



## **Bill 206 - OMERS**

February 17, 2006

### **ISSUE:**

**OMERS Bill 206 forces municipalities to improve pension benefits to police, fire and ambulance employees. Based on the 1<sup>st</sup> reading version property taxpayers will foot the bill for costs estimated at \$11 million annually for all Eastern Ontario Counties.**

**The second reading version of Bill 206 makes it mandatory to introduce supplemental benefit plans for police, fire and paramedics.**

### **PROPOSED RESPONSE:**

***The EOWC requests the Minister of Municipal Affairs and Housing and his Government to withdraw Bill 206. If he will not, then the Caucus seeks compensation in an amount equal to the new costs forced on Caucus members.***

### **BACKGROUND:**

The Minister of Municipal Affairs and Housing introduced Bill 206 an Act to devolve responsibility for the OMERS pension plan from the Government to a special Sponsors' Corporation. Included in the first reading of the Bill there was a requirement for the new Corporation to consider improved pension benefits for police and fire employees.

The improved benefits would allow these employees to increase their annual contributions, matched by employer contributions, which would allow police officers to retire at age 55. Fire fighters and paramedics could go at 60.

This increase is on top of the 9% premium increase for 2006 which is unrelated to any new costs for supplemental plans.

After 8 hours of public hearings into the first reading of the Bill the Government majority supported by the NDP made significant changes to the Bill. Primarily it makes it mandatory for the new Sponsor's Corporation to provide supplemental benefit plans to police, fire and paramedics.

### Why is the Government pushing Bill 206?

On October 3, 2002 the then Leader of the Opposition, Mr. McGuinty wrote to the Chair of the OMERS Board endorse the Board's desire for autonomy. However, the support was conditional upon providing supplemental plans.

### Is the Government listening to municipal concerns?

On December 12, 2005 Minister Gerretsen introduced the second reading of Bill 206 to the Legislature and said in Hansard,

*"Our government consulted extensively on Bill 206 and we listened to our stakeholders. As a result, we have amended our model to ensure that the supplemental plan will be set up and will include optional supplemental benefits".*

It appears that municipalities were not heard and were not part of the Minister's stakeholder groups.

### Second Reading Amendments:

Bill 206 has received second reading and over 100 amendments have been made to the Bill including:

- Defining the primary plan as a defined benefit plan;
- A requirement that there must be at least a 36 month delay between the introduction of a supplemental benefit and a new one. This means that accessing prescribed benefits cannot be accelerated by shortening the terms of collective agreements;
- The 'cap' on employer contributions has been removed and this means potentially higher employer costs. CUPE lobbied for this removal.
- A 2/3 majority vote will be required to amend the Plan and include additional supplemental benefit plans beyond those mandated for police, fire and paramedics. This is an improvement over a simple majority vote.

### AMO FOI Request

So far the Province has not responded to AMO's FOI request for any financial analysis that the Province might have undertaken regarding the cost of the new supplemental benefits.