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Submission by a group of Canada Post Corporation retirees

to the Department of Finance consultation on a potential federal framework for target benefit pension plans

June 2014

Introduction

This submission is by a group of Canada Post Corporation retirees who became aware of a "New Pension Scheme to be Proposed" through an article in the Ottawa Citizen, April 24, 2014, by Julian Beltrame, which states: "The announcement for a so-called target-benefit plan, or shared-risk plan would apply to Crown corporations and federally-regulated workers is being sold as a proposal for 'affordable and sustainable' life time pensions." A copy of the Department of Finance news release entitled "Harper Government Begins Consultation on a potential Target Benefit Pension Plan framework," dated April 24, 2014, as well as "Frequently Asked Questions on proposed Target Benefit Plan (TBP) framework" and "Pension Innovation for Canadians: The Target Benefit Plan Consultation Paper Department of Finance Canada, April 2014" marked 'Confidential – Not for Distribution' was later obtained from the Department of Finance website.

Vested Rights

On October 1st, 2000, when CPC employees ceased to be covered by the Superannuation Plan and became covered by the CPC-established pension plan, their pensions and benefits became a vested right. The "benefits accrued to or acquired by members as of October 1st, 2000 cannot be the subject of collective bargaining as stated specifically in subsection 46.3(7) of the *Canada Post Crown Corporation Act*: *(7) The provisions of the pension plans referred to in this section respecting benefits that had accrued to a member under this Act before the effective date of the plans shall not be subject of collective bargaining (...) and shall not be altered in a way that would reduce those benefits.*"[1]

It stands to reason therefore that if the Canada Post Corporation opts for this Harper government proposal of a target benefit plan to replace the current defined benefit plan that all those pensions and benefits accrued since October 1st, 2000 would have to be vested up to the date of the defined benefit plan being terminated. This must be written into any legislation and these vested rights protected. "Historically, Canadian pension plan law has held that already-promised defined benefits cannot be later reduced."[2]

In a ruling dated January 30, 2014, the Supreme Court of Canada upheld a lower court ruling that the pension surplus of $43.3 million from employee contributions that **existed** when the former Manitoba Telephone System (MTS) was privatized in 1977 belonged to the workers and retirees, and must be repaid. "This decision is a strong indication from the highest court in the country that pension surpluses cannot be used as corporate slush funds," said Jerry Dias, Unifor President. "It reinforces the idea that pensions are a deferred wage, agreed to as part of a contract promised to the worker for their efforts." (January 31, 2014)

We agree with the section of the Canadian Union of Postal Workers' submission on accrued benefits, which states: "It goes without saying we cannot accept an approach that will reduce benefits that have already been guaranteed for years of past service. Suppose it is theoretically possible for active participants to modify their financial planning for retirement because they know several years in

[1] Gaston Nadeau, Trudel Nadeau SENCRL, January 7, 2011.
[2] Simon Archer, Koskie Minski LLP Barristers Solicitors, June 5, 2014.

advance the impact of the reduction of their accrued benefits. It is clear that for retirees who receive a pension, this change in financial planning is impossible since the impact of the reduction would occur immediately. However, if choosing to allow conversion only in the case of active participants, the government will face a problem: it would be a blatant intergenerational inequity that will lead workers to an exodus to retirement. But Canada needs workers with expected aging of the workforce. In summary, any kind of reduction in accrued benefits for past service will surely result in a failure. We remind that the rights of the defined benefit plans were granted in good faith often following great concessions at the bargaining table. It is grossly unfair to reduce these rights without compensating workers for the sacrifices that were made at the time. A reduction of accrued benefits for past service could lead to a social crisis without precedent. "[3]

Pension Surplus Taken by Government and its Appointed CPC CEO's Pension Contribution Holiday

Postal workers have not forgotten, and neither have Public Service Alliance of Canada members, that in 1999, Jean Chrétien's Liberal government, through Bill C-78, took out a $30 billion surplus from our pension plan to help offset the country's deficit. Shortly after the government appropriated the pension surplus, it increased the amount its employees were required to pay into the fund. This was just before the Liberals created, in 2000, a separate public service pension fund with a mandate to invest pension contributions from employees and the government, as well as just before October 1st, 2000, when CPC employees ceased to be covered by the Superannuation plan and became covered under the newly-established CPC pension plan.

