Chair: After you’ve had a chance to get yourself organized, if you could introduce yourselves and the organization you speak for, so Hansard can record it. When you begin, you will have 15 minutes. Should you use all that time, there won’t be an opportunity to ask questions. If you do leave some time, we will be able to ask about your presentation.

Mr. Vlanich: Good afternoon, everyone. My name is Patrick Vlanich. I’m a union education officer and contributing member of OMERS. I am joined today by Rick Wacheski, the business manager and financial secretary of IBEW, Local 636. On behalf of Local 636 of the International Brotherhood of Electrical Workers and our members, I would like to thank you all for this opportunity to appear before you today and share our supplemental comments and recommendations on Bill 206.

It was Yogi Berra who once said, “When you come to a fork in the road, take it.” OMERS now finds itself at this junction, and it will be left to you to have the daunting task to choose its path.

In the court of public opinion, there is never any shortage of judges, and the introduction of this bill in June 2005 certainly proved this adage true. Over the past six months, this legislation has been under intense scrutiny by both those who support its passage and those who oppose it. Ironically, rather than promoting unity among the stakeholders, this bill has created serious wounds that must be healed to ensure that all parties can get back to the very good work of delivering on the pension promise to the families across Ontario. Hopefully, by adopting the key changes today presented

before you, most significantly the elimination of caps on benefits, the healing process can now begin.

Passions have often run high on both sides in this case, occasionally resulting in the release of information—or perhaps misinformation, depending on your point of view—that has made good headlines, but not necessarily good sense. It is unfortunate that this has now overshadowed the true focus of this bill and the work of this committee. No doubt there will be escalating campaigns in the days and weeks ahead. We urge you to not be swayed by the rhetoric and remain focused on the reality that the time is now for OMERS autonomy.

While only a handful of our earlier recommendations were adopted, our members appreciate the efforts made thus far by the committee and the government to address the many varied concerns brought forward by a very diverse group of interested stakeholders. As we all know, no bill can possibly be all things to all people, and obviously there’s much work to be done if we are to meet the greater good of all stakeholders. We encourage you to continue in this pursuit.

Today the IBEW reaffirms our belief that, with some further amendment, Bill 206 would in fact be good for OMERS, good for our members and good for the future. In reviewing the bill, as amended for second reading, we have identified several areas of concern, the details of which are outlined in our written submission. Rather than revisiting the recommendations and comments included in the earlier submission tabled in November, we have chosen to focus our attention on these issues. OMERS must be put on a level playing field with other major public sector pension plans in Ontario. To this end, the IBEW is respectfully requesting reconsideration for the sections of Bill 206 dealing with defined benefits, supplemental plans, the CPP offset, start-up funding and transitional matters.

Let me begin with defined benefits. In the original draft, section 9 of Bill 206 read, “Every OMERS pension plan must be a defined benefit plan.” To our surprise and disappointment, this section has been removed. For many of our members, defined benefits define OMERS. Since its inception more than 40 years ago, OMERS has been a defined benefit plan and, simply put, we believe that it should remain so for the next 40 years. With this in mind, the IBEW recommends that section 9 should be reinstated within Bill 206, as previously written.

Although I’m somewhat reluctant to talk about supplemental plans, given the other presenters today, I will touch on that briefly. Despite the passage of Bill 211, which ends mandatory retirement at age 65, a steadily growing number of our members are continuing to seek ways to retire early. That is why we encourage this committee to include language that enables pension plan members other than police, fire and paramedics to establish supplemental plans. We support the establishment of two independent supplemental plans, one for police, fire and paramedics and one for all other members, respectively, each guaranteeing a minimum threshold of negotiable improvements and each governed

by a sponsor/advisory committee that includes equal representation from employees and employers.

Next we'll deal with the question of the CPP offset. Presently, the Canada pension plan offset is 0.675%. This effectively reduces the pension benefits for OMERS retirees at age 65 to a degree higher than those in other public sector plans such as the hospitals of Ontario or the Ontario teachers. Admittedly, the legislation has lowered the ceiling by reducing the offset to 0.6%. However, meaningful independence for OMERS should allow the sponsors committee to determine what the plan can comfortably afford and balance that against the expectations of the members who want to enjoy the maximum benefits available. To this end, the IBEW recommends that paragraph 12(1)2 be deleted.

