Draft Letter from Minister to OPSEU V1.docx

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Memorandum to: Mr. Warren Thomas

Subject: **OPSEU Press Release "Thomas to Wynne: 'Pension assets belong to pension plan members'"**

As you are aware, the Pension Asset Expert Advisory Panel ("Panel") released its report on February 13, 2017 and concluded that the net pension assets of both the Ontario Teachers' Pension Plan and the Ontario Public Sector Employees' Union Pension Plan should be recognized in Ontario's financial statements.

The OPSEU pension plan text, which is jointly-sponsored by OPTrust and the province, clearly states that no amount of the surplus shall be paid out of the plan to either sponsor. The province does not intend or have the ability to withdrawal assets from the plan.

As referenced in the Panel's report, the province may decide to take a contribution holiday, that is reduce its contributions to the plan. Contribution holidays are explicitly not considered to be a surplus withdrawal and are clearly permissible under the OPTrust Sponsorship Agreement and plan text.

I hope this clarifies the province's position regarding the OPSEUPP surplus. Please contact my office should you have any questions.

Thank you

Liz Sandals
President of the Treasury Board

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Mr. Thomas

The Pension Asset Expert Advisory Panel released its report on February 13, 2017 and concluded that the net pension assets of both the Ontario Teachers' Pension Plan (OTPP) and the Ontario Public Sector Employees' Union Pension Plan (OPSEUPP) should be recognized in Ontario's financial statements.

The OPSEUPP, jointly-sponsored by OPTrust and the province, plan text clearly states that no amount of the surplus shall be paid out of the plan to either sponsors. The province does not intend to or have the ability to withdrawal assets from the plan.

The province may decide to take a contribution holiday, that is reduce its contributions to the plan. Contribution holidays are explicitly not considered to be a surplus withdrawal and are clearly permissible under the OPTrust Sponsorship Agreement and Plan Text.

I hope this clarifies the province's position regarding the OPSEUPP surplus.

Thank you

Liz Sandals

President of the Treasury Board

TO Sun on Cost of Pension Asset Panel - Feb 15 2017.pdf

SUN+

Panel's $435G package 'ridiculous': OPSEU

BY ANTONELLA ARTUSO, TORONTO SUN

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Warren "Smokey" Thomas, president of OPSEU, the union that represents LCBO workers, says provincial liquor stores would be the most suitable place for legal recreational pot sales. (Craig Robertson/Toronto Sun)

Ontario's Liberal government paid up to $435,000 to the expert panel appointed to resolve its dispute with Auditor General Bonnie Lysyk over whether surpluses on billions in public pension funds should be counted as government "assets."

That has Warren 'Smokey' Thomas, president of the Ontario Public Service Employees Union (OPSEU), fuming.

He said the remuneration package for the four panel members was "outrageous" and called for a guarantee the government won't raid his members' pension fund.

"I'd like the Premier of Ontario to state in a written statement unequivocally that they are not after pension plan money for any purpose than to honour the pension promise," Thomas said Wednesday.

The Pension Asset Expert Advisory Panel released their recommendations Monday, siding with the Ontario government's position that public pension money should be booked as "assets," a finding that allows Kathleen Wynne's government to slash $10 billion from what is counted as debt and to effectively balance its books sooner.

Lysyk had said that the pension funds should not be considered an asset because the government could not spend them as it wished.

With the auditor's accounting, the 2015-16 annual deficit swelled by $1.5 billion.

Under either interpretation, the Ontario government has more than $300 billion in debt, but the union said the panel made the wrong call.

"I happen to think the Auditor General's correct," Thomas said.

According to an Order in Council, Panel Chair Tricia O'Malley is to be paid $2,000 a day with a cap of 75 days or $150,000.

The three remaining members are each eligible for $1,900 a day, up to a maximum of 50 days or $95,000.

es were to be paid on top of their remuneration.

“The work of the panel is ongoing so we don’t have final costs at this time but they will be in line with previous panels and will be made public,” Ontario Treasury Board spokesman Matt Ostergard said in an email Wednesday.

To resolve the dispute with the auditor general, the government established an independent expert panel to provide advice on accounting standards of Ontario’s defined benefit pension plans, he said.

”The independent experts came to this conclusion because the government controls access to the pension surplus which has a future economic benefit to the province and recognizing the asset will provide an accurate representation of the province’s financial position,” he said.

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Q&A

In a question and answer interview with the Toronto Sun Wednesday, Thomas warned the government to keep its hands of his members’ pension funds.

What’s your position on whether pension funds should be counted as government assets, since the government as employer does invest in the plan?

“It’s not anybody’s money except for the workers… My fear is I do not trust the Liberals at all. And on this one, I do take issue with the OPSEU trust pension management supporting the government’s position. No one talked to me about that… They are bureaucrats. They should not get involved in political debates.”

How much is the OPSEU pension plan worth?

“$20 billion – I can see why they’d be anxious to dip into some of that.”

Why?

“The premier’s been after me to agree to have Ontario pension plans, like the one I’m involved in… to invest in Ontario (infrastructure). I have grave concerns about infrastructure investment in Ontario not being a good deal for taxpayers. As the auditor general also quite rightly pointed out, the government spent $8 billion too much on infrastructure.”

On the panel members’ remuneration?

“I’ve had a couple of people say to me, ‘You should keep your mouth shut because if they don’t balance (the budget), they’ll do more cuts.’ Well, I’m sorry. Right is right and wrong is wrong. And I think this is wrong … The people of Ontario pay the Auditor General to give them honest advice. I don’t know the person but if I had to fall on siding with somebody, it’s the auditor general.”