Postal workers have not forgotten CPC's pension contribution holiday. "In a written communication to all plan members dated August 2nd, 2007, Canada Post Corporation President and Chief Executive Officer, Ms. Moya Greene, announced that, based on the fully-funded status of the Canada Post Corporation Plan, regular employer pension contributions would not be required through to the remainder of 2007. Ms. Greene also attempted to reassure Canada Post Corporation Pension Plan participants that the decision to pursue an employer contribution holiday *'...will in no way impact the overall financial strength of the Plan.'* This initiative was never discussed beforehand with any of the bargaining agent representatives at the Canada Post Corporation Pension Advisory Council. Within days of Ms. Greene's announcement, global capital markets experienced significant volatility arising from concerns over financial implications associated with sub-prime mortgages in the U.S. and the lowering of interest rates by the U.S" Federal Reserve Board. Canada Post Corporation bargaining agents continued to raise concerns regarding the uncertain long-term economic outlook and the potential implications for pension funding. Nonetheless, Canada Post Corporation maintained the employer contribution holiday throughout the economic and financial turmoil experienced during the first 10 months of 2008. It was only in November 2008, that Canada Post Corporation resumed employer pension contributions and

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[3] *Submission by the Canadian Union of Postal Workers to the Department of Finance consultation on a potential federal framework for target benefit pension plans*, June 2014, p. 24

only after persistent objections of the bargaining agents represented on the Canada Post Corporation Pension Advisory Council."[4]

Also, a CPC Pension Plan Update from 2008 states: "Flat financial market returns as well as declining real interest rates, which increased the Plan's liabilities on a net present value basis, were experienced in the first half of 2008. These factors, <u>along with a recovery of previous special employer contributions, which are expected to continue until at least the end of 2008 resulted in the Plan moving from a solvency surplus position</u> as of December 31, 2007 to an estimated solvency deficit at June 30, 2008."[5] We know CPC took a total of $373 million pension contribution holiday during the 2007-2008 devastating down turn in the economy. It was the Harper government appointed CEO of CPC, Moya Greene, who fiddled with our money while our defined pension plan was burning a deficit, and continued taking it until November 2008, knowing full well there was a solvency deficit as early as June 30, 2008.

We have not forgotten the effectiveness of the grey power movement the last time a government tried to fiddle with us pensioners. There will be an unprecedented social revolt if the Harper government, through its appointed Canada Post CEO, Deepak Chopra, tries to eliminate our defined pension benefits. Perhaps Mr. Harper and Mr. Chopra will find out just how healthy it is for seniors to walk to Parliament Hill and CPC headquarters to express their anger at point 5 of CPC's 'Five-Point Action Plan' where "it will propose changes to such things as pensions and benefits."

CPC Profits Paid to Government in Dividends

We know that Canada Post made net profits in 16 of the past 17 years. The Crown Corporation's mandate under the law is to operate on a break-even basis. The only year CPC did not make a profit was 2011, the year it locked out its workers and the Harper government passed back-to-work legislation. Also, 2011 is the year CPC lost the pay equity lawsuit amounting to $200 million in payments to those CPC employees who were denied equal pay. This is a one-time expense. We also know that during this same 17-year period, CPC paid $1.5 billion in dividends and taxes to the Canadian government. The Crown Corporation has fared much better than its break-even mandate under the law, and it has done so with the help of its current active and retired employees. We do not deserve to be thrown under the bus now and have our defined benefit pension plan removed by this Harper government. We are opposed to our defined benefit plan being replaced with Harper's scheme of a Target Benefit plan whereby workers would become the sole bearers of the solvency pension deficit through the removal of pension benefits from both active and retired employees.