Another issue that is a carry-over from our earlier submission is start-up funding. Obviously, an undertaking of the scope and magnitude anticipated following passage of this legislation, should it occur, will inevitably result in significant start-up costs. Estimates range anywhere from \$3 million to \$5 million. Those could be conservative or perhaps lofty, depending on who you are. Nevertheless, legislative restrictions may prevent some or all of these sponsor costs from being charged to or recovered from the primary plan. In turn, such costs may be passed on to the members and the employers. From our perspective, that's patently unfair. When the OPSEU pension plan was established and the teachers' pension plan was devolved from government, funding was provided. Therefore, we recommend that the government provide adequate start-up funding for any and all costs incurred during the transition that cannot legally be recovered from the primary plan.

Turning our attention to transitional issues, the IBEW agrees with the decision to give voting rights to a representative for retirees on both the sponsors and administration corporations. However, we are quite perplexed as to why the representative chosen by the Association of Municipal Managers, Clerks and Treasurers of Ontario has been given a seat on what has traditionally been regarded as the employee side of the table—not that we are to discuss partisan approaches to composition, but the reality is that quite often the manager and employer are one and the same. However well-intentioned, the assignment of a representative from the management group to the plan members group in both the administration corporation and the sponsors corporation seriously skews the equal representation envisaged by the legislation. On an organizational level, this group may be regarded as employees, and in the eyes of OMERS they may be classified as members. We respectfully submit that, practically speaking, this is where the similarities end between this group and the others represented in the members group.

1240

We find it difficult to imagine that the people in this association share many common interests with the working people in their employ. They seldom do at the bargaining table or when we're engaged in a grievance

meeting. In order to maintain balance in the sponsors corporation, the IBEW recommends that paragraph 39(1)10 be amended to provide for three persons to represent "other members" of the OMERS pension plan and further amended to ensure that the person chosen to represent the Association of Municipal Managers, Clerks and Treasurers of Ontario be included in the 11 employer representatives.

Likewise, in order to maintain balance in the administration corporation, the IBEW recommends that paragraph 45(1)7.1 be amended to ensure that the person chosen to represent the Association of Municipal Managers, Clerks and Treasurers of Ontario is again included in the employer representatives, which in this case would be eight—a slight change from the legislation.

Turning now to the advisory committee: As we understand it, the bill establishes advisory committees "for the purpose of advising the sponsors corporation about benefits for OMERS pension plan members." What we don't understand is why the legislation directs that these committees will be "discontinued when the sponsors corporation passes the first bylaw under subsection 23(1)." We think the advisory committee will serve an important role. Therefore, the IBEW recommends that subsections 40(3) and 41(3) respectively be deleted to ensure that, once established, the advisory committee shall continue to advise the sponsors corporation about benefits for the respective OMERS plan members.

The debate surrounding the issue of OMERS self-governance has gone on far too long. We appreciate the efforts of this committee and the government to bring closure to the often heated and sometimes acrimonious exchanges between competing interests over this bill. The IBEW believes that pension plan independence should not be a privilege but a right. OMERS, its members, employers and retirees have earned that right. The proclamation of Bill 206 will confirm that this government agrees.

We urge you to adopt the recommendations that the IBEW has put forward and finally establish a governance model that empowers the stakeholders, provides retirement benefit security for current and future generations and ensures that OMERS can remain true to its pension promise.

In closing, I'll leave you with the words of Dwight D. Eisenhower, who said, "Neither a wise man nor a brave man lies down on the tracks of history to wait for the train of the future to run over him." I ask you to be brave and to be wise during your upcoming deliberations and make choices that are good for the people of Ontario and the people in OMERS. Thank you again for your time and attention.

The Chair: Thank you. You've left about a minute and a half for each party, beginning with Mr. Rinaldi.

Mr. Rinaldi: Thank you very much for your presentation. You folks certainly put a lot of effort into it. You made some interesting recommendations in your first submission and this submission. I don't really have a lot of questions—just to commend you on the work that

you people have done toward trying to achieve this and move on.

We've heard during deliberations both yesterday and today that we should throw it away and start all over again. I think that's what they've been doing for the last 15 years. We certainly need to move on, so I thank you for that recommendation.

Mr. Vlanich: Thank you.

The Chair: Mr. Hardeman.

