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## Pension Surplus Court Ruling Reinforces Need to Bargain Pensions

Ottawa, November 20, 2007 – “The decision by the Ontario Superior Court of Justice dismissing the unions’ legal challenge on the public sector pension surplus litigation reinforces the need to negotiate pensions at the bargaining table,” said Michèle Demers, President of the Professional Institute of the Public Service of Canada.

“Our members should not be robbed of their pension. We will make sure this never happens again”, she added. “The Supreme Court in the BC Health Services decision opened the door to include pensions in the collective bargaining process. We are taking this issue to the bargaining table to make sure our members rights are never trampled on again”, said Ms. Demers.

“The federal government is the only jurisdiction where unilaterally taking the surplus is legally possible but so morally and ethically wrong,” said Michèle Demers. “Next steps for us will be to review the 102-page decision and discuss possible courses of action, including appealing the decision,” she added.

The Professional Institute undertook this legal action along with 17 other federal unions, employee associations and retiree groups, representing more than 300,000 combined memberships.

The court action was undertaken in 1999 following passage of Bill C-78, the Public Service Pension Investment Board Act, which allowed the federal government to appropriate an estimated \$30.2 billion from the superannuation accounts of the public service, RCMP and Canadian Forces employees. One of the main contributors to the surplus was the fact that the workers were paying into the pension fund based on calculations that assumed workers were receiving annual wage increases, when in fact they had a legislated six-year salary freeze in the 1990s. On average, federal public sector workers pay higher contributions to their pension plans compared to private sector workers.

Adding insult to injury, Bill C-78 also gave the Government the authority to raise the mandatory employee contributions in case of a shortfall and to reduce or cease employer contributions if the pension fund accumulates a surplus in the future. As a result, on July 7, 2005, the federal government imposed yearly increases in employee contribution rates for the following eight years.

The Professional Institute of the Public Service of Canada is a national union representing 55,000 professionals and scientists across Canada.

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