

May 23, 2025

Mr. Robert Poirier,
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College Park, 17th Floor,
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Sent via E-Mail: omersgovernancereview2025@ontario.ca

RE: Ontario Municipal Employees Retirement System – Board Composition

Mr. Poirier:

I write to you, once again, on behalf of the nearly 7,000 members and board of directors of the City of Toronto Administrative, Professional, Supervisory Association (COTAPSA). COTAPSA's members are among the approximately 349,000 active members who belong to and steadily make financial contributions to OMERS by virtue of statutory requirements. COTAPSA has been in existence since 1967 and is the oldest and largest Municipal Management Association in Canada.

Per the public terms of your appointment, your work will culminate in the completion of a “final report the Minister of Municipal Affairs and Housing with recommendations for strengthening the governance of the OMERS pension plan.” We are confident you will produce a substantive and useful final report, unlike its predecessor, the Tony Dean review of 2012, which quickly sank into oblivion.

We hope your final report will include some sense of how the OMERS Sponsors Corporation could be replaced with a entity better suited to OMERS long-term needs as a pension plan, and the long-term interests of OMERS membership and employers. To aid in this, we wanted to use this letter to share some broad thinking on making OMERS governance fairer and more efficient, effective and accountable, specifically in regards to the Sponsors Corporation, through the following five points:¹

Point #1 – The OMERS Sponsors Corporation should be replaced by an OMERS Partners Committee.

Despite the high hopes for the Sponsors Corporation when it was announced, this entity has not lived up to the promised performance, by any measure. It is no longer fit for purpose and needs to go – an expensive, nearly two-decade long experiment that can and should be ended in an orderly fashion.

Rather than facilitating dialogue among OMERS sponsors, the SC's chief legacy will be its institutionalization of an unhelpful and destructive sponsor hierarchy thanks to its unwieldy weighted voting system – a serious barrier to any meaningful change at the SC.

Rather than unite members and employers around productive discussions such as how to sustain the long-term health of the OMERS pension plan as a tool for employee retention in Ontario's municipal sector, the SC's secondary legacy will be that it instead entrenched an incredibly narrow set of individuals as SC board members. The narrowness of their respective qualifications to usefully serve as board directors is matched only by their ferocious determination to serve as long and as for as many terms as possible.

¹ We will have more detailed comments on the Administration Corporation in a separate communication.

COTAPSA favours starting fresh by phasing out the OMERS SC and transitioning to a new Partners Committee structure, formalized through an OMERS Partners Agreement and all necessary amendments to the OMERS plan text and the *OMERS Act*.²

A partnership agreement would begin with the following key foundational ideas, as expressed in a 2017 report to the Ontario government on the Ontario Teachers Pension Plan and OPSEU Pension Plan:

- *The partners co-operate toward achieving significant clearly defined common goals;*
- *The partners make a financial investment in the government partnership;*
- *The partners share control of decisions related to the financial and operating policies of the government partnership on an ongoing basis; and*
- *The partners share, on an equitable basis, the significant risks and benefits associated with the operations of the government partnership.*³

As part of this shift, the Partners Committee would have no role in appointing OMERS Administration Corporation directors or the AC Board Chair.

Point #2 – The Province of Ontario must be a member of the Partners Committee.

As we have stated before, we favour the Province of Ontario having representation on the Partners Committee, as a key financial sponsor of OMERS, even if indirectly through its support for Ontario’s school boards, Metrolinx, and children’s aid society.

Point #3 – The Partners Committee’s composition must, on a rotating appointment basis, incorporate those OMERS members and employers that are actually paying into the plan.

As expressed in our first letter, we favour an arrangement reflecting our demand that the idea of “those who pay [for OMERS, whether employer or member] must have a say” be applied on a consistent basis at OMERS.

Right now, this is only partly true. For example, CUPE Local 416 and CUPE Local 79 on the member side, and the City of Toronto on the employer side, each represent actual contributors to OMERS. However, several other organizations with board representation do not have this direct connection to OMERS -- AMO, CUPE Ontario, PAO, OPFFA, OASBO, the various retiree associations, etc.

Meanwhile, the portion of OMERS membership known as the “unaffiliated,” because they are management/non-union employees working in the municipal sector, are shut out completely, including COTAPSA’s members.

