an unstable context

The Executive officer in charge of negotiations, Lina Bonamie, accompanied by the entire negotiation team, presented a full report to the delegates on the activities of the Negotiation Sector since the last Federal Council and an analysis of the context. This context has been somewhat unstable and troubled since the Jean Charest Liberals came to power.

Unfortunately, since last April, one conclusion is inevitable: the Government's priority is to put the necessary elements in place for the transformation of the Quebec State, a transformation that looks awfully close to the wrecking of the social achievements and public institutions that Quebec has built since the Quiet Revolution. Thus, the government has set its agenda and it does not seem prepared to depart from it: the 6 major reengineering projects directed by the Premier in person, the program review directed by the Chair of the *Conseil du trésor* and the bills to support the reengineering. Busy with this political and economic agenda, the Government has given little importance to employees' concerns about their conditions of employment and compensation

The equity process

Even though last May the Chair of the *Conseil du trésor*, at a meeting with the Presidents of the member organizations of the *Intersyndicale* (CSN, CSQ, FTQ, SFPQ and FIIQ), claimed that the Government needed time to appropriate the complex equity issue, the appeared increasingly clear in the fall that the Government simply wanted to combine the settlement of this issue with the renewal of the collective agreements.

The consultant responsible for the equity issue, Sophie Fontaine, recalled the main steps taken at the *Intersyndicale* since the resumption of work on pay equity after the summer vacation period. This resumption was marked by a meeting of the Presidents, who reiterated the intention of each member organization of the Intersyndicale to reach an agreement on equity with the Government as quickly as possible.

The FIIQ equity team, now composed of 5 union reps and 4 consultants, therefore carried out a review of the evaluations, which meant the review of thousands of evaluation ratings tabled to date. It must be remembered that the union organizations and the *Conseil du trésor* tabled evaluation ratings for each of the 17 subfactors for over 400 job titles. In the light of the employer interpretation of the evaluation plan, a first review was done. In addition, various statistical and qualitative analyses made it possible to ensure the consistency of the ratings, not only from one job title to another but from one sector of activities to another. Finally, weighting scenarios were discussed and tested. In other words, in accordance with the mandate assigned by the Presidents of each organization, the *Intersyndicale* ensured that it had all the necessary elements to formulate a coherent common position and adopt a serious tool to evaluate an eventual employer proposal.

Asked about deadlines, the Executive member responsible for the equity issue pointed out that the work is proceeding at a good pace on the union side but that it is impossible, in the current context, to predict an exact date for the end of the work. The multiple upheavals currently being experienced by the labour movement and the Government's lack of will to move forward on pay equity give reason to believe that this issue will probably be resolved at the same time as the negotiations.

This possibility of combining the settlement of the negotiations and the equity issue has also been the object of public statements by the Government spokesperson for the negotiations and by the Chair of the *Conseil du trésor*. This undoubtedly explains the Government's slowness in tabling a comprehensive proposal with the *Intersyndicale*, even though Ms. Jérôme-Forget had said that such a proposal would be tabled as soon as the budget was presented. Undoubtedly, the Government had not yet decided at that time what strategy it would put forward for the next round of negotiations.

Renewal of the collective agreements

On July 9, the FIIQ tabled the draft nurses' collective agreement. This included the demands related to the 6 priorities adopted by the nurses for the next round of negotiations:

- re-arrangement of work time;
- stabilization of positions;
- maintenance and development of competencies;
- prevention of violence;
- accelerated dispute settlement;
- access to child care in the workplace.

However, this first draft did not include any demands regarding salary increases, pensions and classification (job titles, accessibility, additional compensation), because it had been decided to wait for the settlement of the pay equity issue and the completion of the work of the Classification Committee provided for in the collective agreements. Since it seems inevitable that both equity and classification will be discussed within the context of renewal of the collective agreements, the Federal Council delegates decided to proceed immediately with the consultation on the demands on the general rates of increase and pensions.

