

# **3<sup>rd</sup> CLC Pension Conference**

**OTTAWA, ONTARIO**

**NOVEMBER 1 – 3, 2007**

**Report by:**

**Donald Lafleur  
4<sup>th</sup> National Vice-President**

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**TABLE OF CONTENTS**

Participants to the Conference ..... 3  
Agenda ..... 3  
November 1 ..... 6  
    Keynote Address - Move Forward Together, or Fend for Yourself? The Future of Canadian  
    Pensions ..... 6  
    Political Panel on Pensions ..... 8  
November 2 ..... 8  
    Panel #3: Making Our Money Work For Us: The Potential of Workers' Capital ..... 8  
    Global Powerhouse or Cash grab? Straight Talk on Hedge Funds, Private Equity, and the  
    Threat to Workers' Pensions ..... 9  
November 3 ..... 10  
    Panel #4: Dignity for Today's (and Tomorrow's) Retirees ..... 10  
    Panel #5: Labour Organizing on Pensions: Where Do We Go From Here? ..... 11  
Closing ..... 12



## PARTICIPANTS TO THE CONFERENCE

The NEB sent a delegation to the 3<sup>rd</sup> CLC Pension Conference held in Ottawa from November 1 to 3, 2007. Sisters Lynn Bue and Micki McCune, Brothers George Kuehnbaum, Pat Bertrand, Fred Furlong and Donald Lafleur were the members of the delegation. There were 335 participants at this conference.

## AGENDA

Below is a copy of the agenda for the conference.

<b>November 1, 2007</b>	
6:00 p.m.	Registration
7:00 p.m.	Keynote Address - Move Forward Together, or Fend for Yourself? The Future of Canadian Pensions <i>By Kenneth V. Georgetti, President, Canadian Labour Congress</i>
7:30 p.m. – 9:00 p.m.	Political Panel on Pensions <ul style="list-style-type: none"><li>• <i>Dr. Carolyn Bennett, Liberal Party</i></li><li>• <i>Carole Lavallée, Bloc Québécois</i></li><li>• <i>Chris Charlton, New Democratic Party</i></li></ul>
<b>November 2, 2007</b>	
8:00 a.m. – 9:00 a.m.	Registration
9:00 a.m. – 10:30 a.m.	Panel #1: It's Our Money...Period! Protecting Workplace Pensions <ul style="list-style-type: none"><li>• <i>Chair: Kenneth V. Georgetti, President, Canadian Labour Congress</i></li><li>• <i>Screening of CBC's The National documentary, "Is your pension safe? (2004)</i></li><li>• <i>The Honourable Yoine Goldstein, Senator for Québec, and national expert on bankruptcy law</i></li><li>• <i>Marie Kelly, Assistant to the Director, United Steel Workers, District 6</i></li></ul>
10:30 a.m. – 10:45 a.m.	<i>Break</i>
10:45 a.m. – 12:00 p.m.	<b>Workshops</b> <ol style="list-style-type: none"><li>1. Bargaining Pensions in The Public Sector: What's Happening, How Do We Get The Best Results?</li></ol>

	<ol style="list-style-type: none"><li>2. Making an Impact: Active Ownership Strategies For Pension Investors</li><li>3. Legal Issues in Pension Funding</li><li>4. Pension Funds, Finance, and The Real Economy: What Are The Links?</li></ol>
12:00 p.m. – 1:00 p.m.	Lunch and Keynote Address <i>Monica Townson, Principal, Monica Townson and Associates, Inc.</i>
1:00 p.m. – 2:30 p.m.	Panel #2 : The Real Demographic “Time Bomb”: Addressing the Crisis of Pension Coverage <ul style="list-style-type: none"><li>• <i>Chair: Joel Davison Harden, National Representative, Canadian Labour Congress</i></li><li>• <i>Derek Fudge, National Director of Policy Development and Liaison, NUPGE</i></li><li>• <i>Jackie Dwyer, Union Trustee, Multi-Sector Pension Plan (MSPP)</i></li><li>• <i>Hugh Mackenzie, Principal, Hugh Mackenzie and Associates</i></li></ul>
2:30 p.m. – 2:45 p.m.	Break
2:45 p.m. – 4:00 p.m.	<b>Workshops</b> <ol style="list-style-type: none"><li>1. Education and Support for Union Pension Trustees: What Exists, and What Needs To Be Done?</li><li>2. Bargaining Pensions in the Private Sector: What’s Happening, How Do We Get The Best Results?</li><li>3. Expanding Public Pensions: What Are The Possibilities?</li><li>4. Pensions and Equality-Seeking Groups</li></ol>
4:00 p.m. – 5:30 p.m.	Panel #3: Making Our Money Work For Us: The Potential of Workers’ Capital <ul style="list-style-type: none"><li>• <i>Chair: Peter Chapman, Executive Director, Shareholder Associate for Research and Education (SHARE)</i></li><li>• <i>Mike Musuraca, Union Trustee, New York City Employees’ Retirement System (NYCERS)</i></li><li>• <i>Brian O’Keefe, Sponsors Board, OMERS (re: P3s and the threat to union jobs)</i></li><li>• <i>Penny Bertrand, Co-Chair, Public Service Alliance of Canada Staff Pension Plan</i></li></ul>

