

Presentation to the Legislative Committee on Bill 45

The Teachers Pension Plan Amendment Act

Blaine Johnson

Thank you for allowing me to put my views on the record concerning Bill 45. First of all, I'd like to thank the government for introducing this Bill. It is the culmination of significant work by the Society on behalf of members of the teachers' pension plan, both active and retired. The commitment of this government to address this issue is appreciated.

My name is Blaine Johnson. I have been a teacher for 20 years. I teach ??? at ?? school in Dauphin and I am a member of the Mountain View Teachers' Association. Mountain View Teachers' Association has ?? members. I was elected to the Provincial Executive of The Manitoba Teachers' Society in 2007. I got involved in my local association and MTS because I believe that enhancing teacher working conditions results in better education for Manitoba students.

I completely support Bill 45. I believe these amendments to our pension plan will improve the cost of living adjustment for retired teachers. These changes balance the need to find a solution to the COLA issue with the amount of money that active teachers would be required to pay for it.

Many people have been talking about the process that got us hear today. Let me set a few things straight. MTS has been lobbying the government for many years to address the issue with our COLA. When the Minister of Education appointed Tim Sale to work with the Pension Task Force to examine the issue, he did a great job wading through the rhetoric and mediating to come up with recommendations that could work. As a member of the executive of MTS, we had lengthy discussions about what we should do. In the end, MTS made compromises in order to find a way to improve COLA for retirees. We truly wanted to find a long term way to improve COLAs that was affordable.

MTS fully supported the Tim Sale Report and we asked government to implement the recommendations immediately. RTAM took more than two months to consider the report and then rejected it, choosing instead to cherry pick some of the proposals. A stalemate was reached and so the Pension Task Force proposed a plebiscite of plan members—active and retired teachers on the complete package contained in Mr. Sale’s report. BDO Dunwoody conducted the plebiscite using the TRAF database of active and retired teachers. The turnaround date was not set by MTS, but was based on the sitting dates of the Legislature.

During the one-month plebiscite campaign, the provincial executive of MTS, including me, were subject to personal attacks and a barrage of misinformation being distributed by some RTAM members. RTAM is a voluntary organization that does not represent retired teachers in Manitoba. It was discouraging for us to be personally attacked, but it also caused considerable confusion among plan members. MTS did everything it could to get factual information out.

Unfortunately, RTAM’s misinformation campaign continues today. You’ve already heard a lot of reasons why Bill 45 shouldn’t be made into law. Let me tell you why I firmly believe it should be.

People are emotional about their pensions. They should be. Everyone hopes to retire one day and wants to know that they will be financially secure. Years before I started teaching, a separate account was set up to pay out COLAs. While the legislation said that the account could pay out up to the full Consumer Price Index, the actuary at the time structured the sustainability of the account to pay COLAs based on the account paying out only two-thirds CPI.

As well, in the past 25 years benefit improvements were made to our pension plan that affected money flowing into and out of the plan. Teachers were allowed

to retire at 55 instead of 65 and their pensions were calculated based on their best five years instead of their best seven. As a result of teachers working fewer years and living longer, there was less and less money going into the plan and more money going out for longer. Today there are 1.3 active teachers for every retired teacher in this province. Meanwhile, despite benefit improvements, teachers' contributions to their pension plan remained unchanged, until September 2005. Manitoba teachers still make the lowest contributions to their pension plan among any other teacher organization in Canada.

Bill 45 is a plan to correct some of these past mistakes. It will double the COLA this year. It won't provide retired teachers with a full COLA, but they were never promised one. I firmly believe that two-thirds of something is better than a hundred per cent of nothing.

These amendments credit the Pension Adjustment Account, which pays COLAs, with the better of the investment earnings for ten years. This is not a ten-year moratorium as some suggest, but a ten-year safety net that ensures that the pension adjustment account is credited in the most advantageous way for the next ten years. This will ensure that COLAs are sustainable into the future.

Some here today are saying other retired teachers across the country are getting a much better deal than teachers in Manitoba. That's just not so. For teachers in most of the rest of the country COLA is based on what the plan can afford to pay or the COLA is capped between 60 and 70 %. There are two exceptions: New Brunswick has a COLA up to 4.75%. Ontario has full CPI, but many are saying this is part of the reason for the financial problems now being faced by the Ontario teachers' pension plan.

Bill 45 is a package of amendments that creates the checks and balances to ensure our pension plan is healthy and to avoid the mistakes of the past 25 years.

Active teachers cannot afford the hundreds of millions of dollars it would cost to give retired teachers a guaranteed COLA. And I will not support any plan that takes money out of fund set aside for the basic benefit in order to pay retired teachers a full COLA. The situation in Ontario should set off warning bells for everyone here that taking money from the basic benefit account is neither a fiscally responsible decision nor a long term fix for our plan.

Thank you for listening to me. I encourage you to pass Bill 45 into law so that we can double the COLA to retired teachers this year in a way that is affordable for active teachers.