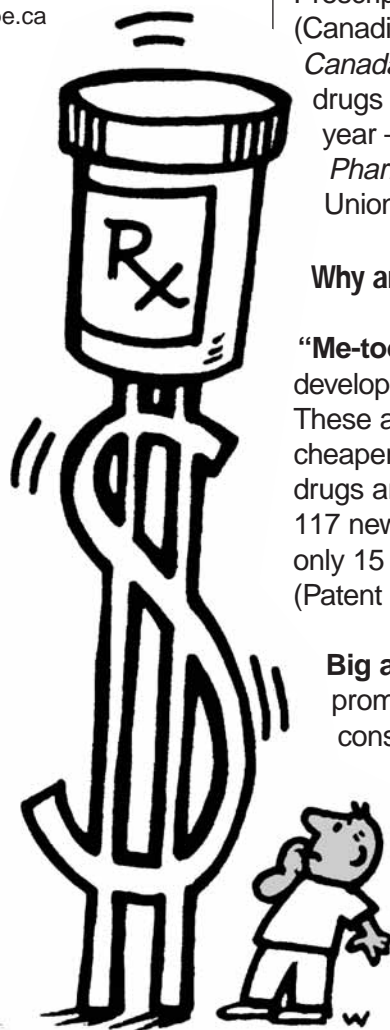


Tabletalk –
your bargaining resource –
publishes four times a year. Its
goal is to give CUPE Local bargaining
committees, elected officers and
servicing representatives useful infor-
mation for preparing – and negotiating –
bargaining demands. Tabletalk's
three-hole punch style makes it easy
to keep in reference binders. Feel
free to make copies or use the
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Comments welcome at
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français



Rx for bargaining drug benefits

At bargaining tables across the country, our benefit plans are under attack. Faced with large cost increases, employers are demanding concessions in existing benefits and, in collaboration with insurance companies, are developing new and creative ways to erode benefit plans.

The biggest culprits in cost increases are prescription drugs. Prescription drug costs rose 62.3 per cent between 1994 and 2004 (Canadian Institute for Health Information, *Drug Expenditure in Canada, 1985–2003*) Adjusted for inflation, the amount we spend on drugs is now increasing by between seven and eight per cent each year – *three times* the rate of inflation (*50 Years of Waiting for Pharmacare is Long Enough*, Canadian Federation of Nurses Unions).

Why are drug costs rising?

“Me-too” drugs: Drug manufacturers spend millions researching, developing and marketing what are referred to as “me-too” drugs. These are new, more expensive drugs introduced to replace older, cheaper products, or products whose patent has run out. Me-too drugs are rarely more effective than those they replace. Of the 117 new drugs patented in Canada between 1998 and 2002, only 15 provided a substantial improvement over existing drugs (Patent Medicine Prices Review Board 2003 Annual Report).

Big advertising budgets: Huge pharmaceutical manufacturers promote their drugs through aggressive marketing to doctors and consumers. You’ve seen the ads on TV: “Ask your doctor if X is right for you”. Drug companies spend an average of \$20,000 per year for every doctor in the country on things like samples, trips, conferences, and giveaways (Arthur Schafer, *Medicine, Morals or Money: Dancing with porcupines and sleeping beside elephants*). That’s more than the annual salary of many hospital workers.

(Continued page 2)

Legislation: The federal government enacted legislation in the 90s that protects drug companies from competition for 20 years. That means drug companies have a 20-year monopoly on whatever drugs they produce, and can set prices without competition. The average cost per claim of a patented drug introduced since 1997 is \$92.56, compared with \$78.79 for an older patented drug and \$22.94 for a generic drug (Joel Lexchin, York University, 2003).

Stressful work environments: Politicians' refusal to responsibly invest in public services and the resulting cutbacks in public sector jobs and services have had huge implications for the stress levels and the health care needs of our members. In addition, older workers, who account for the largest group of public sector workers (fewer younger workers are being employed due to hiring freezes and other restrictive hiring practices), tend to use more benefits and must work longer, because early retirement options are also under attack.

Insurance company mergers: Numerous mergers in the Canadian insurance industry over the past few years have shrunk the number of insurers. This removes the option of switching providers to try to reduce costs and minimizes competition, which allows providers to charge higher prices for benefits.

