

Correspondence and Information

Request for Recommendation Priorities Committee



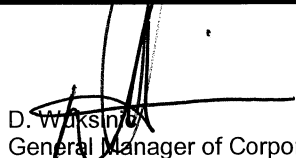
Type of Decision									
Meeting Date	February 26, 2003				Report Date	February 11, 2003			
Recommendation		Yes	<input checked="" type="checkbox"/>	No	Priority	<input checked="" type="checkbox"/>	High		Low
	Direction Only				Type of Meeting	<input checked="" type="checkbox"/>	Open		Closed

Report Title
Justice Statute Law Amendment Act, 2002 Contingency Fee Agreements

Policy Implications + Budget Impact	
<input type="checkbox"/>	This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified
N/A	
<input checked="" type="checkbox"/>	Background attached


Recommendation	
N/A	
<input type="checkbox"/>	Recommendation attached

Recommended by the General Manager


D. Waksinski
General Manager of Corporate Services

Recommended by the C.A.O.


M. Mieto
Chief Administrative Officer



Contingency Fee Agreements

Reviewed by: C. Mahaffy, Manager of Financial Planning & Policy/Deputy Treasurer

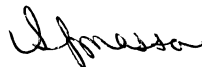
Date: February 11, 2003

Report Authored By



J. Van de Rydt
Co-Ordinator of Capital Budget & Risk Management

Division Review



S. Jonasson
Director of Finance/City Treasurer

BACKGROUND

Bill 213, Justice Statute Law Amendment Act, 2002, received Royal Assent on Monday, December 9, 2002. Among other things, this Act was introduced to improve access to justice by amending the Solicitors Act to permit contingency fees. The legislation gives Ontarians the option of reducing the financial burden of going to court by entering into contingency agreements in legal matters. Contingency agreements tie lawyers' fees to the outcome of a case, so that a client incurs fees only in the event of a successful lawsuit.

At a recent panel discussion at the Ontario Insurance Adjusters Association conference, the spectre of contingency fees and its profound effect for insurers was raised. From the insurance industry's perspective, Bill 213, along with changes in the auto reform package that lift restrictions to suing, will have some plaintiff lawyers seeing the coming years as a "golden age" for the tort side. At a panel discussion on this issue during the conference, presenters suggested that contingency fees will raise the stakes for lawyers and make dealing with them more adversarial. Their argument supposes that aggressive law firms might seize the opportunity to persuade people to take legal action against us which, in turn, would significantly impact on insurer loss ratios which would increase claims cost.

Conversely, it has been suggested that the insurance industry will use just this sort of hyperbole to justify rate increases, and that it will not lead to major changes in the way that claims are currently settled. While in the US contingency fees have led to frivolous and meritless claims because there is no penalty for bringing such claims, in Canada these claims are penalized in costs, and no lawyer would expose themselves to that risk. But, it has been acknowledged that there may be an increase in the number of lawsuits filed by law firms working on contingency on behalf of persons with limited, or without, the financial means to otherwise bring suit for "legitimate" claims. For the most part these would likely be small claims, which otherwise would not have been made, and the aggregate of these claims may impact our costs. However, at present, it is still too early to assess what the financial consequences will be or the burden it may place on staff resources.

Request for Recommendation Priorities Committee



Type of Decision

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	Direction Only				Type of Meeting	<input checked="" type="checkbox"/>	Open		Closed

Report Title

2002 Investment Report

Policy Implications + Budget Impact

This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified

N/A

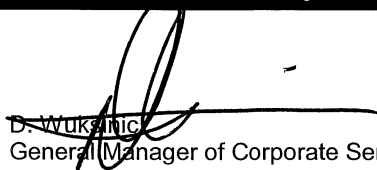
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Recommendation

N/A

Recommendation attached

Recommended by the General Manager


D. Wukojanich
General Manager of Corporate Services

Recommended by the C.A.O.


M. Mieto
Chief Administrative Officer

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Report Authored By



J. Van de Rydt
Co-Ordinator of Capital Budget & Risk Management

Division Review



S. Jonasson
Director of Finance/City Treasurer

BACKGROUND

Ontario Regulation 265/02 requires the Treasurer to present, annually, an investment report to Council. This requirement is also set out in the City of Greater Sudbury's Statement of Investment Policy and Goals. The Investment Policy is constantly under review to ensure compliance under the Municipal Act, 2001 as regulations are amended or introduced. Minor changes have recently been made effective January 1, 2003 which will affect the Investment Policy. A report to Council is forthcoming.

This report summarizes the investment activities for the year and certifies that all investments made in the year 2002 were in compliance with both the policy and the Ontario Regulation 265/02.

The City of Greater Sudbury investment portfolio, at cost, at December 31, 2002 was as follows:

Long-term investments	\$ 24,026,623
Short-term investments	\$ 81,910,612
Total investment portfolio	\$105,937,235

During the year, seventy-nine (79) separate investment transactions were completed. Interest earned on investments, plus interest earned on average daily bank balance, amounted to \$3,942,775 - an average rate of return of 3.168%.

Interest earnings of \$1,842,538 were credited to reserve and trust funds. The balance of investment income was earned by capital and current funds. In accordance with the investment policy, the investment income earned by the capital fund was attributed to the current fund. Including interest earned from the bank, the current fund was credited with \$2,100,237 interest revenue.