Mr. Hardeman: Thank you very much for your presentation. Through the whole hearing process—and we're getting near the end of it—we've been hearing a lot of concerns from all parties involved. Yours are slightly different, because you have not really spoken to the supplementary plans, as opposed to the overall plan and the devolution of the plan. When we started on the process, it was because the minister said there was a need to devolve the plan; to put it, as other pensions are, into the responsibility of employers and employees. Through the whole process we've kind of lost that purpose, because we've had all our debates and all our discussions about supplementary plans and the positive and the negative.

I was interested in the comments about the management members of the plan who are going to get a seat on the board and your concern that they would not necessarily be on the same side, that they should be on the opposite side; that they shouldn't be on the labour side but should be on the management side of the table. Is it not true that the interest of anyone that's a member of the plan would be a solidly run plan that would guarantee the benefits in their retirement years? Would that not be the same for the lowest-paid person on the scale and the highest-paid person on the scale? Wouldn't the objective of the person on the board be a solid pension plan, as opposed to the management side just wanting to save premium costs?

Mr. Vlanich: In a perfect world I would suggest that that is true, and in principle I would hope that that's the practice of the persons appointed or selected for any committee or even the current OMERS board. Practically speaking, however, the structure currently is six employers and six members. That traditionally has been regarded as employer and employee, much akin to the current collective bargaining process. I'm very confident that the representation provided by both sides is kind of "hang your guns at the doors" right now, and you do work toward the common interest of the plan.

I guess the concerns we would have is that it has never been an issue before because the people on each side of the discussion and the representative groups in each particular camp were always of the same mindset. Theoretically, as we've indicated, I would hope that they'll all work toward the same goal. But if it comes to a question of finance—we've heard a lot about that from municipalities and other employers across the province—I don't know if it would be that easy to separate yourself from your role as an employer and that of an employee group.

Ms. Horwath: Welcome. At the end of your presentation, you're saying that the proclamation of Bill 206 is where you want to go. However, there are several items you've raised, and they're common with other employee groups: the super-majority requirement that's been added, the municipal managers being on the employees side that Mr. Hardeman raised, and the cap on accrual rates. Those are three of the biggies. If those are not addressed in final amendments to the bill, do you still want to see the bill going forward? Do you have any dealbreakers?

Mr. Vlanich: I would suggest that there are dealbreakers. Like any set of negotiations, there is a degree of compromise that lends credibility to the process and leads to resolution. I believe that some of the concerns raised and those shared—or even different concerns between the different groups are very legitimate. I think that the focus and intent, as was raised by an earlier member of your committee, was to provide empowerment to the people in the group. It would be difficult to transfer that power and authority over a plan when the people within that group are still somewhat at odds with respect to what should be in there.

When we refer to the proclamation, we are hoping that since this in a pre-legislative state, by the time the final draft comes about, it does take into consideration the key areas of the bill. Admittedly, perhaps not everything that everybody wants will be in there, but some transcend political lines or partisan lines. We certainly can't promote or condone systemic discrimination. We certainly can't prohibit certain groups within the plan from enjoying the full benefits and entitlements of it. We hope that it would be provided through a proclamation because it has been a long time. To go back to square one would be unfortunate for everybody, but I think we also have to recognize that these are not fabricated. These are very real issues to very real people.

The Chair: Thank you very much for your delegation.

CANADIAN UNION OF PUBLIC EMPLOYEES, LOCAL 2316

The Chair: Our next delegation on your agenda is indicated as Valarie Hartling. It's actually Aubrey Gonsalves. Are you speaking for the Canadian Union of Public Employees, Local 2316? Is that right?

Mr. Aubrey Gonsalves: That is correct.

The Chair: Great. Welcome. Get yourself settled. When you begin, could you introduce yourself and the group that you speak for, so we have a record for Hansard. After you do begin, you'll have 15 minutes. If you leave some time at the end, we'll be able to ask you some questions. I'll give you a one-minute warning if you're worried.

Mr. Gonsalves: Thank you very much. Good afternoon. My name is Aubrey Gonsalves. I'm the chief steward of CUPE Local 2316, which represents 700 full-time and part-time workers at the Children's Aid Society

of Toronto. To my right is Antoni Shelton, CUPE Ontario executive assistant to the president.

I want you to understand very clearly how important this issue is to my membership. In 2004, our membership held not one but two emergency membership meetings. These meetings were called for by the membership, not by the executive, because they had very serious concerns about OMERS and they wanted to discuss them. They were concerned about how OMERS was investing our money and how OMERS was governed.

