May 12, 2017

Hon. Charles Sousa
Ministry of Finance
7th Floor, Frost Building South
7 Queen's Park Crescent
Toronto ON M7A 1Y7

Dear Minister Sousa:

RE: Bill 127, *Stronger, Healthier Ontario Act (Budget Measures)*

We are the administrators of the CAAT Pension Plan, the Healthcare of Ontario Pension Plan, the Ontario Teachers' Pension Plan, OPSEU Pension Plan Trust Fund and the Public Service Pension Plan (together, the "**Plans**"). With combined assets of approximately $300 billion and almost 1 million total beneficiaries, we represent among the largest occupational pension plans in Canada. As administrators, each of us is responsible for investing and managing plan assets to ensure that pension benefits are paid to our beneficiaries.

Given our understanding of the compressed timetable for Bill 127, *Stronger, Healthier Ontario Act (Budget Measures)* ("**Bill 127**"), which is currently before the Legislative Assembly, we are writing to you in regards to the broad wording of proposed new sections 23.1 and 25.1 to the *Pension Benefits Act* (Ontario) ("**PBA**") in Schedule 27 of Bill 127.

Given the breadth of the new powers that would be granted to the Ontario regulator, we feel it is important to raise our concerns before Bill 127 goes to Committee and receives Royal Assent.

Section 23.1
Under proposed section 23.1, the Superintendent of Financial Services would have the discretion to order an administrator to hold a meeting at *any* time to discuss *any* matter the Superintendent sees fit, and may require not only that plan beneficiaries be invited to attend, but also that *any* "other interested persons"—a catch-all term that the legislation does not define—be allowed to attend. In short, as currently written, section 23.1 provides no limits or constraints on what the Superintendent could require the administrator to talk about, when, or with whom.

Section 25.1
Proposed section 25.1 is similarly concerning. As you know, the PBA currently provides an extensive regime for plan beneficiaries, their representatives and certain others to request and view plan information and documents. The parties who can make these requests, how often they can make them (in some cases, only once per year) and the kinds of documents and information that can be requested, are set out in detail in section 29 of the PBA and section 45 of the General Regulation under the PBA.

This regime represents a balance between beneficiaries' rights to information and transparency on the one hand and the administrative efforts to respond to detailed information requests and a need to limit responses to frivolous inquiries on the other hand.

New section 25.1 appears to circumvent this regime, as it would provide the Superintendent with unprecedented expansive powers to order an administrator to provide plan beneficiaries with *any* information that the Superintendent chooses. As with proposed section 23.1, there are no apparent constraints to the kind of information that the Superintendent could require be disclosed, nor to the timing of the disclosure or to the potential recipients (other than they need to have an entitlement to a benefit under the plan). Furthermore, a general term like "information" could be interpreted to include confidential administrative information, investment information or even personal details of beneficiaries.

Proposal
We recognize the difficult choices that legislators make in balancing competing interests and can understand why the Superintendent may require broader powers to ensure compliance with plan terms and the PBA. However, we strongly believe there should be Regulations to support and clearly define these expanded powers.

Clearly defined limits to regulatory authority create certainty and foster more efficient regulation that serves the collective interests of plan administrators, plan sponsors, beneficiaries, bargaining agents and other stakeholders.

To this end, we respectfully request that you seek changes to proposed sections 23.1 and sections 25.1 to the PBA (sections 3 and 4 of Schedule 27 to Bill 127) so that the relevant portions of those sections read as follows:

- Under subsection 23.1(1): "*In prescribed circumstances*, the Superintendent may, in writing, order that an administrator of a pension plan hold a meeting to discuss any *prescribed* matters specified by the Superintendent."
- Under subsection 23.1(2): "The Superintendent may specify a time, *within the prescribed time period*, when the meeting must be held."
- Under subsection 23.1(3)(c): "The Superintendent may require the administrator to permit other *prescribed* persons to attend the meeting."
- Under subsection 25.1(1): "*In prescribed* circumstances, the Superintendent may, in writing, order an administrator of a pension plan to provide members, former members, retired

members and other persons entitled to benefits under the pension plan with any information, *as may be prescribed*, that the Superintendent specifies in the order."

- Under subsection 25.1(2): "The order may specify the manner in which the information is to be provided and the timeline, *within the prescribed time period*, for doing so.

Although we appreciate that Bill 127 is already before the Legislative Assembly, we are at this juncture recommending only minor changes that keep the thrust of the new powers intact, but with scope for future, proactive consultations with all stakeholders. As well, though time may be of the essence for the government, we would be happy to meet with you to discuss our concerns in more detail.

Sincerely,

CAAT Pension Plan

Healthcare of Ontario Pension Plan

Ontario Pension Board

OPSEU Pension Plan Trust Fund

Ontario Teachers' Pension Plan

c: Alex Killoch, Ministry of Finance