Because of the Federal Council's very heavy agenda, discussions could not begin on the classification issue. However, it will be on the Federal Council agenda for February 2004.

SPECIAL NEGOTIATION ISSUE

FOR THE YEAR 2003
a pay raise?

Before discussing the nurses' demands regarding the general salary increase rate, the delegates debated the advisability of immediately negotiating a 2% increase for 2003. You will remember that in March 2002, the Federal Council delegates had preferred not to extend the collective agreements by one year, for the period from July 1, 2002 to June 30, 2003. This extension was associated at that time with a 2% salary increase. The proposal was intended to establish conditions that would allow the continuation and finalization of the issues of pay equity and financial commitments. The delegates at that Federal Council considered that accepting such an agreement was equivalent, to some extent, to endorsing the difficult situation experienced by nurses in the network. Remember that almost all Québec union organizations had accepted this extension.

On the recommendation of the Negotiation Committee and the Executive Committee, the Federal Council mandated the Executive Committee to negotiate and enter into an agreement that provided for a 2% increase for 2003. The main reasons supporting this recommendation are that 2003 is over and that the time frame for starting the negotiations has been postponed, due to the adoption of Bills 25 and 30. The delegates believe that it is preferable to claim these amounts owed to the nurses instead of letting them sit in the Government's coffers.

As we go to press, this demand had been presented to the representatives of the *Conseil du trésor* and the CPNSSS. They assured us that they would study this proposal attentively and give us their answer promptly. As soon as developments occur on this issue, information will be circulated and a general assemblies will be held so that the nurses may vote on the agreement at the local level.

NEGOTIATIONS : the consultations continue
The salary demands

Before discussing more specifically what the salary increase demands should be for 2004 to 2006, Richard Beaulé, coordinator and spokesperson for the negotiations, recalled the main economic indicators that serve to define the salary demands.

The Consumer Price Index (CPI) tells us the inflation rate. For the past several years, Canada has seen low CPI growth (from 1.5% to 2.5%) due to the economic policies of the Bank of Canada and the federal government. In fact, the Consumer Price Index (CPI) is calculated by comparing the price of a fixed basket of goods and services over time. The CPI is very often used to estimate variations in purchasing power and is widely applied to measure inflation.

The salary demands must therefore consider the CPI forecasts made by economists to ensure that nurses' purchasing power is preserved. It is also essential, at the end of each year of the collective agreement, to provide for a salary increase adjustment mechanism in the event that the CPI exceeds the estimated rate and the payment of a lump-sum to cover the gap between the estimated CPI and the actual CPI.

The gross domestic product (GDP) measures the economic activity of a country or a province. It represents the market value of all goods and services produced in a given year within the borders of a country or a province. This is the standard measurement of the overall size of the economy.

However, this measurement of economic activity gives no indication of how wealth is distributed. In fact, GDP growth has been excellent for the past decade but the rich have continued to get richer while the poor have gotten poorer. The salary demands must therefore call for this wealth, generated by all, to be distributed more equitably.

The salary demands submitted for consultation at the local general assemblies therefore provide for protection against the CPI plus a share of the projected GDP. Similarly, since it is forecast that the 2003 CPI will exceed 2% - some economists are talking about 3% - it is necessary to provide immediately for the 2004 increase to account for this difference in the CPI.

The following table presents the combined results of these rules:

	Demand	Projected CPI	Share of GDP	Adjustement for the previous year
On January 1, 2004	4.5%	1.9%	1.6%	1% (3% - 2%)
On January 1, 2005	4%	2.5%	1.5%	Unknown
On January 1, 2006	4%	2.5%	1.5%	Unknown

Thus, the Executive Committee recommends the following two resolutions:

> **"That the salary rates and scales, including salary supplements and premiums expressed at a fixed rate, be increased by the following percentages:**
>
> **On January 1, 2004: 4.5%**
>
> **On January 2005: 4%**
>
> **On January 1, 2006 : 4% "**

> **"That in the event that the CPI for a given year is higher than projected, this percentage variance be added to the projected increase for the following year and that this variance serve to calculate a lump-sum for the past year."**

Pension demands

Before going further on the proposed pension plan demands, the Executive officer responsible for negotiations presented the context behind the these demands.