One of the actions that the members voted to take at those meetings was to send a petition to the Legislative Assembly of Ontario calling for joint trusteeship of the OMERS pension plan and an independent audit of the Borealis fiasco. Since that time we have participated in demonstrations and a postcard campaign, and have contributed our dues money to the CUPE court case concerning Borealis. We have also called our MPPs, demanding changes to Bill 206. I believe that these ongoing actions demonstrate a sincere interest in our pension plan. I can tell you very clearly that the changes the government is proposing fall far short of addressing my membership's concerns.

1250

The proposed governance structure does not allow for genuine joint trusteeship, nor does it provide any protection from another Borealis-type money grab from our pensions. We need a governance structure that provides for representation by population, a governance structure that ensures that workers are equal partners in the management of the plan, and a governance structure that is accountable to the investors in that plan.

As workers, we are the investors. Pensions are deferred income. It's our money that we all work extremely hard to earn. We deserve a real say in how our money is invested and its delivery in the form of pensions. The money does not belong to our employers, nor does it belong to the government. It belongs to us and we must have effective input on how OMERS meets its obligation of translating our money into our pensions. My members, who are all voters, do not expect anything less.

When OMERS was first introduced, all members were subject to the same rules. All members were provided with the same basic benefits and all members had the same opportunity to develop supplementary plans and avail themselves of these plans. However, Bill 206 proposes to change that, with some members benefiting more than others. That is not right, nor is it just.

When our members retire, we are all charged the same for our electricity, our housing and our food. The local grocery store is not going to charge my retired members less than a retired firefighter or police officer because you, the government, discriminated against us in the OMERS pension plan and therefore we have considerably lower pensions. We all have the same basic needs. We all deserve the right to develop supplementary plans. We all deserve a pension that will allow us to meet

our needs and live with some financial peace of mind. Bill 206 must be changed in order to ensure this happens.

Furthermore, under section 12 of the bill, the lower-paid members of the plan, who are primarily women, will be stuck with an effective accrual rate of 1.4% because of a 0.6% cap on potential improvements to the CPP offset. In contrast to this, the police officers and firefighters can access an accrual rate as high as 2.33%. This is total discrimination. I feel the need to remind you that the stressful and dangerous nature of our job is no different from that of police officers and firefighters when we step out in the community.

Bill 206 is deeply flawed and should not be rammed down without serious changes—changes that provide for accountability, representative governance and changes that provide for equity for all plan members. Bill 206 does not even begin to address my members' issues. My members expect that their concerns will be taken seriously and have faith that the government will do what is right and what is just. Don't prove them wrong. Change Bill 206 so that my members can retire with dignity.

CUPE Ontario has called for strike action to oppose Bill 206 in its current form. You need to know that we will not be steamrolled over on matters concerning our pension and our future. We will continue to fight for fair pension plans.

The Chair: You've left about three minutes for each party to ask you questions, beginning with Mr. Hardeman.

Mr. Gonsalves: Just before that, I'd like Antoni to follow up.

Mr. Antoni Shelton: I just wanted to say that with regard to representation on the sponsors corp and the admin corp, CUPE believes that the government would be well advised, regardless of what decision it eventually makes, to stay out of the internal politics of CUPE. CUPE Ontario is a provincial body and there is only one CUPE provincial body in Ontario, and the OMERS plan is a provincial plan. CUPE reserves the right to decide who sits on the sponsors and admin corporations for CUPE. Thank you.

The Chair: Okay, it's about two and a half minutes for everybody, beginning with Mr. Hardeman.

Mr. Hardeman: Thank you very much for the presentation. Again, I want to say that we've had a lot of discussion about the supplementary plans. We've been told now in this discussion that in fact it is possible for other members of the plan besides the police, fire and ambulance to have supplementary plans. I personally was under the impression that wasn't possible. The parliamentary assistant says that the plan can create those supplementary plans, but it would require the impossible task of having a two-thirds vote on the board to make that happen.

I guess the issue is—and we've had quite a bit of debate about it—if the government believes that all should be entitled to, or have the ability to negotiate, a supplementary plan, why would it be designated to just some and not to all, in your opinion? Why couldn't they

have just added, “The supplementary plans would be mandated for everyone,” and then they could negotiate them, if deemed appropriate?

