



## **Municipal Retirees Organization Ontario**

*Protecting the Pensions and Enhancing the Quality of Life for all OMERS Pensioners*

The Honourable Charles Sousa  
Minister of Finance for Ontario  
7<sup>th</sup> Floor  
Frost Building South  
7 Queen's Park Crescent East  
Toronto, Ontario

November 1, 2013

Honourable Sir:

SUBJECT: Proposal to amend Section 30 (7) of the Personal Property Security Act (PPSA) to remove the "deemed trust" priority for pension plans

We understand that, deep in the text of the latest Ontario Budget, your government proposes to amend the Personal Property Security Act (PPSA) to "improve the recovery of lenders". On behalf of our 16,000 members, and in concert with the hundreds of thousands of Ontario members of the Canadian Federation of Pensioners (CFP), may we please ask you to clarify that reference? If it means what we fear it means, we would object in the strongest terms.

As you know, on February 1 of this year, the Supreme Court of Canada released its long-awaited decision in the case of *Sun Indalex Finance, LLC v. United Steelworkers (Indalex)*. With support from our organization and other Ontario pensioner organizations, the Canadian Federation of Pensioners intervened in that case in support of Indalex pensioners and in recognition of the extremely important stakes for company pension plans.

The Supreme Court determined that, because of the federal Company Creditors Arrangements Act, Indalex's seriously underfunded Canadian pension plan was not entitled to be topped up before allocating the assets to other creditors. However, we understand that the majority of the Court nonetheless confirmed a very important principle: under Ontario's Pension Benefits Act (PBA), pensions should be considered a "deemed trust". Therefore - had the rights of pensioners not been trumped by the federal bankruptcy law - Ontario law would have upheld the priority of pensioners.

Until now, your government has taken significant action to preserve defined-benefit pensions and protect pensioners. Your government's appointment of the Arthurs Commission and the wise counsel of that commission both deserve our congratulation. Subsequently, your government introduced legislation to implement some of those recommendations. While we are certainly awaiting further implementation steps, we have seen these initiatives as a declaration that your government intends to support the rights of pensioners.

As such, we were shocked at the suggestion that the Budget proposals might be attempting to retract a fundamental Court-confirmed principle of Ontario legislation protecting pensioners. Perhaps we have misunderstood.

Yes, we are disappointed that the Financial Services Commission of Ontario continues to allow serious underfunding of company pension plans which are susceptible to solvency issues. Unquestionably we object to the federal government's failure to review its bankruptcy legislation to accord higher priority to pensioners. We are concerned that many employers have lost interest in the well-being of their employees in later life. We wish the private sector contained more joint-sponsorship plans where both employers and employees share contributory and governance responsibility.

Through it all, though, the "deemed trust" created for pensioners by Ontario legislation was a bright light.

We look forward to your explanation.

Thank you,

William Harford, President, Municipal Retirees Organization Ontario

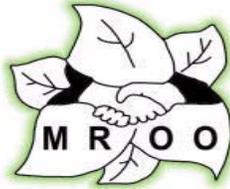
cc

The Honourable Kathleen Wynne, Premier of Ontario

Tim Hudak, Leader, Progressive Conservative Party of Ontario

Andrea Horwath, Leader, New Democratic Party of Ontario

David Young, Secretary, Canadian Federation of Pensioners



## **Municipal Retirees Organization Ontario**

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### **Our Purpose**

The Municipal Retirees Organization Ontario (MROO) was created as a not-for-profit corporation in 1977. All recipients of an OMERS pension are eligible to join. MROO has 16,000 members, all across Ontario. We are an independent, non-partisan organization formed to voice the interests of all OMERS retirees to OMERS and to governments at all levels, to represent our membership in legislative matters, and to provide such other services as will improve the lot of our members.

### **Our Membership**

Our members include retirees from union, non-union, and management backgrounds in municipalities, police forces, fire departments, libraries, hydro commissions, school boards, health units, and other employers in the OMERS pension plan. Our Board consists of nine directors, one from each of nine zones across the province. Our past and present Boards have contained a retired chief building official, municipal budget chief, school board superintendent of business, administrative assistant, nurse, hydro commission comptroller, police superintendent, police chief, city treasurer, and municipal engineer, among others.

MROO is the largest OMERS retiree organization, and the only one with membership open to retirees from all walks of local government life.

### **Our Programs and Priorities**

In addition, we have for 29 years sponsored health, dental, life, home and auto insurance plans designed by and for OMERS retirees. We offer scholarships to members' grandchildren as they enter second year of university or community college. We communicate regularly to all our members via printed newsletters three times yearly, and welcome over 1200 members to annual meetings in each zone.

**MROO has a credible record of responsible advocacy and service to our members, and has direct communication with 16,000 pensioners across Ontario.**

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