Canada Post's 'Five-Point Action Plan'

On December 11, 2013, the day after the Harper government adjourned Parliament, its appointed CPC CEO, Deepak Chopra, tabled the so-called 'Five-Point Action Plan.' They claimed this was necessary

[4] *Brief to the National Consultation on Private Pensions by the Canadian Union of Postal Workers*, March 2009, p. 13

[5] *Canada Post Pension Plan Mid-Year Status Update*, September 5, 2008.

"after the Conference Board of Canada projected we were on our way to a $1 billion of losses a year."[6] In a letter to employees, they state that "Changes to the Plan's structure must be made to remain sustainable and affordable for plan members and the Corporation."[7]

At the December 18, 2013 urgently-called government Transportation Committee meeting, it was pointed out that the Conference Board of Canada report used to justify the need for the 'Five-Point Action Plan' got it wrong. The Conference Board of Canada report, paid for by Canada Post, whose CEO Deepak Chopra also sits on the Board of Directors of the Conference Board, based its $1 billion a year by 2020 figure on the premise that it predicted a $250 million loss in 2012 for Canada Post. In 2012, Canada Post in fact made a net profit of $94 million, which means the Conference Board of Canada report was off by over $300 million in a single year. We cannot trust their predictions or their intentions, given this misleading report was based on wrong figures.

In January 2014, NDP MP Alexandre Boulerice, Rosemont – La Petite-Patrie, had this to say: "They confront us with the Conference Board of Canada study, but it is based solely on the only year in the past seventeen that showed a loss, namely 2011. In our view, this is not representative, and the billion-dollar loss expected in 2020 is not a sure thing. On the contrary, we would do well to look at Canada Post's successes over the last 17 years and decide to focus on new kinds of revenues. For example, banking services are a significant part of the solution."[8] And NDP MP Olivia Chow had this to say about the Harper government appointed-CEO's 'Five-Point Action Plan': "On Friday, the National Association of Major Mail Users met in my riding of Trinity – Spadina in Toronto. These are major corporations and businesses such as Canadian Tire. They too rely on Canada Post. They too are calling on the government to set aside this destructive plan. [...] Here are the words of Kathleen Rowe, President of the National Association of Mail Users: *'Transaction mail is 50% of Canada Post's revenues and large volume users are over 80% of that. An accelerated migration forced by conditions imposed by Canada Post means small and medium businesses will suffer from even greater increases on this as well as the many competitive products of Canada Post. This is a lose-lose scenario.*" [9] Ms. Chow also stated: "I know what Canadians want. There was a poll recently that said close to two out of every three respondents – which is 63% - to a Stratcom poll supported Canada Post expanding revenue-generated services, including financial services like bill payments, insurance and banking. They want expanded service, not slashing, burning, increasing fees, hiking rates and killing jobs."[10]

MP Alexandre Boulerice made these comments on postal banking: "Japan Post Bank is the world's largest savings bank, with $2.15 trillion – that is $2,000 billion – in deposits in Japan's postal system. New Zealand set up a postal banking system called Kiwibank, which is the largest New-Zealand-owned bank. Kiwibank generates 70% of the profits from this public service. In Italy, postal banking services generate 67% of Poste Italiane's profits. In Switzerland, PostFinance generates 71% of Swiss postal

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[6] *Straight Talk from the President*, Canada Post, December 11, 2013
[7] *Proposed funding relief for the Canada Post Pension Plan: What it means to you and to Canada Post*, Scott McDonald, Chief Human Resources Officer, Canada Post, December 11, 2013
[8] House of Commons Debates Official Report (Hansard), Tuesday, January 28, 2014, page 2207.
[9] Ibid, pages 2205-6.
[10] Ibid, page 2207.