7:30 p.m. – 9:00 p.m.

Global powerhouse or cash grab? Straight talk on hedge funds, private equity, and the threat to workers' pensions

- *Chair: Kenneth V. Georgetti, President, Canadian Labour Congress*
- *Keynote address: John Monks, General Secretary, European Trade Union Confederation*

**November 3, 2007**

9:00 a.m. – 10:30 a.m.

Panel #4: Dignity for Today's (and Tomorrow's) Retirees

- *Chair: Joel Davison Harden, National Representative, Canadian Labour Congress*
- *Mary Eady, First Director of the CLC Women's Department, Former Deputy Minister of Labour (Manitoba, 1981-1988)*
- *Larry Wagg, President, Congress of Union Retirees of Canada (CURC)*
- *Keith Newman, Researcher and Pharmacare Expert, Communications, Energy and Paperworkers Union of Canada (CEP)*

10:30 a.m. – 10:45 a.m.

Break

10:45 a.m. – 12:00 p.m.

Panel #5: Labour Organizing on Pensions: Where Do We Go From Here?

- *Chair: Kenneth V. Georgetti, President, Canadian Labour Congress*
- *Michel Lizée, Québec Federation of Labour (Pension Education)*
- *Linda Silas, President, Canadian Federation of Nurses Unions (CFNU)*
- *Larry Brown, Secretary-Treasurer, National Union of General and Public Employees (NUPGE)*
- *Carol Phillips, Assistant to the President, Canadian Auto Workers Union (CAW)*
- *Jeff Richardson, Research Department, United Steelworkers (USW)*

12:00 p.m. – 12:15 p.m.

Wrap-up by Kenneth V. Georgetti, President, Canadian Labour Congress

## NOVEMBER 1

### KEYNOTE ADDRESS - MOVE FORWARD TOGETHER, OR FEND FOR YOURSELF? THE FUTURE OF CANADIAN PENSIONS

*By Kenneth V. Georgetti, President, Canadian Labour Congress*

Many Canadians are worried about their pensions, and concerned for their retirement security. Without question, today's research on pension trends offers an unsettling picture.

Only 38.5% of Canadian workers have workplace pensions, and almost one-third have no retirement savings at all. Despite some improvement in recent decades, an alarming number of retirees – particularly single women, aboriginal peoples, recent immigrants, and those with disabilities – still live in poverty.

Five key areas that have been identified, which involve “cooperative options” for greater pension security, are covered by the following recommendations:

#### 1. PENSION SECURITY

- 1.1 **Workers should rank first in corporate bankruptcy:** make unfunded liabilities in pension funds a secured creditor in bankruptcy proceedings.
- 1.2 **Create a federal employer-funded system of pension insurance (based on the Ontario model) that provinces can opt into:** the federal government should create a safety net to buffer the uncertainty of global capitalism, and the vulnerability of workers' pensions. Measures could be designed to guard against employer fraud, and reward employers with well-funded pensions.
- 1.3 **Impose caps on pension administration fees:** the federal government should amend relevant statutes to impose limits on fees for the administration of pension funds.

#### 2. DECENT PENSION COVERAGE

- 2.1 **Double the ceiling on the yearly maximum pensionable earnings (YMPE) for CPP contributions to \$90,000:** the YMPE for the CPP is currently \$43,700; it is \$92,000 USD for the US Social Security program. Expanding the YMPE of the CPP would dramatically increase CPP revenues, and help deliver higher CPP benefits.
- 2.2 **Investigate the option of a modest CPP premium rate increase:** direct the CPP Chief Actuary to calculate a premium rate increase that would result (with demand 2.1) in CPP benefits replacing 50% of the average industrial wage.

- 2.3 Allow workers to transfer RRSP savings into their CPP accounts:** if workers are being gouged by high administration costs for RRSPs, it should be possible to transfer these funds into existing CPP benefits.