Since its creation in 1973 and through the various rounds of negotiations, several improvements were made to the pension plan, the RREGOP. Two concerns have served to guide the FIIQ's choices regarding improvements to the RREGOP: increasing retirement income and equity among plan members.

The next round of negotiations will feature two major elements. First of all, due to the labour shortage for certain classes of personnel, it is difficult to envision any improvement in the plan that would have the effect of hastening retirements. Secondly, the poor performance of the *Caisse de dépôts et placements* in the past few years has an almost inevitable effect: an increase in the RREGOP contribution rate. The rate of return was -4.68% for 2001 and -8.52% for 2002. It is therefore foreseeable that the contribution rate will have to increase significantly to make up for these shortfalls. What will the future contribution rate be? It's difficult to predict at this time because the next actuarial valuation, produced every three years by the CARRA, will only be available in 2004. We know that a recent update of the last actuarial valuation would lead the CARRA to conclude that the current rate of 5.35% should be increased to at least 6.01%.

The demands submitted for consultation to the general assemblies therefore are meant to improve retirement income and obtain greater equity for all, without creating upward pressure on the cost of the plan or accentuating the nursing shortage. This is the sense in which the consultant responsible for the pension plan, Line Lanseigne, presented all of the pension demands.

More equitable indexing

In the last round of negotiations, the CPI minus 3% indexing formula applied to all years of past service since July 1, 1982 was greatly improved. Effective January 1, 2000, the indexing formula became CPI minus 3%, minimum 50% of the CPI, thus assuring minimum indexing in the event of a low CPI. The CARRA proceeds as follows to calculate the pension indexation:

- The portion of the pension corresponding to past service prior to July 1, 1982 is fully indexed at the CPI rate.
- The portion of the pension corresponding to past service effective from July 1, 1982 and before January 1, 2000 is indexed at CPI minus 3%.
- The portion of the pension corresponding to past service effective from January 1, 2000 is indexed at CPI minus 3%. However, this indexing can never be less than 50% of the CPI, whichever is more advantageous to the pensioner.

Example:

A nurse has 20 years of service for calculation purposes and receives a $20,000 pension. Let's assume that the CPI for the year 2004 is 2%. Her pension will be indexed as follows:

Prior to July 1982 : *indexing at CPI*

<u>6 years</u>	X	$20,000	=	$6,000
20 years				<u>X 2% (CPI)</u>
				120 indexing

July 1982 to january 2000 : *indexing at CPI minus 3 %*

<u>12 years</u>	X	$20,000	=	$12,000
20 years				<u>X 0% (CPI – 3 %)</u>
				$0 indexing

Since January2000 : *indexing at CPI minus 3 %, min. 50 % CPI*

<u>2 years</u>	X	$20,000	=	$2,000
20 years				<u>X 1% (min 50%)</u>
				$20 indexing

Indexed pension : $20,140

In a context of low inflation as we have seen for the past several years, many nurses who have several years of past service after July 1, 1982 and before January 1, 2000 are now confronted with the fact that a substantial portion of their pension is not indexed. It is imperative to improve the retirement income of these nurses by instituting a minimum indexing threshold.

To achieve this, the FIIQ proposes the introduction of a test that would make it possible to verify whether a member's total pension is indexed at least to the level of CPI minus 3%, minimum 50% of the CPI. This demand would also extend to nurses who are already retired.

For example, a nurse in a situation similar to the one set out in the previous example would be entitled, on her entire pension, to minimum indexing of 50% of the 2004 IPC, or 1%. Thus, her indexed pension would increase from $20,140 to $20,200. Year after year, these amounts can represent a substantial difference in income.