revenue. A 2005 Library of Parliament report supported the idea of having Canada Post establish banking services and said that they should exist. Three of Canada Post's former presidents agree. If the Conservatives want to save this public service and avoid privatization, Canada Post needs new tools and new revenue. Post offices should offer banking services."[11] "For more than a century after Confederation, banking was part of Canada's postal services. From 1867 to 1968, post offices offered banking services. In 1908, there was $47 million in deposits, which is the equivalent of $1 billion today. It should be noted that the regulations governing post office savings accounts are still part of the legislation. We would not even need to make any legislative changes to exercise that option and move forward."[12]

Mr. Boulerice later stated: "I have a simple question to ask, but first I would like to share a quote: '*For International postal operators, the primary new business line being entered is financial services. In some countries, such as Japan and Great Britain, financial services have been a core element of the post office for many years. According to a discussion paper of the United Nations Department of Economic and Social Affairs, banking revenues in many countries are actually essential to generate profits from their postal networks.'* What said that? It was the Conference Board of Canada, in its report that the minister is using to claim that we need to make these changes. Why does Canada Post not look at offering banking services at its branches, as recommended in the Conference Board of Canada's report, which the Conservatives love to quote?"[13]

Still during the January 28, 2014 Commons debate, MP Elizabeth May, Saanich – Gulf Islands, GP, had this to say: "Yes, it is true in Canada's history that we used to have postal banking and it fell into disuse. In the period of time since postal banking services ended in Canada because Canadians preferred their own branches, the branches have really receded in terms of accessibility, particularly in rural and remote communities. There was a drop between 1990 and 2002 of 26% in branches that have closed in smaller communities. Surely Canada Post has an opportunity here, by providing postal banking, to diversify, to remain competitive and to continue a level service that Canadians expect."[14]

Even Canada Post's own 2013 secret study – obtained through an Access to Information request, though heavily redacted – pointed out that Canada Post moving into the banking industry was a win-win service to communities and Canada Post profits. The Harper government is opposed to allowing Canada Post back into the banking industry even though it seems to work for Loblaws, and it's OK for Canadian Tire to enter into financial services.

Michael Warren, the very first President of the Crown Corporation, and one of three former Canada Post Presidents who supported the idea of having Canada Post establishing banking services, shared his views on the subject during an interview with the Toronto Star. John Picton wrote on September 11, 1983: "If the man at the helm has his way, it will be part bank, part retailer and profits will roll in. He wants to turn Canada's 8,200 post offices into mail-order houses, into bank branches. The number of branches

[11] House of Commons Debates Official Report (Hansard), Tuesday, January 28, 2014, pages 2208-9.
[12] Ibid, page 2209.
[13] Ibid, page 2211.
[14] Ibid, page 2223.

makes Canada Post the largest retail network in Canada. It's also larger than all the bank branches. Also, at a time when banks are cutting back on their branch representation, Warren is asking them if the post office could act for them in many communities."

Let's not forget what happened the following year. Brian Mulroney's Conservatives were elected in the fall of 1984. During negotiations that fall, postal workers pushed for postal banking, financial services, and expanded retail services. We were able to negotiate into the collective agreement the creation of 19 'new direction' outlets that would offer expanded retail services, but CPC management refused to expand into banking. In 1985, Michael Warren left Canada Post. In the 1987 negotiations, the Mulroney government had been in power for three years, not just four months like in the 1984 negotiations. Postal workers refused to give up their new expanded services achieved in 1985 and were forced out on strike over this and many other rollbacks CPC wanted. The Mulroney government adopted back-to-work legislation and had their appointed arbitrator, Judge Cossette, remove the 19 'new direction' outlet expanded service initiative. We saw these huge money-making outlets, such as the one at the West Edmonton Mall and the Rideau Centre in Ottawa closed and taken over by sub-post offices and we lost those jobs.

So here we are again with Harper's appointed CEO wanting to close more post offices and refusing to allow postal banking to return to Canada Post, despite the fact that this strategy has proven profitable in other major countries. We had an opportunity to put CPC into a good financial position in 1984. Canada Post employees and retirees should not have to pay through the loss of 8,000+ jobs and our defined benefit pensions for this bad management and government-enforced decision. The public should not be forced to lose their door-to-door delivery service and pay more for reduced services. Now is the time to bring banking services back to Canada Post.