### 3. RESPECT FOR TODAY’S (AND TOMORROW’S) RETIREES

- 3.1 Increase OAS of GIS benefits so no senior lives in poverty:** increase OAS payments so no senior lives below the Low-Income Cut Off threshold established by Statistics Canada. Direct OAS researchers to produce the projected costs for this demand.
- 3.2 Create a publicly-funded, national system for affordable prescription drugs:** the high and growing cost of drugs and medicines has working people worried about the quality of life they can expect as they grow old, or in the event that illness strikes. Canada’s working families need a plan that would provide equal access to prescription drugs and would cover essential drugs in the way that medicare now covers hospitals and physicians.
- 3.3 Create a publicly-funded, national system for long-term care and elder care:** as the proportion of Canadians over age 80 continues to grow, few affordable options exist to house retirees in frail condition. Canada’s working families need a national system of long-term care and elder care.
- 3.4 Address retiree concerns in federal pension law:** federal pension rules should adopt recent changes made in Québec that outline retiree rights in the governance of workplace pensions.

### 4. ENCOURAGE RESPONSIBLE INVESTMENT

- 4.1 Amend federal pension law to encourage responsible investment:** amend section 13 of the federal *Pension Benefits Standards Act* to require trustees to disclose their consideration of responsible investment criteria to pension plan members (workers).
- 4.2 Investigate the option of government incentives for green economically-targeted pension investments (ETIs):** there are positive examples in Europe and North America where pension fund ETIs either directly (or indirectly) helped create green jobs through government incentives. These examples should be investigated by federal government researchers for policy options today.

### 5. DEVELOP A NATIONAL “GOOD JOBS” STRATEGY

- 5.1 Develop a national action plan to address the loss of manufacturing and resource sector jobs:** the federal government should appoint a task force – with high-level

labour, government, and business representation – to develop a national plan to maintain and build a strong manufacturing and resource sector.

A copy of the entire speech was given to the members of the National Executive Board.

### **POLITICAL PANEL ON PENSIONS**

- *Dr. Carolyn Bennett, Liberal Party*
- *Carole Lavallée, Bloc Québécois*
- *Chris Charlton, New Democratic Party*

The Liberal Party representative spoke of doing away with mandatory retirement. She pointed out that seniors should be at home as long as possible instead of in retirement homes. She also congratulated the CLC on their recommendations.

The Bloc Québécois representative began by talking about the anti scab legislation she had worked hard on. She suggested we need to protect workers wages in case of bankruptcies. She pointed out that the Conservative Party wanted to pass a bill that would make it possible for creditors to cease RRSP contributions in case of personal bankruptcies. Under the Québec civil code creditors cannot cease RRSPs.

The Bloc has put forth a bill that would give tax shelters when our income drops at retirement. The difference between our full wages while at work and our retirement income would be tax deductible.

The NDP representative pointed out that 25% of the population will be over the age of 65 by 2041. On average workers are putting in 200 more hours a year. The prosperity gap is growing. Our defined benefits plans are under attack. Pension plans are often stolen when plants close. **PENSIONS ARE DEFERRED PAYMENTS, NOT A GIFT.** Wages and pensions should be a priority to be paid out during bankruptcies. We need to invest in socially responsible and sustainable companies and public entities. The CPP is financially solid for at least 75 more years. Half of seniors in Canada live in poverty. Prescription drugs cost Canadians \$ 3 billion a year. We need a public drug plan.

### **NOVEMBER 2**

#### **PANEL #3: MAKING OUR MONEY WORK FOR US: THE POTENTIAL OF WORKERS' CAPITAL**

- *Chair: Peter Chapman, Executive Director, Shareholder Associate for Research and Education (SHARE)*
- *Mike Musuraca, Union Trustee, New York City Employees' Retirement System (NYCERS)*
- *Brian O'Keefe, Sponsors Board, OMERS (re: P3s and the threat to union jobs)*
- *Penny Bertrand, Co-Chair, Public Service Alliance of Canada Staff Pension Plan*

**Mike Musuraca**

The board of trustees for the New York City Employees' Retirement System includes 3 labour representatives; at least one from the Teamsters and 1 from the Transport Union. Any majority vote must include at least 1 vote from labour. Policies on socially responsible and sound environment investments have been developed. They were the first to stop investing in South Africa until apartheid was abolished. They were also one of the first pension funds to stop investments in corporations who are climate change violators. Private investments account for \$215 billion up from \$17 billion years ago.

**Brian O'Keefe**

P3's are another form of privatization. They are undermining the public sector and the workers. P3 municipal water initiatives were abandoned in Hamilton, Atlanta and Puerto Rico. Private equity is putting economies in serious trouble.

