
THE CUPE CONNECTION

Official Publication of the Canadian Union of Public Employees, Local 38
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Finance Minister attacks pension plans

In last months issue of the Connection we advised you that on September 16th the Provincial Finance Minister was announcing changes to the Provincial Pension Plans including LAPP (Local Authorities Pension Plan). He stated that to ensure a sustainability of the Provincial Pension Plans he was going to:

- Remove the automatic indexing (currently retirees receive 60% of the Alberta Consumer Price Index during their retirement),
- Remove the 85 factor so that retirement age for a non-reduced pension will be 65 years old.
- The province would set the contribution rates. This would also see the 1% above employees contributions removed.
- The province would move to governance by experts rather than a board of representatives.
- Early retirement penalties will almost double — from 3% per year to 5%-7% per year.

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Scholarships Awarded



For the last eight years CUPE Local 38 has awarded two scholarships to either members or children of members in good standing who are enrolled in a post secondary institution. The applicants must write a 1000 word essay on a chosen union theme. This year's essay topic was once again "The Relevance of Unions in Today's Workplace and in Society."

We had a total of nine (9) submissions and the Local's Public Relations & Education Committee chose the two winning essays. We are proud to announce the names of this year's scholarship recipients; Sara LaMarre and Spencer Higgs.

The committee would like to thank all of those who submitted essays and wish them the best of luck in their studies.

On page 3 of this issue you will find excerpts from one of the winning essays.



Children's Christmas Party Application Enclosed

The application form for the 2013 Children's Christmas Party to be held on December 7th is inserted into this issue. If you are a card carrying member of CUPE Local 38 and have a child/children born in 2003 or later, please complete and remit the form to **mail code: 132**, no later than the **November 22th deadline**.

If you require a union card or further information, please contact the union office at:

Pension Plans—Continued from Page 1

He did however omit the Teacher's Pension Plan from his announcement. One has to ask why the Province is prepared to honour the arrangement they negotiated regarding the Teacher's Plan wherein they accepted all responsibility for the pre 1989 shortfall.

Prior to the 1980's, all the contributions from employees and our employers, were forwarded to the Department of Finance and placed into general revenue. This resulted in the Province using our contributions to build infrastructure such as schools, roads, etc. during this timeframe. This is at the same time the Province was establishing the Heritage Trust Fund.

When the Province set up the Provincial Plans to be funded in 1989, they set aside 1 billion dollars to cover the existing liabilities. At this time the estimated liability was actually 4.1 billion dollars, therefore a 3.1 billion dollar shortfall. To address this shortfall, the stakeholders in LAPP negotiated what was called the 1% solution in exchange for governance of the plan. Employees paid 1%, employers paid 1% and the Provincial Government paid 1%. These payments would continue until LAPP was fully funded. These payments were made throughout the 1990's and were removed in 2000 when LAPP became fully funded for the first time.

Unfortunately the Province did not honour its previous commitment to provide governance of LAPP to the plan participants. Instead the Minister kept final say over all changes to the plan and all investment decisions. The government set-up AIMCo (Alberta Investment Management Corp) to look after the investment of the pension funds and other provincial assets. Since its inception, AIMCo has only delivered its targeted rate of return once, which was last year.

If LAPP had an independent Board of Trustees that was free to make investment decisions, they clearly would have found another money manager. Unfortunately this decision rested with the Minister and still does.

The Minister has set up a web page on sustainable pensions which the City of Calgary distributed widely to employees. This website is found at <http://www.finance.alberta.ca/publications/pensions/sustainability/index.html>. On the website there is a catchy

little video that puts the provincial spin on the pension issue.

This video claims that times have changed. This is true, but unlike the video suggests there were no assets in the 1970's. The Province was just spending our pension contributions. We did not get the 20% returns that one could receive holding a GIC during the late 1970's early 1980's. In fact, the Province was using our money to buy down Albertans mortgages to support the housing industry.

The video also has a graph that shows the ever increasing gap between assets and liabilities. The only explanation for the plans not being fully funded in 2000 is that they are lumping all the pension plans into the same bucket. LAPP's website clearly shows that it was fully funded in 2000. In fact, it had a healthy surplus of over 10%.