The Government's plan does not make sense. CEO Chopra, at the December 18, 2014 Transportation Committee meeting, stated the reason for the 'Five-Point Action Plan' was due to the urgent request from the government to deal with the pension shortfall. The Harper government and its CPC appointee refused to look at expanding into financial services, which has been deemed a win-win solution and is used by other postal administrations throughout the world. Instead, the 'Five-Point Action Plan' is relying on eliminating door-to-door delivery, as well as 8,000 jobs. These CPC employees contribute to the defined benefit pension plan. This is not the way to solve a reported solvency deficit problem.

We know that the government controls the direction of the Corporation's business strategies. Cutting services, eliminating 8,000 jobs, allowing massive price increases and attacking pensions without proper discussions, and with closed selective consultation invitations, is not the way to solve problems at the Post Office that were premised on a flawed evaluation by the Conference Board of Canada. Despite the fact that CPC employees will be responsible for 50% of the current service costs, they have no say in the decisions made by the plan sponsor about the CPC plan.

We urge the government to immediately stop any further implementation of the destructive changes outlined in the 'Five-Point Action Plan,' which includes proposing changes to our defined benefit pension plan, and to hold open and transparent consultation on the postal services Canadians want and need.

Solvency Deficit Funding

We suspect the real reason for the urgent introduction of the government-approved CPC 'Five-Point Action Plan' was in fact due to the pension shortfall, but not in the way most may think. The Department of Finance knew the long-term Government of Canada bond yields (long-term interest rates) were going up and would be released on December 31, 2013. As reported in a Canadian Press article published in the January 3rd, 2014 edition of the *Ottawa Citizen*, "Long-term Government of Canada bond yields, a key factor in calculating the liabilities of pension plans, ended the year at 3.2 per cent, up from 2.3 per cent at the beginning of the year." This 0.9% increase may not seem like much of an increase, but, as Canada Post Pension Information points out, for each 0.5% increase in the long-term interest rate it translates into a $1.2 billion dollar reduction in the solvency deficit.

The article also states that "The Mercer pension health index, which tracks the funded status of a hypothetical defined benefit pension plan, stood at 106 percent at Dec. 31 – its highest level since June 2001. The Index started the year at 82 percent and stood at 98% at Sept. 30. [...] Mercer estimated that a one percentage point increase in long-term interest rates would reduce the liabilities of most pension plans by 10 per cent to 15 per cent." On January 22, 2014, Air Canada reported its pension plans posted a small surplus, compared with a $3.7 billion deficit last year. And in May 2014, Canada Post announced that "The Plan achieved a rate of return of 16.9 per cent in 2013. This is the best rate of return since 2000."[15] Despite this good news, CPC CEO Deepak Chopra complained, in a report released earlier this month, that "The Canada Post Pension Plan does something that most defined benefit pension plans in Canada do not: it offers a guaranteed protection against inflation by matching the rising cost of living. That guaranteed protection adds another significant cost." [16] It's a well-known fact that all federal government employees, Members of Parliament and senators have similar cost of living indexing of their pensions. As well, the CPP, OAS and GIS provide for similar indexing. This vested right is crucial to protect our pensions from inflation. Instead of being intent on removing this right, which is necessary to protect our hard-earned benefits upon retirement, Mr. Chopra and the Finance Department should note that we are not prepared to give up our defined benefit pension plan or our pension indexing through implementation of CPC's 'Five-Point Action Plan' or the government's ill-conceived Target Benefit Plan.

We take exception to the categorizing of our pension plan as being 'gold-plated,' as the Canadian Federation of Independent Business and traditional media like to make it out to be. Perhaps to those that do not have a defined benefit plan or any pension at all, it may look attractive. But we did pay for this defined benefit plan and indexing all our working lives, while accepting lower wages to improve our benefits. We resent the fact that business leaders and conservative politicians, at the request of their business community backers, urge the government to take our defined pension away because they do not want to have to pay decent pensions for their workers. As James Bagnall wrote in the Ottawa Citizen, "the pensions enjoyed by many government retirees don't seem extravagant. The actuarial report on the pension plan for the federal public service notes the average pension for 114,000 male

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[15] *In touch* Retiree Pension Bulletin – Defined Benefit, May 2014.

