

Labour Coalition on Pensions

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February 3, 2014

The Hon. Doug Horner
President of the Treasury Board
Minister of Finance
423 Legislature Building
10800 – 97 Avenue
Edmonton, AB T5K 2B6

Dear Minister Horner:

It has now been more than a month since the December 31 deadline for submissions responding to your “new vision” for public pensions in Alberta. To date, we have received no formal reply to our submission, nor have any efforts been made, formal or otherwise, to follow-up with us. At the same time, there is only one month to go before the beginning of the spring sitting of the Legislature, in which you’ve promised to introduce legislation that will dramatically transform the pensions covering about 300,000 Albertans. As organizations representing the vast majority of those who will be affected by your proposed pension changes, we make the following requests:

- 1) We request an immediate meeting with you and Premier Redford to discuss our concerns about your government’s plan to transform public pensions in Alberta. It is shocking to us that the government would contemplate making these kinds of changes without sitting down to talk with workers and employers who actually pay for these pension plans. We remind you that roughly half of all contributions made to these plans are made by workers, and the other half are made by a wide range of employers, including AHS, municipalities, school boards, universities and colleges. The Government of Alberta is just one of many employers. We submit that changes of this magnitude should not be made without full and fair consultation with all affected parties.
- 2) In addition to meeting with you and the Premier, we request that you immediately facilitate the establishment of negotiating tables to bargain, rather than impose, changes to Alberta’s public-sector pension plans. There should be a separate table for each of the four plans. Other provinces have implemented changes to their pension plans, but to the best of our knowledge, all of those changes were the result of negotiations between the affected parties, not the result of legislative fiat. The clear consensus among experts and practitioners from around the world is that the best governance practice is to allow those who actually pay for pension plans to make decisions about how those plans should be designed. The reason for this is simple: no one else has a bigger incentive to make sure the plans are healthy and sustainable. With this in mind, we would like to see all the major employers represented at each of the four bargaining tables, along with the unions representing members in those plans. As part of our brief submitted in December, the Labour Coalition on Pensions has already outlined a number of changes to the LAPP that we would be ready to bring to the table for discussion. Our proposals, alongside the proposals outlined in your “new vision” document could form a productive starting point for negotiations.

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- 3) Finally, we have a proposal for you on the subject of actuarial analysis and forecasting. It is deeply troubling to us that you would propose sweeping changes to Alberta's pension plans—changes that would have profoundly negative consequences for hundreds of thousands of current and future workers—without providing any actuarial analysis that details the threat that you say needs to be addressed. As you know, the dearth of evidence from the government prompted our Coalition to commission its own actuarial study, which shows that Alberta's pension plans are healthy and getting healthier. We still have the utmost confidence in the report prepared for us by the firm George and Bell. It's a study that was conducted using the best available data and conservative assumptions on issues like investment return, workforce growth and longevity. However, you've dismissed it out of hand, so we make the following proposal to you: let's find a new actuary—one who is independent and acceptable to both your government and our coalition. The report of this independent actuary could then help guide our deliberations at the bargaining tables we have proposed above. We believe the interests of all Albertans would be best served if decisions on important issues of public policy like this were based on the best available evidence, as opposed to conjecture or political spin.

Thank you for considering these proposals. I look forward to your response.

Sincerely,



Gil McGowan
President
Alberta Federation of Labour
On behalf of the Labour Coalition on Pensions

cc: The Hon. Alison Redford, Premier
Legislature Office, 307 Legislature Building
10800 97 Avenue, Edmonton, AB T5K 2B6