Mr. Shelton: Thank you for the question. We understand quite clearly that with regard to the two-thirds majority that’s required on the sponsors corp, it effectively renders null and void our access to supplementals. Furthermore, the menu of supplementals that has been offered to fire and police, with a two-year window for their implementation, is something that has not been offered to the NRA 65.

On both fronts, our members are discriminated against; first, as I mentioned, in terms of the nature of the two-thirds supermajority, which was only introduced through second reading amendments. As we know through bargaining, a two-thirds majority effectively gives the minority on the board a veto. We think this is discrimination. As was originally drafted in Bill 206, it should be a simple majority. That’s a hurdle that we believe has really been put there to prevent our fair access to supplementals.

The second issue is the fact that fire and police have been given the privilege of a specific menu of supplementals which they have access to, which bypasses the problem of the supermajority on the sponsors corp. They’re allowed to have direct access to those supplementals.

We’re not asking for police and fire to be denied any of these privileges; we’re asking not to be discriminated against. As the previous speaker said, we believe this is systemic discrimination against our members, and we’re asking the government not to go down that road.

Ms. Horwath: Interestingly enough, a CUPE presenter earlier on said that after the first set of presentations, she felt some comfort—I think it was Local 79—that the government was making all the right sounds around their willingness to accommodate and to take seriously the concerns that were brought to the table by CUPE last time around. Do you get the sense that the government has heard the issues that you’re bringing forward, and are you getting any signals that they’re prepared to move on some of these changes that you’re asking for?

Mr. Gonsalves: If we felt that the government was taking our requests seriously and implementing them in this bill, I don’t think we would be here today.

Ms. Horwath: Just as a follow up, is that why your organization is taking the position that it’s taking around the possibility of striking on this issue?

Mr. Shelton: As you know, we’ve made it clear that there are a number of issues that have been put on the table through amendments in second reading, like the supermajority, two-thirds majority, like having our managers on our side of the table—the clerks and treasurers—and we have the issue of the offset and the accrual rate cap. These are quite simply dealbreakers for us, and we can’t support Bill 206 in its current form if these issues are not addressed.

1300

Mr. Duguid: Thank you very much, Mr. Gonsalves, for coming here today. It’s good to hear from somebody on the front line and directly involved with their employees. So it’s good of you to be here.

The question I have is, have you been told somehow or another that the government has not responded to any of the concerns of CUPE?

Mr. Gonsalves: No, I have not been told that.

Mr. Duguid: So you’re aware that there are at least nine amendments made in the last round to accommodate concerns of CUPE. Actually, the majority of concerns of CUPE were in one way or another addressed. There are still some outstanding issues.

Mr. Gonsalves: That is correct, and that’s my understanding: that we are here for those outstanding issues.

Mr. Duguid: That’s terrific. Of the outstanding issues you mentioned—two or three, I guess, in your deputation—which one is your top priority at this point in time?

Mr. Gonsalves: I’d like to refrain from answering that question on the grounds that I feel that they’re all priorities and I don’t think that one can go ahead of the other. I think what’s happening here is that it’s playing one piece over the other. All of them need to be addressed for our membership, and that’s what I’m here to speak about. I’m not here to talk about which is priority and which should be put on and which should be taken off. I’m here for all of them to be heard.

Mr. Duguid: I understand that answer. It would be nice to know, though, whether there are some you feel more strongly about than others. As we’re going through this, it’s sometimes good to know that. But I understand your answer.

Mr. Gonsalves: I can understand that.

The Chair: Thank you very much for being here today. We appreciate your deputation.

TOWNSHIP OF MIDDLESEX CENTRE

The Chair: Our last deputation for this session is the township of Middlesex Centre. Good afternoon, and welcome. Thank you for being here. We’ve saved the best for last, I’m sure, so we appreciate your being here. If you could identify yourself and the organization you speak for, once you’ve done that, you will have 15 minutes. If you leave time at the end, there will be an opportunity for us to ask questions.

Mr. Al Edmondson: Thank you very much. It’s a pleasure to be here. My name is Al Edmondson. I’m the acting mayor of Middlesex Centre, one of eight lower-tier municipalities in the county of Middlesex. Today I have with me our CAO, Paul Mylemans. You can ask either of us questions at the end of the presentation.

We are fortunate to have this opportunity to express our views on behalf of the township, the county and, I’m sure, the many other municipalities that weren’t afforded this opportunity, even though they may have wished to be here.

