

THE CUPE CONNECTION

Official Publication of the Canadian Union of Public Employees, Local 38
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Alberta Has 'Hit The Pause Button' On Pension Reform

On May 6th, Finance Minister Doug Horner announced a delay in Bills 9 and 10. Bill 9 deals with significant changes to public sector pension plans (LAPP, PSPP) and Bill 10 was set to introduce changes to the rules governing private sector pension plans.



Minister Horner said "I'm hearing concerns from stakeholders about some of the provisions in these pieces of legislation. Upon reflection, I believe the right course of action is to briefly hit the pause button and refer Bills 9 and 10 to the all-party Standing Committee on Alberta's Economic Future for further consideration and comments."

"I've also asked the committee to provide their feedback once the Legislature resumes sitting in the fall."

The next steps will be presentations to the Standing Committee. Employer groups, Unions and Associations affected by the plan will be making written submissions to the committee to ensure that our voices are being heard.

There can be no question that this "pause" is due in large part to you, the members. Your commitment and active participation in contacting MLAs and the Minister's office has sent a strong and clear message to the Government. Similarly, the Day of Action in Edmonton, where over 2,000 pension plan members gathered in minus 30 degree whether to protest the unnecessary changes to

LAPP demonstrated frustration and anger towards the Government's actions.

It is also important to note that the City of Calgary is one of the very few employer groups to come out forcefully against several of the more regressive changes. It has been through the common action between the Unions and employers such as the City of Calgary that we have all been successful.

The following is a letter written to The Honourable Dave Hancock by our Mayor Naheed Nenshi on May 2, 2014:

"I am writing you today on behalf of Calgary City Council regarding Bill 9. Council has reviewed the proposed changes to the *Local Authorities Pension Plan* ("LAPP") and the *Special Forces Pension Plan* and we have many serious concerns.

We believe that the proposed changes will gravely impact The City of Calgary ("The City"). The consultation process did not allow for meaningful dialogue and the City's concerns have not been addressed.

Bill 9 as currently drafted could have a crippling effect on our labour force, our operations and our finances. **I strongly urge you to table Bill 9** and conduct a thorough and substantive consultation with municipalities and the unions prior to proceeding with any substantive reform of the pension legislation.

The City has identified a number of significant issues with Bill 9 as follows:

1. **The City has not been adequately consulted.** The City was asked to submit comments on possible reforms in December 2013 and did so. The City was instructed by the Ministry of Finance to follow up with them in February 2014. When we did, we

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Scholarships Available

CUPE Local 38 offers two scholarships in the amount of \$1,000.00 each, to be awarded in October of each year. These scholarships are open to card carrying members, or their eligible dependents. Each applicant must be enrolled in full-time, post-secondary studies, and they must submit a one thousand (1,000) word essay on *one* of the following topics:

- 1) The challenges facing unions in Alberta over the next 20 years; or
- 2) The relevance of unions in Canadian society; or
- 3) The role of the labour movement in the global environment.

The essays will be assessed on the following criteria: quality of research, degree of analysis, and adherence to the chosen topic. Submissions will be evaluated by CUPE Local 38's Public Relations and Education Committee. Please note that all submissions must clearly indicate the chosen topic.

Entries can be submitted by email or fax. Email attachments should be in Microsoft Word format. Proof of enrollment must also be provided at the time of submission. The deadline for submission is August 22, 2014. Successful applicants will be advised by letter and CUPE Local 38 reserves the right to publish the names and essays of the winners.

For further information, please contact Local 38 at 403-233-2700 or by email at office@cupe38.org.



Send your kid to camp!



The Alberta Federation of Labour is holding its 18th Annual Kids' Camp August 4—8, 2014 at the Goldeye Centre near Nordegg on Goldeye Lake.

The camp is open to kids ages **eight to fifteen** years. The camp goals are for kids to have fun in a positive and safe environment. As well, kids will develop problem solving skills and learn to work with others. Recreational activities are: canoeing, wall climbing, horseback riding, rappelling, group challenges, crafts and swimming.

The cost is \$450.00 per child. A motion to sponsor four (4) children will be going to our May regular meeting. If you are a member of CUPE Local 38 and wish to have your child sponsored, please send a letter to the union office stating why you would like to send your child.