See Appendix A as attached for a hypothetical example of what a Partners Committee might initially look like, with a suggested inaugural rotation of OMERS employers (largest by headcount based on current information as

² We refer you to the 2017 public Pension Asset Expert Advisory Panel Report presented to the Ontario Government for more information (including the very helpful section on “government partnerships” in the Ontario public sector pension context) - <https://www.ontario.ca/page/pension-asset-expert-advisory-panel-report>

It is an interesting exercise, needless to say, to contrast the relative simplicity and straightforwardness of these partnership arrangements with the complexity of the OMERS governance model. In this respect, may we recommend reading a few pages of this 2008 legal decision regarding a dispute between the OMERS SC and OMERS AC:

<https://www.cavalluzzo.com/resources/cases/case/omers-sponsors-corporation-v.-omers-administration-corporation>

³ Ibid - <https://www.ontario.ca/page/pension-asset-expert-advisory-panel-report>

posted by OMERS) and member-representing groups. Please note that this scenario also contemplates an end to the unfair and unwieldy system of weighted voting currently part of OMERS governance.

(Please also note that we are presenting this hypothetical scenario and the hypothetical approach to board composition solely to promote constructive discussion and creative thinking.)

As well, it would logically follow that the composition of this new Partners Committee be mirrored in terms of the AC board's composition.

Another option, which we will not elaborate on here but may be worthy of your further consideration, would be to simplify the member representation on the Partners Committee by no longer basing representation on a labour affiliation basis, but rather on the basis of active member class. For example, OMERS has two classes of active member – those with a normal retirement age of 65 and those with a normal retirement age of 60. This could be paralleled on the employer side by allocating seats for large municipalities (with more than 4500 OMERS contributors) and small municipalities, to allow for a diversity of voices. This diversity could alternatively be accommodated through advisory committees.

Point #4 – There must be firm term limits in place for individuals appointed to the Partners Committee.

We would propose any Partners Committee members would have a maximum service cap of no more than two 3-year terms. Appointments must prioritize the selection of individuals with relevant expertise and knowledge of the pension sector.

Point #5 – The Partners Committee must champion transparency.

A glance at recent headlines is sobering. By all accounts, as a pension organization, OMERS must navigate a much more complicated world today than it did in 2006.

As longevity increases, pension liabilities climb, while the ability of pensions to earn steady returns to meet those liabilities, year on year, has become subject to more and more complex uncertainties. The period of globalization that saw the Canadian pensions who wished to become active investors overseas appears to be ending. The resulting implications for the financial sustainability of the Canadian public sector pensions that beneficiaries are counting on to fund their retirement seem frightening.

All of this requires, more than ever, for OMERS to be **open and transparent** with its 349,000 active members and sponsors about the current, near-term and long-term outlook for the plan. The OMERS SC has consistently preferred to go in the opposite direction. To rebuild member and sponsor trust, the OMERS Partners Committee must be structured from the beginning to more openly share data about the longer-term outlook for the plan with all members.

In closing, we commend to you some words delivered more than 20 years ago, during the debate over OMERS autonomy, by an insightful CUPE 4400 representative who spoke during a Queen's Park committee meeting.⁴ We have quoted a portion of this intervention before, and feel it is important to get this additional excerpt on the record:

The underlying rationale for our presentation today is the need to establish a co-operative of employees and employers dedicated to a single purpose: proper management of OMERS to create the best possible pensions for its members. [emphasis added]

⁴ Available here: https://www.ola.org/en/legislative-business/committees/general-government/parliament-38/transcripts/committee-transcript-2006-jan-25#P363_99052

Sincerely,



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Executive Director



Andrew Waters
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CC:

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Peter Derochie (Ontario Catholic School Trustees' Association), OMERS SC Board of Directors

Deborah Dubenofsky (Association of Municipalities of Ontario), OMERS SC Board of Directors

Scott Marks (Retiree Group), OMERS SC Board of Directors

Domenic Maugeri (CUPE Local 79), OMERS SC Board of Directors

Tim D'Souza (Ontario Association of Children's Aid Societies), OMERS SC Board of Directors

Giuliana Carbone (City of Toronto), OMERS SC Board of Directors

Rick Robson (Police Association of Ontario), OMERS SC Board of Directors

Chris Varcoe (Ontario Professional Fire Fighters Association), OMERS SC Board of Directors

Giulia Volpe (Ontario Public Service Employees Union), OMERS SC Board of Directors

