

PENSION INVESTMENTS

Canadian pension funds attack British workers' pensions

File this under “awkward pension fund investment” stories.

British public services union UNISON recently informed CUPE and other Canadian unions that Thames Water, a private water company, had announced collective bargaining proposals to close down the secure Defined Benefit-type pension plans that covered thousands of their employees.

Guess who holds a large stake in UK water companies?

Canadian pension funds.

That's why UNISON and its coalition partner unions asked Canadian unions to pressure the funds who own very significant stakes in these companies (over 30 per cent in total).

Naturally, we answered the call.

Water privatization is much more widespread in the UK. Unlike in Canada, UK water and wastewater services sectors were entirely privatized in the late 1980s by former British Prime Minister Margaret Thatcher. Nine private water and wastewater companies took over these systems and operate them with a primary focus on maximizing profits for the owners. In 2017, several of the largest Canadian pension funds – including OMERS, OPSEU Pension Trust, bcIMC, and Alberta-based AIMco – expanded their ownership stakes in these

water companies and became controlling owners.

Water privatization is often very profitable for investors. However, the consequences are typically very negative for the quality of the service and for the workers involved. In this particular case, Thames Water has been repeatedly found guilty of dumping enormous quantities of toxic sewage into London waterways, a practice that one British judge deemed to be “borderline deliberate.” Rather than investing properly in its infrastructure, Thames and other water companies pay out enormous amounts of money to their owners as dividends. Now, they are aiming to squeeze even more money out of their operation by shutting down their employees' pension plans.

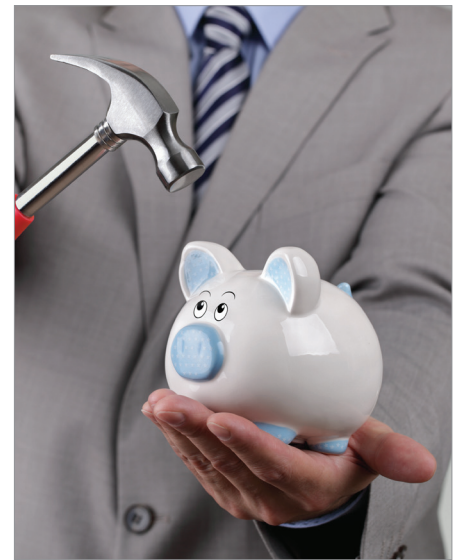
Thames Water closed their defined benefit (DB) plans in 2013. Employees hired after that were enrolled in a defined contribution plan. But for some 2,500 employees hired before that time, their pension plan remained the same kind of secure, final-average-salary type pension plan that most CUPE members have.

In October 2017, UNISON shared a briefing note with Canadian unions on the specific details of the employer proposals for closing the company's secure DB plan altogether. Soon after,

the company announced their plan to close their DB plan and force all of their workers into the less secure defined contribution plan. When UNISON faced an increasingly aggressive negotiating team from the company, they began contacting the Canadian unions with members in the pension funds that co-own this company.

CUPE and other Canadian unions took action. Over several weeks, representatives from the CLC, BCGEU, NUPGE, and CUPE contacted pension trustees and senior staff at the four funds directly involved with Thames Water.

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Changes to EI

Changes to Canada's Employment Insurance program have important implications for many collective bargaining agreements. CUPE locals have bargaining power here, and time is on their side.

The waiting period to begin receiving benefits has been reduced from two weeks to one week. This change came into effect on January 1, 2017. Previously, many locals negotiated payments during the two-week period for workers taking sick leave, compassionate care leave, or maternity or parental leave. Employers and labour unions have a four-year transition period to adjust their collective agreements without facing any penalties for overpayments. Take the time to review the options and make the right choice for your local.

Changes to parental leave, maternity leave, and compassionate care leave

took effect on December 3, 2017. These changes allow women to take maternity leave earlier, allow parents to take a longer parental leave at a lower benefit rate, and expand eligibility for leave to care for a critically ill or injured family member. (Note, the changes do not apply in Quebec, where workers are covered by the Quebec Parental Insurance Plan.)