**Penny Bertrand**

The staff pension plan has 500 active members and 230 retirees. Years ago it was decided to look into socially responsible investments (SRI) starting with a legal opinion to ensure fiduciary responsibilities would be met. Proxy voting guidelines were developed. 10 % of all investments are in SRI funds. They are looking at investing more money in ethical funds. One example would be affordable housing. With this investment PSAC was able to ensure the construction was done by unionized workers and got positive local press as well. In Guatemala pressure put on a gold mining company succeeded in forcing the proper use of cyanide. SHARE has been very helpful in investigating companies. (Brother Jeff Bennie was a participant at this conference.)

**GLOBAL POWERHOUSE OR CASH GRAB? STRAIGHT TALK ON HEDGE FUNDS, PRIVATE EQUITY, AND THE THREAT TO WORKERS' PENSIONS**

- *Chair: Kenneth V. Georgetti, President, Canadian Labour Congress*
- *Keynote Address: John Monks, General Secretary, European Trade Union Confederation*

**John Monks**

The European Trade Union Confederation includes 82 trade unions in 36 countries; with over 60,000,000 workers. Generally speaking employers are shifting any pension risks to the employees and governments as executives packages are getting bigger and workers are getting screwed. The first pension scheme in Europe came to be in Germany in the late 1800s. Most people would not live long enough to collect.

The rich say that a long term investment is a short term investment that's gone wrong. Rich people borrow money to invest and are in and out in 2 to 3 weeks. We need to find pension solutions for workers who change jobs often.

### **NOVEMBER 3**

#### **PANEL #4: DIGNITY FOR TODAY'S (AND TOMORROW'S) RETIREES**

- *Chair: Joel Davison Harden, National Representative, Canadian Labour Congress*
- *Mary Eady, First Director of the CLC Women's Department, Former Deputy Minister of Labour (Manitoba, 1981-1988)*
- *Larry Wagg, President, Congress of Union Retirees of Canada (CURC)*
- *Keith Newman, Researcher and Pharmacare Expert, Communications, Energy and Paperworkers Union of Canada (CEP)*

In my opinion this was the best panel.

#### **Mary Eady**

Over the years women have been told not to worry about their retirement as their husbands had good pension plans. Women are vulnerable because they enter and exit the workforce because of family commitments. The labour market has changed. Short term contracts are the norm even for university graduates. We don't get the employer's contributions when we leave. Employers get contribution holidays. Unions must help elder members get their rights. In the UK pension money is being used to push the privatization agenda as it relates to health care. In Scandinavian countries pension money is being used to build affordable housing. **PEOPLE RETIREE BUT THE ISSUES DON'T.**

#### **Larry Wagg**

At the recent Congress of Union Retirees of Canada (CURC) convention, pension reform was a high priority on the agenda. Many elders are living in retirement homes – not because of health problems but because they can't afford to stay in their homes. 70% of elderly women living alone live below the poverty line. 92% of workers in the public sector enjoyed defined benefits pension plans in 1998. That number had dropped to 79% by 2003. 60% of Canadians have no plan other than CPP. You can get more information about the CURC at the following website: <http://curc.clc-ctc.ca/>

#### **Keith Newman**

Brother Newman gave a report on the national public drug plan. The cost of prescription drugs doubles every 6 years because of the pharmaceutical companies' schemes that benefit from the people who are sick. 80% of research is done on me too drugs. These drugs add nothing new and are all about making profits by putting a different company name on the plastic prescription containers. Sales forces hound doctors and promise them kick backs if they prescribe the company product. Doctors are over prescribing, at a cost of \$21 billion dollars a year in Canada. The drugs are costing more than doctors. Drugs account for 3% on average, of all costs in the CEP collective agreements. Employers need breaks from the pharmaceutical company schemes as well. In a drug plan costing \$1,000, \$750 goes to the purchase of drugs and \$250 goes to the insurance company. A public pharmaceutical plan would cost about 2% per Canadian. We would get more for less cost. Some people can't afford to retire because of the high cost of

prescription drugs. CEP is involved in the Canada-wide pharmacare tour and it's not too late to join.