[16] Canada Post Pension Plan 2013 Report to Members, page 4.

retirees in 2011 was $27,900. For 78,500 female pensioners, the average was just $18,400. [...] The small average pension also understates the value of complete protection from inflation. The buying power of a $27,900 pension – absent protection from cost of living increases as low as two per cent annually – would drop nearly 50 per cent by the end of retirement assuming normal life expectancy."[17]

As we know, taxpayers contribute more than $23.00 for every $1.00 MPs contribute to their own pension plan. Unlike the Canada Pension Plan and the Canada Post defined benefit plan, the MPs' plan is not invested in the markets. It pays itself a 10.4% rate of return and provides Conservative MPs and others with a guaranteed fully-indexed parliamentary pension at age 55 after having completed six years of service. We find it hypocritical for Harper's Department of Finance to suggest that our defined benefit and indexed plan, to which we contribute 50% per cent, should be turned into their proposed target benefit plan. Workers and retirees' pensions and indexing and other benefits would be used to pay any pension solvency deficits under this plan. Postal workers and retirees have no say in how the CPC runs their business into the ground through higher prices and reduced services, yet the Harper government wants us to pay the ultimate price through our pensions and indexing benefits. We do not agree with Harper's new pension scheme.

We will not agree to give up our defined benefit pension, including cost-of-living indexing, in exchange for this Target Benefit Pension scheme. We know that the sole purpose of the Conservative government's proposal is to shift the solvency deficit economic costs from the Crown Corporation onto its employees only, through reduced pension benefits, when in fact these costs should be borne by its shareholder, the government. After all, the government is unwilling to address the deficit through service expansion. We again remind the government of the dividends we have contributed to its coffers in 16 of the past 17 years, while providing a valued government service to Canadians.

We also wish to point out that we are not alone in rejecting the proposed Target Benefit Pension Plan. The over 4,000 delegates to the May 2014 Canadian Labour Congress Convention unanimously passed an emergency resolution opposing and condemning such a plan. These delegates represent 3.3 million Canadian workers in both the public and private sectors.

Pension Solution: An Increased CPP/QPP, OAS and GIS

We support the solution put forward by the Canadian Labour Congress, its affiliates and the Canadian Centre for Policy Alternatives. An increase in CPP contributions from both workers and employers from the current 4.95% to 7.8% implemented over seven years would effectively double the average CPP/QPP benefits to a maximum of $1,868 per month. Seniors could be lifted out of poverty immediately if the Federal government increased the Guaranteed Annual Income and Old Age Security benefits. We too urge the federal government to return to its 2010 commitment to implement improvements to the Canada Pension Plan. The doubling of future CPP retirement benefits remains the most efficient and cost-effective means of addressing the problem of inadequate retirement savings in Canada. Unmatched by any private sector retirement savings scheme, the CPP delivers a secure, dependable retirement

[17] *Capital Reckoning*, Ottawa Citizen, May 31, 2014, p. D3

benefit, protected against inflation and payable until death, at a very low cost. A 2010 Canadian Centre for Policy Alternatives report states: "Expanding the CPP, whether by increasing the replacement rate or increasing the level of coverage of earnings, or both would address the issue of coverage, security of benefits, and low cost of administration – all the key objectives of pension reform."[18] Economists, academics, and 76% of all Canadians support expanding the CPP/QPP, as found in a recent poll.

In a letter to the Editor, in response to the December 14, 2013 article in the Ottawa Citizen dealing with the Pension gap and C.D. Howe Institute claims, Larry Rousseau, Regional Executive Vice-President, Public Service Alliance of Canada, wrote: "Just this week, six of this country's most respected pension experts, including Bernard Dussault, the former chief actuary of the Canadian Pension Plan, noted in a letter to the Finance Minister that 'prompt action' is warranted to 'expand the CPP." As well, he explained that "what Canadian taxpayers are actually on the hook for is over $60 billion in forgone federal revenue due to corporate tax cuts instituted by the Harper government since 2007."