There is no question that Bill 206 is an enormous concern for those charged with the protection of our property taxpayers' interests, and those concerns revolve around the theme of accountability and transparency.

Honourable Chair, ladies and gentlemen, a gracious good afternoon to you. Each of us at some time in our public or our personal life has made a promise that he or she could not keep. Thus, we often wish that we had never made it. When it was made it was done with good intentions, but often without the knowledge of the circumstances or the factors that would be in play when it was to be delivered.

Whether you are a government or a parent, it is difficult to deliver the message that you cannot deliver on your promise. It takes courage to do that in a forthright way. On occasion, this government, despite the known fallout, has had the courage to back away from its promises for the greater good of the people of Ontario. Knowing when and having the strength to admit you are wrong is admired.

In the case of Bill 206, we have great trepidation that that is not the case. Some years ago, before this government was elected, a commitment was made to the police and fire associations that there would be devolution of the OMERS plan and, further, that supplementary agreements would be included. We have heard this many times. I have the documentation here if it's needed.

We will not delve into the reasons for this promise that was made, but rather examine the results as we see them. There is a maxim that suits the promise well: Vision without action is a dream, but action without vision can be chaos. I repeat: Vision without action is a dream, but action without vision can be chaos. Bill 206 relates to the latter part of this maxim, and it is the chaos that concerns us. The reasons we make such an assertion are as follows:

(a) The ramifications to the taxpayers across the province were apparently given little consideration. The only numbers we have seen are those that municipalities have put together based on the modelling from OMERS.

The impact on labour relations is far from clear, and we know you have heard the concerns from both labour and management representatives.

(b) When a bill needs 100 amendments, mostly from the party presenting it, it raises the question in our collective minds, is it possible it was flawed in the first place? Was the vision clear?

Last August at the AMO conference, when the bill was first presented to municipalities in a public forum, there were clear concerns raised about the devolution, supplementary agreements, the so-called checks and balances, and the door that arbitration would open in terms of the potential long-term costs. It was suggested by the government side that devolution was a natural evolution. Devolution of fund management may be natural but the addition of mandatory supplementals, the adversarial nature of management structures, and the processes included in this bill are anything but natural.

Most changes in direction bring with them some positive results, yet when an expert from BC speaking at the conference was asked about the benefits of devolution, in his experience, there was none forthcoming.

Mediation-arbitration was a real concern and indeed a professional mediator advised us there that it not be included due to the lack of precision or equality with which such decisions are made. That has been spoken to several times this morning and this afternoon.

Mayor McCallion, at a subsequent ministers' forum, expressed the view that little homework had been done on this issue by the province and requested that it not be rushed, leaving time for all to understand the financial implications for the taxpayers, both present and future. The reply gave assurance that the time frame was more than ample. In view of these hearings and the endurance that you people have shown, such a reply was perhaps overstated.

Months later, we received a letter from Minister Gerretsen stating, "Bill 206 will not impose new costs or pension benefits on any employer." Such a statement avoids or sidesteps the true implications of the wheels that are set in motion by the passing of this bill, a point made by a myriad of presentations thus far. We take no comfort that Minister Gerretsen's statement reflects any financial analysis.

Citizens want to know that they can trust their municipal representatives, and municipalities want to know that their interests and those of the taxpayers are being protected by the politicians and so on. Without complete understanding or disclosure of the possible costs of Bill 206, this trust is in great jeopardy.

In our personal lives, when entering into an agreement there would be few among us who would not want to know the details and the cost, whether it be for a car lease or a business venture. We have recently been reminded by circumstances that as municipal politicians it is essential that we understand all the ramifications of complex new deals. I don't need to remind you where the problems occurred, but you can understand why we are extremely cautious when we are told, "It's okay. You can trust us."

1310

In the Municipal Act it is the legislated duty of the municipal politician to develop the programs and policies of the municipality. In doing so, it is essential that the financial and other implications of any policy or program be evaluated, debated in public and communicated to the ratepayers for feedback; that that feedback be reviewed and the recommendation be revised, if necessary, and only then the matter be presented for a final decision.

Is it clear to each and every committee member here that all of the above has been accomplished, and each one of you understands the full ramifications, financial and otherwise, of Bill 206? Further, is it clear that each member of the Legislature who is charged with the duty to vote on its acceptance will have access to this degree of understanding if they so choose? We charge you that if such is not the case, then your duty as elected officials,

such as is required under the Municipal Act, has not been fulfilled.

