



November 24, 2021

Mr. Michael Puskaric, MBA, CPA, CMA
Director, Public Sector Accounting Board
Public Sector Accounting Board
277 Wellington Street West
Toronto ON M5V 3H2
Email: mpuskaric@psabcanada.ca

Re: Exposure Draft on Employee Benefits, Proposed Section PS 3251

Dear Mr. Puskaric,

We wish to comment on your Exposure Draft (ED) on Employee Benefits, Proposed Section PS 3251.

The City of Toronto Administrative, Professional, Supervisory Association (COTAPSA) has represented the over 4,800 management non-union employees of the City of Toronto for over 50 years. COTAPSA has advocated for management non-union representation on the OMERS Sponsors Corporation (SC) and OMERS Administration Corporation (OAC). We also seek improved accountability and transparency in overall decision-making at OMERS. COTAPSA is an associated OMERS employer.

OMERS administrators communicated to participating employers in late summer that OMERS was reviewing the Exposure Draft. It now appears the vast majority of impacted OMERS employers will be Ontario municipalities and related agencies. Except for the City of Toronto, municipal employers are represented at OMERS by the Association of Municipalities of Ontario (AMO).

We agree that public sector entities participating in jointly sponsored public pension plans like OMERS should report the proportionate share of pension plan risk and ultimate cost in the accrued benefit obligations reported by each employer. The current standard is inadequate and allows employers to keep their pension obligations off the books. Our jointly-sponsored Ontario public pension plans have evolved in scale, costs, complexity and risks to employers, members, and taxpayers but disclosure standards have not kept pace. The proposed disclosure requirements will provide more relevant and understandable information to financial statements. It is also essential that our Ontario government and its pension regulator better understand the breadth of our province's municipal pension assets and liabilities.

We believe that sufficient initial information to follow the standards for defined benefit plans can be made available for each participating employer by OMERS administrators. However, defined benefit accounting may cause discomfort for municipal officials who will turn to AMO and OMERS administrators to help address the financial accountability challenges the newly disclosed financial information will likely create. Unfortunately, the desire to help municipal employers leads OMERS administrators to unfairly spend members' contributions assisting employers in treating the PS 3251 standards as a problem rather than an overdue disclosure improvement.

Reasonably precise calculations are not complex and pose no significant burden for municipal employers. Accordingly, we believe that all municipal employers participating in OMERS must be required to recognize their proportionate share of the defined benefit liabilities and assets in the pension plan on their annual financial statements.

We are also hopeful that OMERS is not granted any form of confidentiality for its comments to your organization. Unfortunately, we have yet to see a clear explanation of what OMERS believes is the specific problem with your proposed measures or their suggested alternatives and reasoning. The need for more cost transparency (and cost efficiency) for our public pension funds has never been greater. For the sake of beneficiaries and taxpayers, we need to avoid further distortion of the actual financial picture of our public pension plans. Your new measures will foster more honesty and the improved data necessary to support our pension benefits into the future.

Without the standards of independent bodies such as PSAB, pension beneficiaries are losing access to necessary disclosures of the sustainability of our public pension funds and public finances.

Thank you for allowing us to comment.

Sincerely,

A handwritten signature in black ink that reads "M. MAJOR". The letters are bold and slightly slanted, with a casual, cursive-like style.

Mike Major
Executive Director