Avoiding the Bill 3 trap

On June 12th, Municipal Affairs and Land Occupancy Minister Pierre Moreau tabled his unjust and heavy-handed Bill 3 on municipal pension plan reform. Universities are next to come under the loupe as Employment and Social Solidarity Minister François Blais gets set to present legislation of his own on pension plan restructuring in the university sector. This does not bode well at a time when austerity is steering government policy.

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In mid-September, Minister Blais indicated in a meeting attended by FNEEQ representatives that he intends to move quickly on tabling his bill. He also made clear that this new legislation is going to follow in the footsteps of Bill 3. From this, one can only assume that university employees are in for many of the same draconian measures—100% capitalization of their pension plans, total contribution limit of 18% of payroll, 50/50 cost-sharing of past and future deficits and of current service contributions—that have met with the massive opposition, outrage and ire of municipal employees.

Counterproductive measures

There is no justification for so coercive an approach. Let's remember that not a single one of the university sector's 11 defined benefit pension plans is capitalized at less than 82%. With the exception of *Université Laval*—the only institution where the faculty pension plan is in any real difficulty—every other pension plan is in good financial shape. The pension problem facing North America's second oldest university resides, in part, in the 50/50 deficit-sharing formula, as imposed by Bill 3. In good faith, current contributors agreed to take on half of these deficits without having a full measure of the impact such an immoderate obligation would have on their financial capacity. Based on the example of *Université Laval*, the deficit-sharing formula is clearly no panacea, nor is the 50/50 split of current service contributions any guarantee of stability.

Pension plan health a decoy?

The government claims its actions are intended to wipe out the billion-dollar university pension plan deficit, but it fails to mention that repayment is spread over 10 years, which changes the picture considerably. Since these plans are all well capitalized, there is no risk as things currently stand. So could it be instead that the real purpose of the upcoming bill is to help university administrations absorb the shock of the recently announced multimillion-dollar funding cuts to these institutions? One can only wonder. And if so, that would mean the government's austerity cuts are the true goal behind pension plan reform.

All plans on the table

The minister intends to create a task force to study the issue of university pension plans, although at the time of writing these lines, no such initiative has yet been launched. Given that the parties have always managed to reach agreement before finding themselves under a governmental sword of Damocles, this task force will need to concentrate on coming up with measures that give all parties the opportunity to negotiate and to secure the sustainability of their pension plans.

The task force will also have to focus on all pension plans within the university sector. A good many salaried employees—the majority of them course lecturers—pay into defined contribution pension plans; there is no valid reason why their reality should be omitted from the process. And will Minister Blais, a former professor and dean, also go after the special benefits in the pension plans of certain professor-administrators? This is a fundamental matter of equity among the groups within the university community—that is, if the real goal here is to arrive at a social pact that ensures a decent retirement for everyone, with no one being left by the wayside. ■