OPCD Accounting Summary – Governance structure of HOOPP and CAATPP (DRAFT)

Governance of the Healthcare of Ontario Pension Plan (HOOPP)

HOOPP is governed by a board of trustees (the Board) consisting of 16 voting members (trustees). Trustees are appointed as follows:

- the Ontario Hospital Association (OHA) appoints eight trustees, and
- four unions, the Ontario Nurses Association (ONA), the Canadian Union of Public Employees (CUPE), the Ontario Public Service Employees Union (OPSEU) and the Service Employees International Union (SEIU), each appoint two trustees.

HOOPP operates in accordance with:

- The Public Hospitals Act, R.S.O. 1990, c. P.40;
- The Pension Benefits Act (Ontario), R.S.O. 1990, c. P.8 and the regulations thereunder;
- Plan text for HOOPP; and
- HOOPP's policies and procedures.

The Board of HOOPP oversees all aspects of the plan and the Fund. Duties of the Board include:

- approving changes to the Plan and benefits;
- setting contribution levels;
- determining how to fund deficiencies or utilize surpluses;
- establishing investment policy;
- monitoring investment performance;
- approving annual operating budgets; and
- paying benefits and performing other administrative functions for the Plan.

Decisions of the Board require a majority with at least one trustee appointed by an employee group (union) voting in favor. The design of the Board is such that the Province of Ontario does not have voting decision making authority (the Province of Ontario does not control the OHA or the four unions). Member contributions are set out in the Plan text and employer contributions are determined by formula as determined by the Board.

Governance of the College of Applied Arts and Technology Pension Plan (CAATPP)

CAATPP is jointly sponsored by three organizations:

- the College Employer Council (CEC), as the employer sponsor (representing an employer group of 24 Ontario colleges);
- the Ontario Public Service Employees Union (OPSEU), as an employee sponsor; and
- the Ontario College Administrative Staff Association (OCASA), as an employee sponsor.

CAATPP is governed through a unique joint governance model which includes a:

- Board of Trustees (the Board) which includes 6 employer and 6 employee representatives appointed by the sponsors; and
- Sponsors' Committee which includes 4 employer and 4 employee representatives appointed by the sponsors.

CAATPP operates in accordance with:

a) The Ontario Colleges of Applied Arts and Technology Act, 2002, S.O. 2002, c. 8, Sched. F;
b) The Pension Benefits Act (Ontario), R.S.O. 1990, c. P.8 (PBA) and the regulations thereunder (PBR);
c) CAAT Pension Plan Text ; and
d) CAATPP’s policies and procedures.

The Board is responsible for the administration of the pension plan and investment of the plan assets. The Sponsors’ Committee makes decisions regarding contribution levels, benefit levels and funding decisions subject to the Pension Benefit Act (Ontario). Decisions on the level of benefits, reserves and contributions are guided by a funding policy created by the Committee. The Board makes recommendations to the Sponsors’ Committee on the use of funding surpluses or the elimination of funding deficits but the decision to change benefits, reserves or contribution levels ultimately rests with the Sponsors’ Committee. The Sponsors’ Committee decisions must be unanimous. The design of the Board and Sponsors’ Committee is such that the Province of Ontario does not have voting decision making authority (the Province of Ontario does not control CEC or the employee sponsors).

Under the Plan each employer matches its employees’ contributions to the plan, which are set out in the Plan text. The Plan text provides that deficiencies will be funded through increased contributions and surpluses will be utilized to increase certain specified benefits and then in any manner directed by the Sponsors’ Committee. There is no pre-determined allocation of surplus to the individual parties. The Sponsors are responsible for ensuring the Plan is adequately funded in accordance with the Pension Benefits Act (Ontario).

Potential changes to demonstrate influence by the Province (for both HOOPP and CAATPP)

1. Change the legal documentation whereby the employer sponsor is the respective Ministry (rather than OHA for HOOPP and CEC for CAATPP). Therefore, the Province would have joint control over the Boards (and Sponsors' Committee for CAATPP), consistent with OTPP for example, and therefore have joint control over how to fund deficiencies or utilize surpluses. We have been told by our Pension Policy group changing the sponsor of a pension plan historically has not been done through legislation.

   We also noted on the CAATPP website

   - The College Employer Council (CEC) is representing employers on the CAAT Pension Plan, effective November 1, 2015. The CEC takes over from Colleges Ontario as one of three sponsors.
   - In October 2012, the CAAT Plan secured an agreement with the provincial government that allows Plan governors, who represent members and employers, to maintain control of the Plan, and the key levers that lead to stability.

   Therefore, there is historical evidence of past changes to sponsors (at least for CAATPP) and evidence of the involvement of the Province in the plan governance (again for CAATPP).

   We are still trying to find out more regarding exactly what is involved in changing a plan sponsor.

2. Changing the governance structure is likely the most straight forward way for the Province to demonstrate joint control. Alternatively changes could be made directly to the documents in which the pension plans operate (for example the Plan Text and policies and procedures) with respect to how any surplus is to be utilized/deficit is to be funded. These documents could be amended to state the Province's right/responsibility to a share of the surplus/deficit. Changes to these operating documents would likely require the approval of the respective Boards (and Sponsors' Committee for CAATPP).

3. Finally, if the Province/Ministries could demonstrate that in substance the Province/Ministries have the residual risks and rewards associated with the pension plans (and their surpluses/deficits) through for example past history, Section PS 3255 may allow for the Province/Ministries to recognize a pension asset.