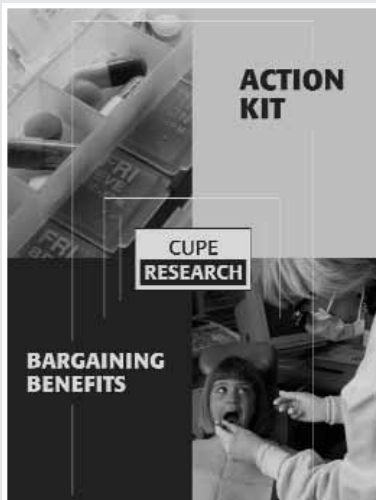
The more drug costs are passed on to individuals, the more people will face difficult and often unpalatable choices about whether or not to fill prescriptions. The consequences of not filling prescriptions or skipping doses are significant. Conditions like heart disease, diabetes, and hypertension can worsen without prescribed medication. In the end, the savings achieved by employers are transferred to health expenditure paid for by governments and taxpayers to deal with medical conditions that were poorly treated. So employer savings in private plans can translate into increased costs for the public health system.

What can we do at the bargaining table?

Since drugs are the source of tremendous cost increases, our energies should be devoted to negotiating worker-friendly savings on drug costs.

- Expand services that offer alternatives to drugs. The Canadian Union of Postal Workers did a pilot study on using acupuncture instead of drugs for back pain. They found a 30 per cent reduction in drug costs.
- Use generic drugs whenever possible. Substituting them for higher priced patent drugs is a very efficient cost-saver. However, they cannot be

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For more information on rising benefit costs and worker-friendly alternatives, check out:

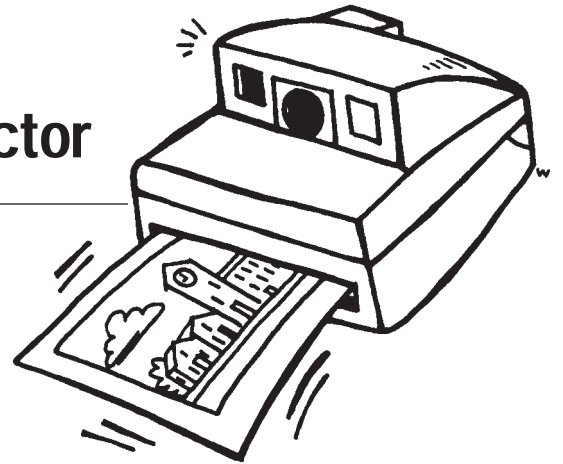
- "Why are drug costs escalating?"
- "Drugs: can we negotiate cost savings?"
- "Collective agreement language"

Part of CUPE's Bargaining Benefits Kit
Available at cupe.ca

substituted in all cases, and physicians will sometimes insist on the patent brand of drugs.

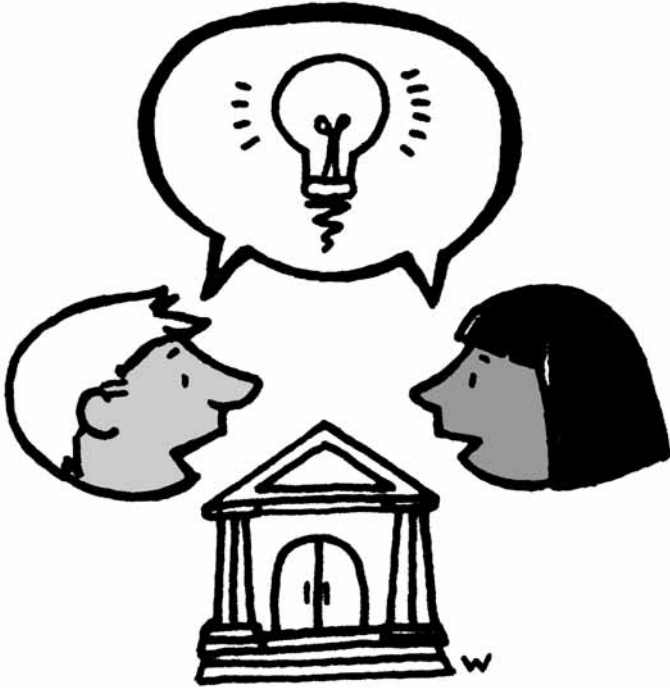
- Negotiate preferred provider networks that require a pharmacy or group of pharmacies to provide service at a fixed, lower fee for both ingredients and dispensing in exchange for the volume of customers they will attract.
- Direct delivery (mail order) pharmacies offer low dispensing fees and controlled drug cost mark-up for long-term prescriptions. The dispensing fee of many bulk suppliers is usually about one-third that of most pharmacists. The companies' costs are lower because they are warehouse operations that sell larger quantities than retail outlets. However, the use of mail order pharmacies should not be embraced in such a way that it puts local pharmacists out of business.
- Risk-pooling: wherever possible, locals should look for opportunities to join with other CUPE locals and other unions to bargain group health insurance agreements. Larger plans reduce costs by spreading the costs over a larger group, and make costs more predictable – something employers will appreciate.
- In order to challenge the employer's cost estimates, bargaining committees need access to plan information such as benefit plan costs as a percentage of payroll and the claims administration costs. A clause in the collective agreement can obligate the employer to reveal plan statistics and how cost calculations are made. It's easier to evaluate employers' proposals if we have accurate financial information. ■

