Health human resources need renewal

The threat of a healthcare workforce shortage is looming, and Michael Decter, chair of the Health Council of Canada, warns that “health human resources” need renewal quickly. The Council released its first annual report Jan. 27, titled Healthcare Renewal in Canada: Accelerating Change, reporting progress on the recommendations reached among the First Ministers. “Quite simply, we don’t have enough healthcare providers to meet our needs in the future,” said Decter in a speech to the Economic Club of Toronto. “Renewal begins with proper planning, education and training.”

“Canada’s First Ministers announced the Health Council of Canada as part of their 2003 Accord on Healthcare Renewal,” said Decter. “Just over a year ago, we began our work.” The Council’s mandate is to independently monitor and report to Canadians on progress toward healthcare renewal and the status of the health of Canadians.

Decter said there has been progress towards renewing the healthcare system, but not fast enough. “If we don’t plan for baby boomers retiring, we’ll be losing a big chunk of the healthcare workforce, right when we don’t need to lose them,” said Decter. “In two words, we [the Council] say we need to hurry up, otherwise we risk losing the progress that is being made.”

For example, Decter said Canada has more MRI units in place, but lacks properly trained technicians to operate them. The report stresses the need to develop a comprehensive strategy to ensure the healthcare system can meet the needs of Canada’s changing and aging population.

Decter made it clear that unless a plan is put in place soon, Canada will not have a healthcare workforce with the necessary skills to achieve healthcare reform, reduce wait times and meet increasing service demands.

The Council is sponsoring a summit in June 2005 where key stakeholders can identify and encourage action to support a national health HR plan to ensure a sustainable workforce.

“We hope that an important summit outcome will be better support for provinces and territories, all of which report shortages of qualified, trained personnel,” said Decter.

Summit attendees will include representatives from governments, labour, professional associations, regulators, educators, and healthcare organizations.

So far, Decter said feedback on the report is encouraging, adding “there is an appetite for change.” He is hopeful that the summit in June will provide answers to the “urgent challenges we face.”

—Chandra Price

A long wait for care

Canadians are continuing to wait for critical health treatments because of a lack of standardization in the monitoring of wait times, according to the Health Council’s report. It finds that there are many discrepancies in the ways doctors across the country track their patients’ wait times. “Currently, seven provinces are monitoring wait times in Web-based programs,” said chair Michael Decter. “But the criteria physicians use to prioritize, place and track patients on waiting lists vary widely, so it is very difficult to gather and analyze any national data.” He said without more information about doctors’ practices, a solution to long waiting times will remain elusive. The Council wants to develop clear monitoring guidelines to record patient data.
Caisse buys into Rothschild bank

Canada's largest pension fund manager, the Caisse de dépôt et placement du Québec, invested over $80 million in a private French bank owned by financier Benjamin de Rothschild and his family.

“Our investment enables the Caisse to partner with one of the best-performing private merchant banks in France,” said Henri-Paul Rousseau, chairman and CEO of the Montreal-based Caisse, at a Parisian press conference.

“[The Rothschild bank is] very well positioned in its market to take advantage of the most recent regulatory changes affecting pension plans.”

The Caisse’s investment will provide it with 10% of the bank’s capital once the deal is approved by regulators.

La Compagnie Financière Edmond de Rothschild has grown by approximately 20% per year since Benjamin de Rothschild became chairman in 1997. The Rothschild Group manages about $100 billion in assets and employs 2,000 people worldwide.

The Rothschild family entered into banking in 1769, when five of the brothers from Frankfurt, Germany, founded operations across Europe.

—Chandra Price

Putin’s pension problem

A revolt by pensioners in Russia has forced the government to re-think its recent pension reforms. Beginning Jan. 1, Vladimir Putin and the Kremlin reduced old-age pensions by removing benefits such as free transportation and discounts on medication and utility bills.

In its place, pensioners in Russia were given cash benefits worth as little as US$9 per month. The average total pension per month stands at about US$195. But after thousands of war veterans and pensioners staged a spontaneous demonstration early this year, the government gave in. In order to calm protesters, Putin offered them the choice of continuing to receive free transportation coupons or financial compensation. Also, the government said it would increase the average monthly pension by 240 rubles; it had originally planned to increase pensions by 100 rubles. There are about 40 million pensioners in Russia which has a population of about 144 million.

—Joel Kranc

MFC Global Investment Management

is pleased to announce the appointment of George M. Klar to the position of Vice President & Executive Director, Institutional Investment Sales. Based in Toronto, George will be responsible for business development among Canadian pension plans and other institutional investors.

George joins MFC Global with more than 22 years of experience in institutional investment management, including senior roles in institutional sales and marketing, client service, and pension and investment consulting. Most recently, George was Vice President, Institutional Marketing and Client Service, at an institutional investment management firm.

MFC Global Investment Management is a diversified investment manager based in Toronto, with investment offices in the United States, Canada, the United Kingdom, Japan, Australia, Hong Kong, and throughout Southeast Asia. MFC Global has more than 100 years of experience managing portfolios for The Manufacturers Life Insurance Company, John Hancock Life Insurance Company, and other major clients. With more than C$200 billion in assets under management, it is a leading global investment manager.

George M. Klar, CFA, MBA
Vice President & Executive Director
Institutional Investment Sales

FacetoFace

The Face-to-Face Disability Management Forum is a series of half-day conferences bringing together plan sponsors, group insurers, benefits consultants and other healthcare stakeholders to discuss disability management issues. Combining presentations, case studies and interactive sessions, these forums provide stakeholders with an opportunity to share common challenges and joint solutions.

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Autonomy for OMERS?