CUPE locals are responding to these changes. For example, CUPE Local 3261, service workers at the University of Toronto, bargained a one-week paid "Parental Transition Week." This replaces one week at the beginning of maternity, parental or caregiving leave with a week of paid leave at the end (once EI benefits have ended). Other locals may want to consider similar language.

In situations where the employer has agreed to pay a "top-up" to EI benefits (but where the top-up is comparatively low), locals should consider language that gives parents a choice between

adding one week of paid leave to the end of their leave or receiving a higher top-up during the leave (with the same dollar value for both options).

In response to the longer parental leave, locals need to ensure that parents who choose a leave of 18 months receive a top-up of the same dollar value as parents opting for a 12-month leave, even if it's spread over a longer time. And remember – if your collective agreement simply states that the employer will provide a top-up equivalent to the difference between your EI benefit and 95 per cent of your salary without specifying a benefit rate, then you are entitled to a top-up to 95 per cent even if you take the longer leave.

CUPE locals should not feel rushed to conclude an agreement about how to handle these changes. You have tremendous bargaining power here, and the time to do things right.

■ **Chandra Pasma**

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We did this because Canadian pension fund holdings in the Thames Water parent company (called Kemble Water Holdings) are very substantial, ranging from 3.2 per cent (AIMco) up to 17.5 per cent (OMERS). These ownership stakes are not holdings of publicly-listed stock – they are direct, "private equity" ownership shares that mean the funds actually have very powerful roles as direct owners of Thames Water (alongside other financial institutions).

By November 2017, we got some good news. Following this initial wave of pressure, combined with the strong bargaining table fight put up by the UK unions, Thames Water negotiators

had agreed to temporarily "suspend" the pension plan closure proposal for two years, pending a review of pension plan costs and fees.

This is not the complete victory the unions wanted, but it's nonetheless very positive. It shows that this kind of coordinated action among trade unions involved in pension issues can play a vital role in protecting workers and their livelihoods.

For CUPE and for public sector workers in Canada, there are two even more important lessons to be learned.

The first is that privatization of these kinds of public services is a serious threat – both to the services and to the workers who provide them.

The second lesson is that, ironically enough, Canada's pension funds are now playing a disturbing role as direct owners of infrastructure companies that attack the pension benefits of the workers they employ.

The goal of ensuring that worker pension funds are not used in this way is clearly an ongoing challenge – at the bargaining table and beyond.

What your local can do:

- Work with your CUPE staff representative and CUPE researchers to find out where and how your pension fund invests.

■ **Kevin Skerrett**

Tabletalk is published four times a year to provide CUPE bargaining committees and servicing representatives with useful information for preparing and negotiating bargaining demands.

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CUPE / Canadian Union
of Public Employees

Fewer steps means higher lifetime earnings

Ever wonder how multiple increments or steps in a wage grid affect earnings over a lifetime? It turns out more steps means lower income, especially in the initial years of working a job.

This is particularly important for CUPE’s members who are women. Numerous wage increments are far more common in female-dominated jobs. This means women workers must work longer until they make the job’s full rate (the last step on the grid). Employers like multiple steps because they save money on salaries and benefits.

The following scenario shows how those extra steps mean earning less over your work-life.

Angela and Fatima both work as administrative clerks for two different

municipalities, Stepville and Onerate. In Angela’s collective agreement (Stepville) there are six increments in the wage grid. The starting wage rate is \$15.16 per hour and after six years, the job rate is \$16.41 per hour.

Fatima’s collective agreement in Onerate doesn’t have any increments in the wage grid. Years ago, her local successfully bargained the elimination of steps by arguing that workers should be paid the job rate of \$16.41 an hour.

Assuming annual wage increases of 1.6 per cent, the table below shows that over six years, Fatima will earn \$7,470.38 more than Angela, even though they do the same job with the same job rate.