### CUPW Comments

We pointed out that in our Union we have come a long way in encouraging retirees to participate in CUPW. From Lifetime membership to committees using Montréal and now Vancouver as examples of where we intend to go. It was also pointed out that CUPW has affiliated to CURC, and we have been encouraging our retired members to become members as well. One of the main reasons our society has such major problems is because we do not respect or listen to our elders. History repeats itself, and we are bound to make the same mistakes unless we take the time to involve and listen to our elders. When aboriginal activists speak at conferences they never begin speaking without recognizing the elders in the room; and that is the way all societies should act towards their elders. **YOU CAN RETIRE FROM THE POST OFFICE BUT YOU SHOULDN'T RETIRE FROM THE UNION.** We also asked whether the pharmacare campaign had as objectives to convince people to move to non traditional medicine and to use prevention as the first step. The answer to this question was yes in the longer term; as the priority was public not private.

### Regroupement des syndicalistes à la retraite (RSR)

Brother Claude Parent (819)-377-1038 Vice-President of RSR approached CUPW and requested that we encourage locals in Québec to affiliate to the retirees' organisation. They meet every 3<sup>rd</sup> Thursday at the UFCW training centre on Crémazie Boulevard in Montréal (514)-387-3666. The affiliation cost for a local is \$60 a year which entitles any retired member from the local to participate. Brother Parent pointed out that the RSR is active on many fronts, and there is a need to get more activists involved. For example he pointed out that RSR was made aware that one elder commits suicide every month in Québec and Canada. You can also reach Claude Parent at the following e-mail address: [c.parent@xittel.ca](mailto:c.parent@xittel.ca)

### PANEL #5: LABOUR ORGANIZING ON PENSIONS: WHERE DO WE GO FROM HERE?

- *Chair: Kenneth V. Georgetti, President, Canadian Labour Congress*
- *Michel Lizée, Québec Federation of Labour (Pension Education)*
- *Linda Silas, President, Canadian Federation of Nurses Unions (CFNU)*
- *Larry Brown, Secretary-Treasurer, National Union of General and Public Employees (NUPGE)*
- *Carol Phillips, Assistant to the President, Canadian Auto Workers Union (CAW)*
- *Jeff Richardson, Research Department, United Steelworkers (USW)*

### Michel Lizée

The FTQ has developed a 5-day advanced course on pensions and holds seminars on an ongoing basis. We need to focus on socially and environmentally sound investments as we act locally and think globally.

**Carol Phillips**

The CAW is looking at signing on to a commitment for a much improved public pension plan. This is a good file to show that unions do not only look after their members. We need to vigorously struggle against tax cuts and push for improved public services such as elder and child care. In 1995 we were told that the CPP was running out of funds. We beat that myth back and have forced the government to admit that there are sufficient funds for at least another 75 years. We need to take our investments out of Burma as we did in South Africa years ago.

**Jeff Richardson**

We need changes to the bankruptcy act. The bankruptcy laws have and continue to make it easy for employers to not respect their contractual obligations and pension plan commitments. The bankruptcy act dictates who gets paid first, and we must change the priority. Workers must get priority. The NDP has put a private members bill through. It took 10 years to make changes to laws after the Westray mine disaster. We've been working on this bankruptcy bill since 2004.

**Larry Brown**

On average workers' national wages are down and employers' are up. We are told that we can't afford pension plans, but over all we are twice as rich as we were in the 1970s and we could afford good pension plans then. 80% of corporate leaders believe we are in a pension plan crisis. This is bullshit. It is just a strategy to move the plans to defined contributions schemes. We are told we can't afford a good public pension plan. 50% of the plan is funded by public sector workers. If that was not the case workers would only receive 35% of their wages at retirement. Companies with no other pension plans pay the same rate into CPP as companies with pension plans. NUPGE passed a motion at their last national convention that would force companies with no pension plans to pay more into the CPP. Union density is exactly proportionate to the density of workers with pension plans. In the 1970s the top 10% richest people in society earned 31 times what the bottom 10% earned. 30 years later it has increased to 82 times what the bottom 10% earn. **WE NEED TO FIGHT WITH PRIDE.**

**Linda Silas**

There is a shortage of 16,000 nurses in Canada. At this rate we will have a shortage of 130,000 in 10 years. 52% are part time and more and more are casuals. The shortage is so bad the Union is recommending that nurses don't retire. 28% could retire but can't afford to because of all the part time work. A lot of overtime is being worked. There is a 58% absenteeism rate in nursing which is the highest ever. In child care 2% of men are part time while 52% of women are part time.

**CLOSING**

*Wrap-up by Kenneth V. Georgetti, President, Canadian Labour Congress*

30% of participants at this conference were women. Thanks go out to Québec and young participants. We need to work on participation by our Sisters and Brothers of colour. A paper from this conference will be distributed. The CLC national convention is scheduled for June of 2008. You can contact the CLC at the following e-mail address: [pensions@clc-ctc.ca](mailto:pensions@clc-ctc.ca)