

Alert

To the immediate attention of the Clerk and Council

June 1, 2005 – Alert 05/047

Province Introduces OMERS Devolution Bill

Issue:

Municipal Affairs and Housing Minister John Gerretsen today introduced legislation that would, if passed, change the governance structure of the OMERS Board and allow for the creation of supplemental plans in addition to the OMERS Basic Plan.

Background:

The proposed changes to the OMERS Board governance mean that the Government of Ontario would no longer be the plan's sponsor. Instead, employer and employee groups would have to assume the role of plan sponsors as part of a new "Sponsors Corporation". The anticipated costs for the new plan sponsors are unknown. In addition, the Government would no longer be responsible for approving contribution rate increases including the increase proposed for 2006.

The Bill also provides for the creation of supplemental plans. The framework for supplemental plans would enable the Sponsors Corporation to choose to set up plans in such a way as to enable local bargaining for customized benefits for some plan members.

The Bill reflects commitments made by Premier McGuinty when he was leader of the Opposition in a letter to the OMERS Board Chair on October 3, 2002. A copy of the letter is posted at the AMO website. The Bill also draws from a report on OMERS governance written by the OMERS Board and submitted to the Government in March 2002. AMO's position at the time was that the governance of the OMERS Board should not be changed substantially and that the Province should continue to fulfill its responsibilities as the sponsor of the plan. An October 2001 letter from AMO to the OMERS Board Chair is posted on www.amo.on.ca.

The Bill is expected to be referred to a Committee of the Legislature after First Reading.

Action:

AMO is very concerned about the potential cost implications of this legislation. AMO will review the Bill in detail and begin preparations to appear before Committee to express municipal concerns about matters contained in the Bill. AMO's submission to the Committee will be shared with members as soon as possible. An AMO News Release distributed today is attached for your information.

For more information, contact: Brian Rosborough, AMO Senior Policy Advisor at 416-971-9856 extension 318