It is not easy to negotiate fewer steps. Sometimes our members believe steps

are a guaranteed wage increase or a recognition of their experience in the job. This is not the case, however, in many traditionally male jobs such as trades occupations, which only have one job rate.

What your local can do

- Work with CUPE researchers to undertake an audit of your collective agreement’s wage grid from a gender perspective. This will help you assess if jobs primarily held by women have more steps than male jobs. Start the process by connecting with your CUPE staff representative.

The more steps, the lower the income over a lifetime.

■ Cheryl Stadnichuk

Comparison of earnings of job with 6 steps vs 1 step

		% Wage Increase						
		1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	
		2012	2013	2014	2015	2016	2017	
Angela 1950 Annual Hours	Step 1	\$15.16	\$15.40	\$15.65	\$15.90	\$16.15	\$16.41	
	Step 2	\$15.41	\$15.66	\$15.91	\$16.16	\$16.42	\$16.68	
	Step 3	\$15.66	\$15.91	\$16.17	\$16.42	\$16.69	\$16.95	
	Step 4	\$15.91	\$16.16	\$16.42	\$16.69	\$16.95	\$17.22	
	Step 5	\$16.16	\$16.42	\$16.68	\$16.95	\$17.22	\$17.49	
	Step 6	\$16.41	\$16.67	\$16.94	\$17.21	\$17.49	\$17.77	
	Annual Income	\$29,562.00	\$30,530.29	\$31,522.00	\$32,537.63	\$33,577.69	\$34,642.70	
Total over 6 years							\$192,372.31	
Fatima 1950 Annual Hours	Job rate	\$16.41	\$16.67	\$16.94	\$17.21	\$17.49	\$17.77	
	Annual Income	\$31,999.50	\$32,511.49	\$33,031.68	\$33,560.18	\$34,097.15	\$34,642.70	
	Total over 6 years							\$199,842.70
	Difference							\$7,470.38

Taking our message live



After several years of using social media as a member communications tool, CUPE Local 454, municipal workers in Delta, BC, thought they might try something different.

“When we looked at who was attending membership meetings, asking questions online and generally participating in the local, we noticed that we were missing huge swathes of our membership,” says local President John Gibson.

The local wanted to make sure that the information about bargaining was more accessible to the membership. Plus, they wanted to find ways to reach the entire membership, including those who were employed precariously and those with literacy challenges and linguistic barriers.

John says the idea to use Facebook Live to record a video bulletin, instead of relying on written bulletins, happened during a bargaining committee meeting.

“We went out to the front lobby of the office and used a smartphone to record me delivering the bulletin,” he says. “It was a bit terrifying, but it was also raw and honest and mostly unscripted.”

The video had 400 views that first week and most of the comments were positive. At site visits the following week, John heard directly from members who had never spoken before. They mentioned the video and thanked the bargaining committee for spreading the information in an accessible manner. Many wanted to know when the next video was coming out. Nobody commented on any of the nervous stumbles that John had made speaking on Facebook Live for the first time. The experiment was a success.

The employer was watching, too – and reading the comments. Everything was in full view – the level of member support, their questions, and the number of people engaging with the video. The employer could see that the local was giving factual information to CUPE members about bargaining and it could read the responses to that information.

According to John, this transparency gave the local additional power at the bargaining table. The employer knew the membership was fully behind the bargaining committee. They could see the members supported their demands,

including provisions the committee thought they wouldn’t make headway on.

After bargaining, the local has continued to use Facebook Live as a tool for engaging with their members. The updates include a monthly summary of the membership meeting and union education videos. The local’s first educational segment was on GPS Surveillance. It was so useful that the City of Delta’s human resources department shared it with their own staff. That video alone has been viewed more than 2,300 times.

The use of the live videos has also generated a regular feedback device where members watch and comment. This gives the local much greater awareness about what is going on with the members and how they are feeling about issues.

Connect with your members

- Work with your CUPE staff and communications representatives to explore new ways to connect with your members.

Find CUPE 454 Delta Public Employees on Facebook and on Twitter @CUPElocal454

■ Jordana Feist