A proposal to make the Ontario Municipal Employees’ Retirement System (OMERS) an independent body has been on the drawing board for years, but an announcement may be in the near future, says a vice-president at the plan. “There’s been a long period of discussion that it would be good to get the sponsors in control of the plan,” says Debbie Oakley, senior vice-president, corporate affairs, in Toronto. And, she adds, “there are lots of rumours right now that the government’s going to do something.”

Founded in 1962, OMERS has 342,000 members. The Ontario government is the official plan sponsor for OMERS, although no provincial government employees belong to the plan, nor does the government contribute any direct funding. Fiduciary responsibility is shared by the governing board, which oversees investments and plan administration and is made up of six member representatives (from unions and employee and retiree groups), six employer representatives (from municipalities and other local boards), and one representative from the Ontario government.

However, the provincial government appoints the governing board membership, and also retains the sole authority to make benefit changes or changes in the design of the plan. Since the Ontario government also regulates pension plans registered in the province through the Pension Benefits Act, as well as holding sway over OMERS’ membership through the Municipal Act, some have argued that it’s in a conflict of interest as a plan sponsor.

“OMERS is the last of the large public sector plans in Ontario where the sponsors are not in place as the official sponsors or trustees,” says Oakley. “Our board submitted a formal report to the government three years ago indicating that they thought sponsor governance was a very important strategic objective.”

In those proposed sponsor governance reforms put forward in 2002, OMERS recommended a sponsors’ committee be set up to take over the functions now performed by the provincial government, while the governing board would perform its current tasks. Meanwhile, other plan participants such as the Canadian Union of Public Employees and the Ontario Secondary School Teachers’ Federation have proposed their own reforms in which an expanded governing board would take control of decisions involving plan design and changes to benefits.

Both OMERS and plan participants argued their case to former premiers Mike Harris and Ernie Eves, but the election of Dalton McGuinty’s Liberal government in 2003 meant they have had to renew their respective lobbying efforts. Other Ontario public sector plans, such as the Ontario Teachers’ Pension Plan, the Hospitals of Ontario Pension Plan, and the Colleges of Applied Arts and Technology Pension Plan, have long been run independently of the province.

—James Lewis

Mental health a priority

Michael Wilson, former federal finance minister, is now special advisor on mental health in the workplace to Health Minister Ujjal Dosanjh. “We need to be a leader for employers across the country,” said Dosanjh.

“The Canadian Mental Health Association (CMHA) is especially pleased to learn that the federal government, as the largest employer in Canada, will be taking an important step forward in addressing…mental illness issues in its workplace,” said Penelope Marrett, CMHA’s CEO in Toronto last month.

After losing his son to suicide, Wilson became a mental health advocate, winning a special recognition award from the Canadian Psychiatric Association in 2002. John Service, chairman of the Canadian Alliance on Mental Illness and Mental Health says the appointment shows Dosanjh has recognized that mental illness ranks second to cardiovascular disease in direct cost to Canada’s healthcare system. “This is a first for a federal health minister.”

—Chandra Price

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The holiday is over

A reprieve granted to troubled steel maker Stelco Inc. regarding its pension plan has been rescinded by the Ontario government. In a letter to the Hamilton-based company last month, James Arnett, the government’s special advisor on the steel industry, said Stelco would no longer be entitled to a holiday from pension payments when it emerges from protection under the Companies’ Creditors Arrangement Act. The company was originally granted the holiday in 1996.

Currently, Stelco has a $1.3-billion deficit in its pension plan and has been operating under bankruptcy protection for about a year.

Potential suitors of the company would certainly have to address the issue of Stelco’s pension deficit should the company be bought in the near future. But Arnett addressed this process in his letter, stating: “The government supports your auction process and, to that end, is prepared to be flexible in discussing a fair and reasonable plan for the consequent need to fund the pension deficiencies on a solvency basis.” He went on to state the government would be “working constructively with the company, its employees, stakeholders and bidders to address this issue.”

There is no doubt, however, that any increase in contributions towards Stelco’s pension plan could be significant. The company said that in 2004 it paid $64 million in cash contributions towards its pension plan. Had the holiday been taken away last year, contributions would have increased to $353 million.

As the news came out, Hap Stephen, Stelco’s chief restructuring officer, offered this comment concerning the government’s action: “Stelco has consistently stated that the pension funding issue is front and centre for the company and for the bidders. The bidders are well aware of the issue, of our view, and of the court’s stated assumption that they will keep the issue in mind in making their bids.”

—Joel Kranc

Unrealistic expectations

Sixty-six per cent of Canadians plan to retire before age 65, but three-quarters are not yet planning for retirement, according to a recent RBC Financial Group survey.

“Thinking about retirement and investing for retirement need to go hand in hand with well thought-out retirement planning,” said Prashant Patel, senior manager, financial planning expertise and strategies at RBC Financial Group in Toronto.

Just 31% of survey respondents have figured out how much they need to save in order to retire comfortably, despite previous survey results which showed average 2004 RRSP contributions are double what they were 12 years ago.

One-third of those surveyed said they are still trying to keep their heads above water, 24% of those aged 18 to 29 years said owning a home is more important than saving for retirement, and 19% of those between the ages of 30 and 54 said saving for their children’s or grandchildren’s education is their most pressing concern.

Twenty-nine per cent of the employed respondents expect to count on pensions from employers, 27% plan to rely on income from their own investments, 15% plan to retire on government pension income, and 10% plan to live off of their home’s equity.

“The retirement years are meant to be happy ones,” said Patel. “With the average life expectancy at 78.3 years, retirement savings need to go further and last longer than ever before, which is why it’s wise to look beyond pension plans and contribute to personal RRSPs.”

The Ipsos-Reid poll of 1,201 Canadians was conducted in November 2004 for RBC Financial Group.

—Chandra Price

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