The video claims the current benefit design is in the best interests of future employees. LAPP members are employees of municipalities, school districts and hospitals, which means they are not strictly Provincial employees. But it is becoming clear that the Province wants these changes merely to save money that they are spending on schools and health boards.

The video also suggests that the ratio of workers contributing to the Provincial plans versus current retirees is higher now than it was in the 1970's. There is a reason for this. The Provincial Government privatized a lot of its services thereby reducing the number of active employees employed by the Province. At the same time, it offered many employees retirement bridges to see them leave the employment of the Province. This is likely why the video also refers to technological change as they could see fewer employees in the future. However, had the plan been properly funded at the beginning, it would not be an issue.

We would encourage you to go to our website www.cupe38.org and look at the information contained therein and follow the requested actions.

Let your MLA know we are not their employees nor do we like being bullied!

Excerpts from scholarship essay winner—Sara LaMarre

"Alberta unions will always face the challenge of justifying their existence in modern society; some individualists argue that unions have no place in our contemporary workforce now that we have labour laws and human rights legislation to protect workers and their families. However, this view ignores a range of emerging and long-standing concerns which continue to threaten Alberta workers..."



Alberta's population is diverse and it's relatively bountiful job market and high quality of life continues to attract new migrants from across the country and around the world. However, the Temporary Foreign Workers (TFW) program allows for potential abuses... However the program is starting to be used by corporations to "flood the labour market with a supply of workers who are unlikely to demand higher wages, better standards, pensions or benefits... These employers should be offering adequate wages, working standards and benefits regardless of the immigration status of their employees..."

Another issue facing unions ... is the rising popularity of the "right-to work" movement. In Canada, a labour arbitration decision in 1946 ruled that the payment of union dues is mandatory for all employees in a unionized environment because whether or not they support the union, all employees benefit from the union's service (Rand 1946). However, "right-to-work" laws make it difficult for unions to organize as they make it illegal to re-

quire employees to pay union dues as a condition of employment" (Freeman 2013)... Some ...have argued that Canada's economy is suffering because some "employers [choose] to ship jobs to cheaper jurisdictions where non-unionized workers are willing to work for less (Freeman 2013) and they therefore believe that "right-to-work" legislation would benefit Canada's economy... According to Statistics Canada, on average, full-time unionized workers earn \$26.72 an hour versus \$22.71 for non-unionized workers (Uppal 2011). The discrepancy between unionized and non-unionized employees is even more pronounced when we compare benefits such as "supplemental health care plans – 84% for unionized compared to 45% for non-unionized..."

Finally, Alberta unions will have to continue to fight the issue of declining membership over the next 20 years... Are unions seen as an outdated concept?... Public education of the importance of unions needs to be further integrated into school curriculums and more programs... Statistical reports... which demonstrate the economic and social benefits of union membership need to be more heavily advertised. Additionally, local union successes... need to be publicized in a positive light ...in order to demonstrate the current relevance of unions...

Alberta unions have a challenging road ahead... Alberta unions are essential to the existence of Alberta's high quality of life ... they must find a way to convey this essential nature to a broader audience."

CUPE 38 Presents Hockey Night in Calgary

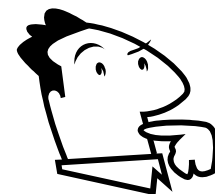
Who: Calgary Hitmen vs. Everett Silvertips
Date: Saturday, November 23, 2013
Time: 7:00 pm
Location: Scotiabank Saddledome
Cost: Subsidized by Local 38—tickets will be \$5.00 per ticket with a limit of two per member (Payment must be received by Nov 7th.)



First Come - First Served: only 200 tickets available!

Please contact the union office at (403) 233-2700 to reserve and pay for your ticket(s) if you are interested in this offer.

THOUGHT FOR THE MONTH



Canadians are getting stronger. Twenty years ago, it took two people to carry ten dollars' worth of groceries. Today, a five year old can do it.

GENERAL MEETING



NOTE: MEETING IS ONE WEEK
EARLIER THAN NORMAL

Tuesday, OCTOBER 15, 2013

7:00 p.m.

Union Office

1439—9th Avenue South East

BUSINESS: Regular

Call for Volunteers!!!

*If you can assist at the CUPE Local 38 Children's Christmas party
Saturday, December 7th from 8:30-11:30 at the Red & White Club
please contact the Union office at (403) 233-2700*