Regarding the meeting of December 17, 2013 between the provincial Finance ministers and the Federal government dealing with expanding the CPP/QPP, the following was reported in the Ottawa Citizen. The Ontario Finance Minister had this to say: "They (federal government) even had the audacity to suggest there was no consensus in the room. That's not true. There was. The only one that was not in favour was the federal government, and that's unfortunate. Sousa said provinces weren't proposing to enrich CPP today, but to continue the discussion on establishing a framework and triggers for when the enhancement could kick in down the road to help middle-class Canadians who aren't saving enough for retirement."[19] Quebec's Nicolas Marceau expressed similar concerns, saying "only the federal government is blocking further study about how and when to enrich CPP in the future. In my view, a vast majority of provinces are in favour of an enhancement of CPP/QPP, all the provinces were in favour of further work. But despite the fact that there was unanimity... the federal government decided that they wanted to stop future work."[20] The article also states that: "The federal government says now is not the time for CPP payroll tax increases that would take money out of the pockets of workers and force employers to cut jobs, hours and wages. But it is refusing to say when would be a good time to consider any potential CPP enhancement. [...] One of the leading proposals for enriching CPP comes from P.E.I. Finance Minister Wes Sheridan, who wants to increase the maximum CPP contribution to $4,681.20 a year from the current $2,356.20, starting in 2018. The maximum annual benefit would increase to $23,400 from the current $12,150."[21] Finally, the article states that "With Quebec and Ontario both in favour of enhancing CPP, there appeared to be growing support to proceed with enriching it. Other provinces, including Manitoba, and Newfoundland and Labrador, also support increasing CPP."[22]

On April 24, 2014, the Ottawa Citizen reported this response to the Harper government's new pension scheme: "Ontario Finance Minister Charles Sousa said in a speech Wednesday that his province is still

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[18] *Options for Pension Reform: Expanding the Canada Pension Plan*, Monica Townson, CCPA Research Associate, April 2010
[19] *CPP: No consensus on when to proceed, Flaherty says*, Ottawa Citizen, December 17, 2013, p. A6
[20] Ibid.
[21] Ibid.
[22] Ibid.

planning to go it alone with a CPP top-off if necessary, accusing Sorenson of misrepresenting the issue with statements that it could cost up to 70,000 jobs. He notes that a federal report, obtained by the Canadian Press, calculated the job losses on premium increases being introduced all at once, while all provincial proposals call for long phase-in periods. The province also released a research paper co-authored by former Bank of Canada governor David Dodge and Richard Dion, a senior business adviser with Bennett Jones, which backed its call for enhancing CPP. The report concluded the damage to the economy from higher premiums would be minimal."[23]

Scott Reid, a CTV political analyst, had this to say about the pension fight between the Harper government and the Ontario Premier, following the election of a Liberal majority. "The early weeks' fight with Harper did one thing more. It put a new Liberal idea in the window: the Ontario Retirement Pension Plan – or ORPP. Proposed reluctantly as an alternative to an expanded CPP, the ORPP provided the substance of Wynne's dispute with a discouraging Harper. But as a flashpoint during the campaign the ORPP never became very heated. That doesn't mean it didn't quietly deliver a great deal to the victory. First, the ORPP was opposed by Horwath and, as such, slammed through union ranks like a cement nail. It was a reminder that on an issue vital to organized labour – one that Horwath had campaigned for in 2011 – only Wynne could be counted upon to deliver. Second, it proved resonant with important voting segments. Older voters always skew conservative. Yet, in this campaign, Wynne captured nearly as many retirees as did Hudak. Dig even deeper and you see that the Liberals utterly thrashed the Conservatives among voters aged 35 to 55. How could that be with Ontario's fiscal situation? With the sensitivity that this voting block usually exhibits toward taxation? The ORPP was a quiet killer during this election. And it killed Hudak's growth among the juiciest chunks of the voting public. Looking forward, the ORPP also promises to be the most notable part of Wynne's governing agenda. As she moves toward implementation, the gravity-pull of its logic will begin to tug other provinces. Don't be surprised if a handful of others begin to petition Ontario to join forces and come on board. At that point, pressure begins to build on Ottawa for a national solution in much the same way Medicare and CPP/QPP were foisted upon the feds 50 years ago. Wynne is onto something here. She is on the brink of the most significant reform to Canada's social safety system in decades. In this, her first few days as an elected-in-her-own-right premier, it's not ridiculous to imagine this may turn out to be her legacy as a political leader."[24]