We continually must balance new demands with old, as our citizens already pay the highest property tax bills in Canada and the G8 due to the unprecedented \$3 billion of provincial social service costs being collected on property taxes, and that number comes from 2003. Is it any wonder we push back when the province puts its hand even deeper and more firmly into the property taxpayer's pocket with Bill 206? It cannot go further.

We need to know, as should you, that the promise by our Premier does not result in an action without vision that has the potential to cost the taxpayers of this great province dearly. We also need to know, if such is proved to be the case, as on other occasions, that the Premier and this government will have the intestinal fortitude to withdraw the bill and send it back to the drawing board knowing that he and his party are truly serving the Ontario public and recognizing that true political representation is doing what you ought to do, not what you want to do.

Pull back, get the facts and display them, as you understand them, for all to see, and maybe then we can work together to see what can and should be salvaged from this initiative.

Thank you very much for your attention.

The Chair: Thank you. You've left one minute for every party to ask a question, beginning with Ms. Horwath.

Ms. Horwath: I hear in your comments your concern about the cost of supplemental plans on the municipal taxpayer. I wanted to ask you a question, though, about the process by which supplemental plans will be coming into effect, and that is the process of negotiations. Have you participated in negotiations with your unions?

Mr. Edmondson: I have not personally, no.

Ms. Horwath: But you understand that it's a matter of taking, for example, many, many issues in terms of the collective bargaining process, whether it's language in the collective agreement or compensation package.

Mr. Edmondson: Yes.

Ms. Horwath: I wanted to focus on the compensation package particularly. It was my experience when I was on municipal council that the compensation package included many different things, and part of that was benefits and part of it was wages. Do you envision, should the supplementals go forward in this legislation, that there would be an offsetting, perhaps, of an ask for wages if there's also an ask for improved benefits? Do you see what I'm saying? So if the negotiating committee comes forward from the union's perspective—firefighters or police—asking for increases in supplemental benefits, would they not then also not be asking for as much in their wage ask, for example, understanding that, "You can't get everything, so perhaps we won't ask for as much of a wage increase because we're asking for supplementals in this round of bargaining"? Does that make sense to you? Is that a possibility, do you think?

Mr. Edmondson: I'm understanding the general consensus of that. Maybe Paul wants to comment on that as well. I would say that in many negotiations, people ask for more than they know they're going to get. Without going into any great details, I think the previous presentation made by Niagara addresses our concerns in the fact that because you have the arbitration possibility—in fact, the likelihood—that causes great concern for any municipality, as was expressed by Guelph and Niagara Falls this morning, in the sense that you have no control. Arbitration, as we've mentioned, is certainly not an exact science.

Mr. Duguid: I want to thank you for a very thoughtful and well-put-together presentation—well delivered as well. I very much enjoyed your presentation. You touched on a subject—disclosure of possible costs—that a number of parties alluded to today and yesterday. I just wanted to clarify with you and get a response from you.

OMERS has provided all stakeholders with the costing information on the supplementals. They provided it in 2004. The provincial government requested them to provide it again in 2005, which they have, to all stakeholders. So disclosure of costs is really not an issue. Although it's been mentioned a number of times, some municipalities seem to think there are numbers out there that they don't have. There are not. AMO has those numbers, and they've used them.

What is at issue is the estimates that some municipalities are suggesting, that there would be full take-up of all the benefits. The testimony we've heard today and yesterday, and previous testimony, would suggest that that's totally unrealistic and it's not going to happen. Legally, in fact, in the legislation, it can't happen because you are only allowed to negotiate for one benefit per collective bargaining process.

My question is, were you aware of that and—

The Chair: Thank you, Mr. Duguid. That's a long question.

Mr. Edmondson: Yes, we were aware of that. I appreciate the question. But I believe that that's per negotiation. The other threat that might come out of that is the fact that we would no longer have two- and three-year contracts, that we would have shorter contracts. That's a possibility. Each time you have a contract, you can bring forth another. Therefore, you have a building, which is a real threat, and that's what we're saying. As far as I know, I have seen no numbers other than those that have been produced by AMO and their group. If you can produce some of those other numbers, I and everybody in Ontario would be very pleased to see those.

