

Principal Woolf Unilaterally Suspends Pension Reform Negotiations with QUFA, CUPE, and QUSA

QUFA Members:

The e-Queen's Bulletin dated 21 June 2010 led with an item from the administration entitled "Ensuring the future of Queen's pensions." That carefully crafted communiqué glossed over an unfortunate and extremely serious setback for what had been fruitful ongoing negotiations to reform the Queen's Pension Plan (QPP).

A process for negotiating changes to the pension plan, which was proposed by the employee groups (QUFA, CUPE, and QUSA) and formally agreed to by the administration, has been working well. The parties were close to final agreement on a set of changes to the QPP—changes that, as recently as January 2010, both Mercer (the actuarial firm retained by the administration) and our actuarial advisors believed would put the QPP on a sound financial footing for the future.

Following the recent Board of Trustees meeting, Principal Woolf unilaterally suspended those negotiations, declaring that "all deals are off." Furthermore, we learned that the Principal and the Chair of the Board of Trustees have set up a

new working group composed of people drawn from the Board and the senior administration that has begun to meet in Toronto to develop new pension proposals for "bargaining."

On learning this, the employee groups sent a joint letter (dated 3 June 2010, copy attached) to the Principal requesting a face-to-face meeting to clarify how he now sees reforms to the QPP proceeding so that we could accurately report to our Members. Principal Woolf, instead of meeting with us, sent a letter (dated 16 June 2010, copy attached) to the Presidents of the employee groups.

The Principal's letter and the e-Queen's Bulletin raise more questions than they answer. For example:

- Why is there no mention of the newly formed Board-administration group tasked with developing "bargaining proposals" and which has already met at least once? What is the role of this group?
- The administration has been aware of the August 2011 projected pension liability for months, since it regularly requests updated estimates from Mercer. Why is this now such an issue?
- Given the slow but steady recovery in global equity markets and the phasing in of updated mortality tables used to annuitize pensions, shouldn't the QPP liability, while still large, have decreased "in recent months" and not increased, as implied in the Principal's letter?
- The QPP is a very complex plan. During the negotiations that have taken place over the last few years, the employee group negotiating team and VP Morrison have all developed

an excellent grasp of the plan and the ability to assess the implications of proposed changes. The administration has now inserted two new faces—Provost Bob Silverman and VP Caroline Davis. How well do they understand the workings of the plan? Does the Principal himself fully understand the QPP? Why now change the cast of characters when we were so close to an agreement on changes?

- Why was the respected University Pension Committee, under the able and knowledgeable leadership of Professor Bill Cannon, seemingly not consulted?

Pension reform is an extremely important issue. As we stated in our 3 June letter, the unilateral decision taken by the Principal to suspend negotiations is not the way to engage in constructive pension reform. Nor does it respect the time-honoured principles associated with negotiating in good faith. Rather, it reveals a cavalier and patronizing attitude towards Queen's employee groups and smacks of bad-faith bargaining. Notwithstanding the conciliatory phrases used in the e-Bulletin, it threatens to poison not only the pension reform process but also the broader relationships between the employee groups and the administration.

We welcome your comments and opinions.

John Holmes
Chair, QUFA Pension Working Group

on behalf of the QUFA Executive

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June 3, 2010

Daniel Woolf
Principal and Vice-Chancellor
Queen's University

Dear Principal Woolf,

Following the meeting on Wednesday, May 26 2010 between Vice-Principal Morrison and John Holmes, Chair of the QUFA Pension Working Group, it became clear that you have unilaterally suspended negotiations between the administration and the employee groups regarding proposed changes to the Queen's Pension Plan (QPP). We have learned also that a group of people drawn mainly from the Board of Trustees and the administration has been formed to develop a new set of proposals regarding changes to the Pension Plan.

We view this as an unfortunate and extremely serious turn of events. There is a process in place for negotiating changes to the pension plan; a process proposed collectively by the employee groups (QUFA, CUPE and QUSA) and agreed to by the administration. This process has been working well. The parties are close to final agreement on a set of changes to the QPP; changes that both Mercer and our actuarial advisors believe will put the Plan on a sound financial footing going forward.

You have now unilaterally suspended negotiations, declared that "all deals are off", and set up a new Board-centred group to develop new proposals for "bargaining". We understand that there was no prior consultation with the University Pension Committee. CUPE was not even afforded the courtesy of being advised of the decision to suspend discussions. This is not the way to engage in constructive pension reform. Furthermore, it threatens to poison not only the pension negotiating process but also the broader relationships between the employee groups and the administration.

We would remind you that the Queen's Pension Plan does not belong to the Board of Trustees nor to the administration. It belongs to its members; both currently active and retired members of the Queen's community. The Board of Trustees and a previous university administration experienced the full wrath of QPP members in late 2007 when the Board tried to change unilaterally the governance of the Plan. It would not be helpful to repeat that experience.

Since you were away from Queen's over the past few weeks, we refrained from publicizing this recent turn of events to our members until we were able to clarify directly with you how you now perceive negotiations regarding changes to the QPP will proceed.

We propose a face-to-face meeting between yourself and representatives from the employee groups to provide answers to our questions. You can bring with you whomever you want but it is essential that we hear from you directly. This meeting should be held as soon as possible so that we may accurately inform our members of where the negotiation of changes to the QPP now stand.

Sincerely,



Cathy Christie
President, QUFA



John Lepine
CUPE National Representative


for
Spring Forsberg
President, QUSA

cc. Rod Morrison , Vice-Principal Human Resources
Caroline Davis, Vice-Principal Finance and Administration



PRINCIPAL AND
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June 16, 2010

CUPE National Representative
President, QUFA
President, QUSA

Dear Cathy, John and Spring:

Thank you for your letter of June 3, 2010, regarding the process around reform of the Queen's Pension Plan.

I regret your reaction to the administration's recent decision to re-evaluate its position on pension plan reform. I fear it may be fueled by miscommunication on our part and, for that, I apologize. In future, we will take care to ensure that we communicate clearly and on a timely basis to all involved parties.

Please let me assure you: I recognize that all parties have worked collaboratively for several years to sort through this issue and develop viable amendments to the pension plan. To date, it is my understanding that this process has been characterized by a willingness on all sides to reach joint solutions. This effort is greatly appreciated and typifies the type of relationship I hope the University administration will continue to have with its employee representatives.

In that spirit, I wish to state simply that the administration's recent decision to suspend discussions on pension reform is not a repudiation of past efforts or anyone's commitment to finding solutions. It is a straightforward acknowledgement of the facts:

- First, that the University's financial outlook has changed considerably over the last several months, particularly our projected pension liability at the date of the next regulatory filing; and,
- Second, until the administration has had the opportunity to fully consider all of the implications of those changes, including the overall budgetary implications, we will not be in a position to engage in constructive or meaningful discussion around pension reform proposals.

I hope this clarifies the University administration's current position for you.

Our Provost, Bob Silverman, will be working with Vice-Principals Rod Morrison and Caroline Davis to analyse the pension implications. Once they have completed their work, they would be happy to meet with you to provide an update and to discuss this issue in more detail.

Thank you again for your willingness to work with us to resolve issues of mutual concern. I look forward to cultivating that relationship as we move forward together.

Sincerely,

Prof. Daniel R. Woolf
Principal and Vice-Chancellor