Sector Snapshot – Municipal sector



- Municipal workers represent CUPE's largest sector. They make up more than 20 per cent of CUPE members.
- CUPE represents 150,000 municipal workers in 1,150 bargaining units across the country. They work in "inside" and "outside" jobs, utilities, firefighting, ambulance services, social services and libraries.
- In 2003, 65 per cent of workers in local administrations were unionized. Not bad, considering the "saturation point" is considered to be 75 per cent in recognition of management exclusions.
- For the first quarter of 2006, annual wage increases for municipal workers averaged 2.7 per cent, compared to 2.3 per cent in the broader public sector.
- Coordinated bargaining has worked effectively for municipal workers:
 - In Ontario, CUPE 905's 22 bargaining units meet as a group to set bargaining priorities. They use progressive strategies like identifying a strong lead local strategy to help set the pattern for the group.
 - In Alberta, Edmonton city workers, members of CUPE 30, participate in a coalition of unions representing municipal workers that communicate during bargaining and often set common goals like terms of agreement.
 - The Greater Vancouver Area locals have a long history of working together, coordinating issues, priorities and timing.
 - In Quebec, salary increases for municipal workers in 2005 were in the 2.5 to 3 per cent range – well above inflation. ■

University workers talk bargaining in Montreal



Representatives of more than 60,000 CUPE university workers across the country met in Montreal in October for CUPE's first-ever national conference on the state of Canada's universities.

The 150 delegates from every province enthusiastically participated at the forums and workshops. Privatization, bargaining, and organizing were among the hot topics.

Coordinated bargaining in the university sector was a major theme for a panel that featured examples from British Columbia, Ontario and Quebec. The discussion provided the framework for the ensuing workshops.

Participants discussed challenges and outlined the elements to a successful coordinated bargaining approach. Some of the recommendations included:

- Synchronize expiry dates of collective agreements at regional and provincial levels and establish a committee structure.
- Develop a strategic plan for coordination at the national level, include common expiry dates and explore common issues for coordination.
- Develop a strategic plan for communication to include a sector web page, email list-serve, conference calls, bulletins, sharing collective agreement language and successes at the provincial and national levels.
- Focus on the need for well-funded public post-secondary education and get the message out through coordinated action.
- Work with student groups and other unions. ■

Nova Scotia hospital workers win pension dispute

CUPE hospital workers in Nova Scotia are walking a little prouder after defeating their employer's attempts to avoid paying into the pension plan.

Hospital workers in the province have tried for years to address pensions at the negotiating table. The employer – the Nova Scotia Association of Health Organizations (NSAHO) refused and now we know why: our investigations revealed that not only was the

NSAHO was not living up to its commitments, it was using money from the plan surplus to fund its required contributions. The NSAHO was also violating its own rules by not going through the mandatory trustee approval process required by the plan. Worse, the employer was not accurately reporting its contribution holidays to plan members or the Superintendent of Pensions.

(Continued page 5)

To avoid bargaining pensions, the NSAHO even filed a complaint against CUPE with the N.S. Labour Board. But the board sided with CUPE and rejected the employer's complaint, clarifying that the pension plan was indeed negotiable.