Mr. Hardeman: Thank you very much for your presentation. I much appreciate it. Through the whole hearing process we've been hearing comments that relate back to the minister's letter saying, "Don't worry. Trust us. There will be no extra costs, no extra benefits in this plan," and that do not even—and I don't think you do in your presentation—point out that that's wrong, except that others have different views. So far the proponents of this legislation have put nothing forward on what their

views are as to extra cost, the likelihood of gained benefits in negotiations beyond this bill, what impact that will have on municipal budgets. No one has done any work on that; at least there appears to be no work on that, because none has been put forward.

I don't really have a question. I just want to say thank you for putting it forward and to point out that really it's a request to have a better look at what's happening here to make sure that we all understand the impact of this change as we move forward.

I would agree with you, and thank you very much for putting on the record that we all should make sure that everything is addressed before we put the seal of the province on the bottom of it to say that this is the best way to deal with it.

Mr. Edmondson: Thank you very much. Do we have a moment? Paul, do you have a comment?

Mr. Paul Mylemans: No, I think it's been said very well, thank you.

Mr. Edmondson: I would just like to thank you as a group for what you've done. Today, you've been very patient—good questions—and you didn't just listen; you heard.

The Chair: Thank you for your time today.

This brings to a close our hearings for the day. I'd like to thank all the witnesses, members and staff for their participation in the hearings.

I'd like to remind all members that amendments to Bill 206 should be filed with the clerk of the committee by 4 p.m., Monday, January 30.

This committee now stands adjourned until 10 a.m. on Wednesday, February 1, for clause-by-clause consideration of the bill.

The committee adjourned at 1320.

STANDING COMMITTEE ON GENERAL GOVERNMENT

Chair / Présidente

Mrs. Linda Jeffrey (Brampton Centre / Brampton-Centre L)

Vice-Chair / Vice-Président

Mr. Vic Dhillon (Brampton West–Mississauga / Brampton-Ouest–Mississauga L)

Mr. Vic Dhillon (Brampton West–Mississauga / Brampton-Ouest–Mississauga L)

Mr. Brad Duguid (Scarborough Centre / Scarborough-Centre L)

Ms. Andrea Horwath (Hamilton East / Hamilton-Est ND)

Mrs. Linda Jeffrey (Brampton Centre / Brampton-Centre L)

Mr. Jean-Marc Lalonde (Glengarry–Prescott–Russell L)

Ms. Deborah Matthews (London North Centre / London-Centre-Nord L)

Mr. Jerry J. Ouellette (Oshawa PC)

Mr. Lou Rinaldi (Northumberland L)

Mr. John Yakabuski (Renfrew–Nipissing–Pembroke PC)

Substitutions / Membres remplaçants

Mr. Ernie Hardeman (Oxford PC)

Mr. Tony Ruprecht (Davenport L)

Clerk / Greffière

Ms. Tonia Grannum

Staff / Personnel

Mr. David McIver, research officer,
Research and Information Services

CONTENTS

Thursday 26 January 2006

Ontario Municipal Employees Retirement System Act, 2006, Bill 206, Mr. Gerretsen / Loi de 2006 sur le régime de retraite des employés municipaux de l'Ontario, projet de loi 206, M. Gerretsen	G-295
Association of Municipalities of Ontario..... Mr. Roger Anderson	G-295
Ontario Professional Fire Fighters Association	G-297
Mr. Fred LeBlanc	
Mr. Peter Wynnyczuk.....	G-300
Municipal Retirees Organization Ontario	G-303
Mr. Don MacLeod	
Canadian Union of Public Employees, ambulance committee	G-306
Mr. Michael Dick Mr. Joe Matasic	
Canadian Union of Public Employees, Local 79	G-308
Ms. Ann Dembinski	
City of Guelph	G-310
Ms. Kate Quarrie Ms. Pauline Blais	
Durham Regional CUPE Council, retired workers' chapter	G-313
Mr. William Harford	
Regional Municipality of Niagara	G-315
Mr. Peter Partington Mr. John Nicol	
International Brotherhood of Electrical Workers, Local 636	G-318
Mr. Patrick Vlanich	
Canadian Union of Public Employees, Local 2316.....	G-320
Mr. Aubrey Gonsalves Mr. Antoni Shelton	
Township of Middlesex Centre.....	G-322
Mr. Al Edmondson Mr. Paul Mylemans	