Conclusion

We reiterate our opposition to the elimination our defined benefit pension, including the indexing, in exchange for the Conservative government's Target Benefit Plan scheme. A plan that shifts all the risks onto the employees and uses a reduction of benefits and pensions to pay for solvency deficits is nothing more than another glorified scheme for employers to abandon their obligations to provide decent pensions and benefits and increase the corporate bottom line, all at workers' expense. We believe the Federal Finance Minister should get on board with the Provinces and Territories, workers, economists

[23] *New Pension Scheme to be Proposed*, Ottawa Citizen, April 24, 2014, p. A2.
[24] *Outfoxed and Outboxed*, Ottawa Citizen, Scott Reid, June 14, 2014, p. D4

and academics, and expand the CPP/QPP, OAS and GIS, as the proper way to provide pensions to workers in their retirement. Clearly, the Harper government has missed the target with this proposal.

We urge the government to force CPC to reconsider its 'Five-Point Action Plan' and engage in real, honest and transparent consultation on how to fix its problems. It should expand services, not eliminate 8,000+ jobs through the elimination of door-to-door delivery, which the majority of Canadians surveyed want to see maintained, as well as increase services and profits by re-implementing postal banking, which the majority of Canadians surveyed also want.

This submission is endorsed by the following group of Canada Post retirees:

Jean-Claude Parrot, former National President, CUPW, and Executive Vice-President, CLC

Bob McGarry, former President, LCUC, and Assistant to Secretary Treasurer, CLC

Darrell Tingley, former National President, CUPW

Dale Clark, former National President, CUPW

Deborah Bourque, former National President, CUPW and CLC Executive Council Member

Lynn Bue, former 1st & 2nd National Vice-President, CUPW, and President of UNI America's Postal and Logistics Committee

Huguette Leblanc, former 2nd National Vice-President, CUPW

Caroline Lee, former National Secretary-Treasurer, CUPW

Gordie Ash, former 5th National Vice-President, CUPW

Wayne Mundle, former National Director, Atlantic Region, CUPW

Fred Furlong, former National Director, Atlantic Region, CUPW

Al Arsenault, former Chief Steward, Fundy Local, CUPW

Ruth Larson, former Regional Education and Organization Officer, Atlantic, CUPW

Dawn Robichaud, lifetime member Fundy Local 105, Saint John NB, CUPW

Ted Penney, former National Union Representative and National Negotiator, CUPW

Wendy Watson Smith, former local executive member, Halifax, Edmonton, CUPW

Ivy Shaw, lifetime member, Nova Local, CUPW

Louise Comtois, Moncton Local, CUPW

Joseph Buchanan, Fundy Local, CUPW

Bernie Desrosiers, former National Director, Central Region, CUPW

Jeanie Campbell, former National Negotiator and Struggle ’88 Coordinator, CUPW

Elaine McMurray, former Regional Education & Organization Officer, Ontario Region, CUPW

Susan Scott-Mallett, London Local Retiree Committee, CUPW

Susan Dennis, former National Director, Prairie Region, CUPW

David Condon, former Regional Education & Organization Officer, Prairie Region, CUPW

Ramon Antipan, lifetime member, former Edmonton Local President, CUPW

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