You can send your letter by internal mail to mail code #132, email to office@cupe38.org or fax to (403) 290-1757. We will decide who should receive the sponsorship by **June 6th**, so get your letters in soon.

THOUGHT FOR THE MONTH

"All our dreams come true if we have the courage to pursue them"

Walt Disney



Pension Reform—Continued from Page 1

were surprised to be told that there would be no further consultation with The City. Some members of my Council and Administration go so far as to believe that The City was misled by the Ministry in order to avoid a substantive conversation about our legitimate concerns.

2. **The Bill will increase the number of employees who opt for early retirement or leave for more lucrative positions in the private sector.** The so called “85 factor” encourages city employees to delay early retirement and stay with The City. Changing this rule with no grandfathering provisions provides an incentive to a large portion of our workforce to retire early. On January 1, 2016, 1,450 employees, or 12% of our workforce could choose to leave the City as they will no longer be eligible for a pension for which they were eligible the day before. Another 3,150 employees, 27% of our workforce, are at mid-career and are under the age of 55 with over 10 years of service. With a reduced pension after 2016, many may find it in their financial best interest to leave The City for the private sector.

3. **The LAPP already has a plan to address its unfunded liabilities.** LAPP already has a reasonable plan in place to address the unfunded pension liabilities by 2027 through increased contributions from members. Given that there is an effective solution, we question the need for significant reforms.

4. **Elimination of the guaranteed cost of living adjustment (“COLA”) will adversely impact recruitment and retention.** The City considers a guaranteed COLA to be an important recruitment and retention tool. It is an important incentive for career employees to accept a lower wage in the public service versus a higher wage in the private sector, particularly with Alberta’s thriving energy sector.

5. **Proposed changes will increase administration costs to manage the plan and cost to The City.** The proposed reforms will result in increased administrative complexity which will increase administrative costs to administer the plans.

6. **Impact of the contribution cap is unclear.** It is unclear what the financial impact of the government’s proposed “cap” on contributions, for benefits earned after 2015, will have as the current unfunded liabilities and benefits earned before 2016 are not part of this cap. A cap on contribution rates is intended to limit employer and employee

costs for benefits earned after 2015. If the cap is reached other options will have to be considered such as to whether the plan can afford to pay the targeted COLA at 60% of the Alberta Inflation Index.

7. **Alternative retirement provision seems arbitrary and could have an adverse effect on labour relations.** While we are not opposed to the principle of having different retirement provisions for professions where sickness and accident rates increase exponentially with age, this provision has not been well thought through. What makes a firefighter different than a waste and recycling employee? The offer of alternative retirement provisions to public safety occupations such as firefighters with correspondingly higher contribution rates, and “grandfathering” will be perceived as inequitable by other unions, complicate our labour relations and foster resentment among our employees.

Enacting Bill 9 in its present form will adversely affect the administration, finances and the labour force of The City as well as the ability of The City to provide effective services to all its citizens. The reform will create a dangerous incentive for our workforce to either take early retirement before 2016 or enter into the private sector. It will complicate our labour relations, increase our costs as a City, create risk and uncertainty and will not help our retirees. I must be clear that we are not opposed to public sector pension reforms. However, Bill 9 needs considerable work. Calgary City Council requests that you table Bill 9 and engage in a more substantive, constructive consultation process with The City and other stakeholders prior to proceeding with these proposed reforms.”

Sincerely,
Naheed Nenshi, Mayor

It is reassuring to know that our Mayor is on the same page as us. We will keep you posted on any further movements on our pension plan.

GENERAL MEETING



Tuesday, MAY 27, 2014

7:00 p.m.

Union Office

1439—9th Avenue South East

BUSINESS: Committee Elections

COMMITTEE ELECTIONS:

- 1) One (1) Trustee—term expires April, 2016
- 2) Occupational Health & Safety Committee (5 members)
- 2) PR & Education Committee (5 members)
- 3) Social Committee (5 members)
- 4) Equal Opportunities Committee (5 members)
- 5) Seven (7) Delegates to CUPE District Council
- 6) Delegates to Calgary & District Labour Council