



Pension Investment
Association of Canada

Association canadienne des
gestionnaires de caisses de retraite

February 14, 2013

The Honourable Charles Sousa
Minister of Finance
7 Queen's Park Crescent, 7th floor
Toronto, Ontario M7A 1Y7
Via email: csousa.mpp@liberal.ola.org

Dear Minister:

Re: Facilitating Pooled Asset Management for Ontario's Public-Sector Institutions

This submission is made by the Pension Investment Association of Canada ("PIAC") in response to the request for feedback on the report entitled Facilitating Pooled Asset Management for Ontario's Public-Sector Institutions.

PIAC has been the national voice for Canadian pension funds since 1977. Senior investment professionals employed by PIAC's member funds are responsible for the oversight and management of over \$1 trillion in assets on behalf of millions of Canadians. PIAC's mission is to promote sound investment practices and good governance for the benefit of pension plan sponsors and beneficiaries.

On June 29, 2012, PIAC made a submission in the original consultation process to the Pension Investment Advisor, Mr. Bill Morneau, and we welcome the opportunity to provide this further feedback on Mr. Morneau's report to the government.

PIAC membership covers a broad range of fund sizes as well as investment and governance structures, and includes a number of Ontario broader public sector (BPS) plans.

Our key observations on the report are as follows:

- We agree that the concept of a pooling framework for investment management can lower costs and agree that sufficient scale is required for an organization, with a mandate to serve multiple strategies, to be viable.

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- We also agree that any pooled entity should be professionally run and at arm's-length from government.
- However, we question compelling institutions with up to \$40 billion in assets to participate in the pool. A number of institutions with assets of much less than this amount already have the scale, governance structure and capabilities required to obtain the benefits cited by the report, and forcing a transition would add costs and complexity that may not result in long term benefit.
- It should be noted that the proposed structure would change the nature of investment resources at participant organizations but would not eliminate the continuing need for investment expertise to be resident in these organizations.
- Finally, the asset pooling model will do very little to address the high funding costs for some BPS organizations.

We would be pleased to discuss our responses with you or your staff at your convenience.

Yours truly,

A handwritten signature in cursive script, appearing to read "Brenda McInnes".

Brenda McInnes
Chair