Even after the board's ruling, the employer was uncooperative. Workers had to threaten strike action in hospitals across Nova Scotia before the NSAHO would take their pension concerns seriously.

Meanwhile, CUPE members and staff established a coalition with the province's four other health sector unions (the Canadian Auto Workers, the Nova Scotia Nurses' Union, the Nova Scotia Government Employees' Union and the Service Employees' International Union) to coordinate a common front to bring pensions to the bargaining table. They organized information sessions across the province. They published a brochure on the issues and sent it to more than 20,000 plan members (to see or download the brochure, go to: <http://action.web.ca/home/nsgeu/news.shtml>).

Members worked with research and communications staff from CUPE and the other four unions to hold regular news conferences, produce press releases and hold information pickets. Their efforts succeeded in getting widespread attention from members and the public.

The hard work paid off. A pension deal was reached just 45 hours before 6,000 members of CUPE and the CAW were set to stage a province-wide hospital walkout.

The NSAHO must now start contributing **an additional 1.4 per cent of payroll** to the plan, worth some \$10.6 million in the first year and \$11 million in the second. Within six years, this stream of payments will inject nearly **\$70 million** into the plan, and the total value of past contribution holidays will have been returned to the plan members. After that, the new funding commitment will be a net and ongoing gain to plan members, and is expected to allow significant benefit improvements.



Not only will the NSAHO begin paying its full pension cost for the first time in 10 years, but the additional 1 per cent employee contribution rate hike scheduled for April 2008 should not be necessary.

The money now flowing into the plan greatly improves the security of the fund and increases the likelihood that significant benefit improvements will be affordable in the next few years. Finally, the agreement puts an end to unilateral decisions by the employer to use plan surpluses for contribution holidays or to change member contribution rates.

The settlement also established a joint labour-management pension committee charged with reviewing the plan's governance structure and developing a proposal for structural change. In keeping with Nova Scotia pension law, the unions will push for a new structure that ensures equal representation for the unions and a new level of disclosure and accountability to plan members. The joint pension committee will have meaningful authority, backed by recourse to a mediation-arbitration process in the event of any decision-making deadlock.

This is a historic and precedent-setting victory. Congratulations to the staff and members for their hard work, clever strategies and gritty determination. ■

Innovative language: tech change

More and more library workers are concerned about the introduction of radio frequency identification (RFID) and the potential impact on their job security. Their best defence is to negotiate stronger technology change language in their agreements.

Here's an example of language that protects workers from the negative consequences of technological change:



CUPE 391 and the Vancouver Public Library Board, expiry Dec. 31, 2006.

Schedule "D": Introduction of the Automated Circulation, Acquisition and Cataloguing Systems

Further to Article 8.7, "Technological Change", the parties agree as follows regarding the introduction of the Automated Circulation, Acquisition and Catalogue Systems:

- 1. That a Standing Committee comprised of an equal number of Employer and Union Representatives, such number not to exceed five from either party, shall be formed to meet and attempt to resolve all problems affecting the terms and conditions and security of employment, as established by the Collective Agreement, affecting one or more Regular Employees.*
- 2. That the changes will result in no layoff of Regular Employees.*
- 3. That if retraining is necessary to facilitate a resulting reassignment, the Employer will determine the level of training required and will provide for such retraining at no cost to the employee.*

Essential services?

A New Brunswick appeals court has overturned an labour board ruling that denied school board workers the right to strike.

The October 19 ruling overturned an earlier labour board decision that declared school custodians essential workers and required large numbers of workers to go to work during a strike. The labour board granted the employer's request because it assumed schools would stay open during a strike or lockout. The court of appeal ruled that this was not the case.