John Weatherup (President, Toronto Education Workers/Local 4400), OMERS SC Board of Directors

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Ontario Professional Fire Fighters Association (admin@ontariofirefighters.org)

Ontario Public Service Employees Union (opseu@opseu.org)

Ontario Secondary School Teachers' Federation (Thomas.Golightly@osstf.ca)

Police Association of Ontario (pao@pao.ca)

Amalgamated Transit Union (ATU Canada) (office@atucanada.ca)

Association of Municipal Managers, Clerks and Treasurers of Ontario (amcto@amcto.com)
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Elementary Teachers Federation of Ontario (ETFO) (cpereira@etfo.org)
International Brotherhood of Electrical Workers Local 636 (officeibew636@gmail.com)
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APPENDIX A:

CURRENT CONFIGURATION

CURRENT EMPLOYERS	VOTES	<u>Claimed % of Active Members</u>
AMO (2)	2	37.8%
Electricity Distributors Assoc. (EDA)	1	2.3%
Ont. Assoc. of Childrens Aid Soc. (OACAS)	1	2.8%
Ont. Assoc. of Police Service Boards (OAPSB)	1	8.6%
Ont. Public/Catholic School Boards (OPSBA/OCSTA)	1	28%
City of Toronto	1	9%

88.1%

CURRENT EMPLOYEES	VOTES	<u>Claimed % of Active Members</u>
CUPE Ontario	2	41.4%
Ont. Professional Fire Fighters Assoc. (OPFFA)	1	3.6%
Police Assoc. of Ont. (PAO)	1	8.5%
Ont. Public Service Employee Assoc. (OPSFU)	1	4.6%
Ont. Secondary School Teachers Fed. (OSSTF)	1	5%
Retiree Group (MROO/Police Retiree/Fire Retiree)	1	0%

63.1%

Sources: <https://www.omers.com/member-affiliation-summary> | <https://www.toronto.ca/city-government/data-research-maps/workforce-statistics/> | Labour local websites

HYPOTHETICAL RE-CONFIGURATION – BASED ON ROTATION OF BOARD SEATS

EMPLOYERS	VOTES	<u>% of Active Members</u>	<u># of Members</u>	<u>Representation of Broader OMERS Membership</u>
City of Ottawa	1	3.4%	11,896	37.8% membership in muni sector (excluding Toronto)
City of Hamilton	1	1.9%	6,949	37.8% membership in muni sector (excluding Toronto)
Metrolinx* (Ont Gov Seat)	1	2.1%	7,449	33% membership in Children's Aid Societies, pub/sep school boards (ON funded)
Toronto District School Board* (Ont Gov Seat)	1	3.1%	10,875	33% membership in Children's Aid Societies, pub/sep school boards (ON funded)
Peel District School Board* (Ont Gov Seat)	1	2%	7,196	33% membership in Children's Aid Societies, pub/sep school boards (ON funded)
City of Toronto	1	8.6%	30,098	8.6% membership at City of Toronto
Region of Peel	1	1.6%	5,830	37.3% membership in muni sector (excluding Toronto)
		22.7%	80,293	76.8% of total membership

*Prov can rotate representation from largest employers – Metrolinx, school boards, Children's Aid Societies by headcount.

EMPLOYEES	VOTES	<u>% of Active Members</u>	<u># of Members</u>	<u>Representation of Broader OMERS Membership</u>
CUPE Local 79	1	7.7%	27,056	41.4% OMERS members in CUPE
CUPE Local 416	1	4.8%	17,000	41.4% OMERS members in CUPE
Toronto Professional Fire Fighters Association*	1	0.008%	3,000	3.6% OMERS members in OPFFA
Toronto Police Association**	1	2.2%	8,000	8.5% OMERS members in PAO
OPSEU (largest local by headcount – TBC)	1	N/A	N/A	4.6% OMERS members in OPSEU
OSSTF (largest local by headcount – TBC)	1	N/A	N/A	5% OMERS members in OSSTF
COTAPSA***	1	8%	87,097	24.9% OMERS members in management/non-union
		22.708%	142,153	88% of total membership

*rotate with next largest fire associations or jointly nominate | **rotate with next largest police associations or jointly nominate | ***rotate with other duly-committed management non-union organizations across all sectors.

Sources: <https://www.omers.com/member-affiliation-summary> | <https://www.toronto.ca/city-government/data-research-maps/workforce-statistics/> | Labour local websites