For the full text of the ruling go to New Brunswick Court of Appeal Decision at cupe.ca. ■

Consumer Price Index by province (not seasonally adjusted)

	Sept. 2006	Sept. 2005 to Sept. 2006 (% change)
Newfoundland and Labrador	128.7	0.2
Prince Edward Island	131.3	-0.2
Nova Scotia	132.5	0.2
New Brunswick	129.1	-0.3
Quebec	125.3	0.0
Ontario	130.3	0.2
Manitoba	133.9	0.9
Saskatchewan	135.3	1.3
Alberta	141.7	3.7
British Columbia	127.8	1.0

Statistics Canada, The Daily, October 20, 2006

The last column shows the 12-month percentage change in the CPI – the current month with the index for the same month of the previous year. Alberta stands out with a CPI increase far and above that of other provinces. Statistics Canada reports that the effect of Hurricane Katrina on the September 2005 index is a very important factor in explaining the differences in the 12-month changes from August to September 2006.

Prices paid by consumers at the gas pump dropped 18.7 per cent between September 2005 and September 2006. Such a decline has not been observed since December 2001, when gasoline prices plunged 19.3 per cent. Although the slow-down in the monthly increase of gasoline prices has been observed in the last few months, a drop of this magnitude has not been recorded since the introduction of gasoline to the CPI basket. Previously, the largest drop (-11.2 per cent) was recorded in November 2005 after Katrina's effects on refined petroleum were known.

Mortgage interest cost measures the changes brought about by prices in the amount of mortgage interest owed by consumers. Mortgage interest costs rose 3.3 per cent between September 2005 and September 2006, a sharp increase from the 2.7 per cent increase in August. Although the upswing in prices for new properties was a significant factor in the increase in the mortgage interest cost index, it was the recent rise in interest rates that accounted for most of the climb in this index.

University students paid 3.0 per cent more for their education in 2006. Higher tuition fees in Ontario (+5.7 per cent) explained most of the upward trend in this index. (The tuition fees index for a particular province takes into account the fact that some residents attend educational institutions in other provinces.) ■

FACTOID:

Over the last decade, there has been a steady increase in the number of lone-parent families. Between 1991 and 2001, the number of male lone-parent families grew by 49 per cent, while the number of female lone-parent families rose 35 per cent. All the more reason for employers to negotiate good family provisions! (Canadian Council on Social Development, www.ccsd.ca/factsheets/family/index.htm)



Spotlight on communities

The federal government has established a database with a world of information about Canadian communities. The Community Information Database (CID) is a web-based resource for people who want reliable and accessible information on economic and social factors at the community level. It features data on population, average personal and family income, education levels, and employment by sector for communities across the country. Check it out at www.cid-bdc.ca. ■

Public and private sector wage adjustments since 1985

Year	Public %	Private %	All %
1985	3.8	3.3	3.7
1986	3.6	3.0	3.4
1987	4.1	3.8	4.0
1988	4.0	5.0	4.4
1989	5.2	5.2	5.2
1990	5.6	5.7	5.6
1991	3.4	4.4	3.6
1992	2.0	2.6	2.1
1993	0.6	0.8	0.7
1994	0.0	1.2	0.3
1995	0.6	1.4	0.9
1996	0.5	1.7	0.9
1997	1.1	1.8	1.5
1998	1.6	1.8	1.7
1999	2.0	2.7	2.2
2000	2.5	2.4	2.5
2001	3.4	3.0	3.3
2002	2.9	2.6	2.8
2003	2.9	1.2	2.5
2004	1.4	2.2	1.8
2005	2.2	2.4	2.3
2006	2.6	2.3	2.5

Note: Data for 2006 are year-to-date.
www.hrsdc.gc.ca/en/lp/wid/adj/01wage_adj.shtml

Wage increases over the last two decades reveal some interesting trends:

- Rates in the early 80s reflect the highly unionized public sector starting to win higher increases than the private sector.
- Starting in the early 90s, the economy picked up and the private sector reasserted its traditional position in relation to public sector rates.
- The early 90s demonstrate a period of strong pressure on the public sector with downsizing and wage freezes.
- While average public sector wage increases were well below average private sector wage increases throughout the 90s, the public sector began recovering some of the ground lost in 2000. Public sector settlements were slightly higher in 2000, 2001 and 2002, but jumped to almost twice that of private sector increases in 2003.
- From 1980 to 2000, union density (union members as a proportion of the workforce) fell from 33 per cent to 21 per cent for all member-countries of the Organization for Economic Co-operation and Development (weighted by population). Union density in Canada has slipped a bit less than the OECD average, from 33 per cent to 28 per cent, which can help explain part of the trend seen in overall wage rates over that period. ■