Thus, the Executive Committee recommends:

> **"That indexing of the member's total pension may not be less than CPI minus 3%, minimum 50% of the CPI."**

Improve the deferred pension

Currently, when a nurse permanently leaves a job covered by the RREGOP before age 55 and has not reached 35 years of service, she is not eligible for her basic RREGOP pension. This nurse will have access to a "deferred" pension when she decides to apply for payment of her pension.

The deferred pension is calculated in the same way as the basic or regular pension, namely:

> *2% x number of contribution years (years used to calculate the pension) x average pensionable earnings (5 best paid years)*

Contrary to the basic pension, which is paid at age 60 or 35 years of service, the deferred pension is payable without actuarial reduction at age 65. Thus, if an employee takes early retirement at age 55, because this is the minimum age at which she can receive her pension, she will be subject to a greater actuarial reduction due to the fact that she is taking early retirement over a longer period (e.g. 10 years, between age 55 and 65). Moreover, coordination of benefits with the QPP applies, in the case of the deferred pension, as soon as the pension is paid, rather than at age 65 as in the case of a basic RREGOP pension.

This situation most often affects nurses on disability who, against their will, see their relationship of employment severed after 3 years of disability, often before age 55. In such a case, it is easy to observe that the value of the deferred pension will be much lower than that of the basic pension they would have received had it not been for their disability. Yet, in many cases, these nurses contributed to the plan for 20, 25 or 30 years.

For the FIIQ, these nurses, weakened by their disability and very often faced with a difficult and precarious financial position since they do not always receive long-term salary insurance benefits up to age 65), should no longer be required to lose such substantial retirement income.

Thus, the Executive Committee recommends:

> **"That the deferred pension no longer be paid at age 65 but at age 60 and that it be subject to coordination of benefits at age 65."**

Exercise of parental rights

For the FIIQ, it is unacceptable that exercising parental rights cause women to lose retirement entitlements. Unfortunately, there are still situations where non-incumbent (casual) employees do not benefit from the same treatment as incumbents. The same principle applies for employees of the network who benefited from maternity leave before joining the RREGOP. Finally, a 100-day exemption is provided to cover the parental leave period. The new realities of parental leave favour a longer leave period and the pension plan should be adjusted accordingly.

Thus, the Executive Committee recommends:

> **"That the RREGOP be amended so that the exercise of parental rights not cause prejudice to the members."**

Buyback of reimbursed years of service

In the 1970s, many nurses obtained reimbursement for their years of contribution to the plan when they left their jobs. In those days, these reimbursements were almost automatic and were rarely made on the nurses' initiative. It appears necessary today to reinstate these nurses' entitlements in the pension plan and allow them to buy back these contribution years.

Thus, the Executive Committee recommends:

> **"That the provision of the RREGOP Act prohibiting the buyback of reimbursed contribution periods be repealed."**

Transition from work to retirement

It appears necessary that the RREGOP also adapt to the new realities concerning the transition between work and retirement. Those who wish to extend the term of their gradual retirement beyond the 5 years currently authorized should be able to do so.

Thus, the Executive Committee recommends:

> **"That the term of gradual retirement may be 7 years, without any change in the existing eligibility criteria."**

The Government's commitments

The Government's commitments to the pension plan are an issue of the utmost importance and more relevant than ever. This dispute sets the union organizations (CSQ, CSN, FIIQ, FTQ and SFPQ) on a collision course with the Government on the real value of the pension fund that the Government should have constituted.

Contrary to what it has always claimed, the Government says that it has only committed itself to pay half of the pension promised to the contributors. For the union organizations, these commitments instead represent the value of the amounts that the Government normally would have constituted if it had invested its contributions in a fund, like all of the plan's contributors. For the FIIQ, the discussions around this dispute are an opportunity to restore the parties to an equal footing concerning their respective commitments to the pension fund. In this sense, the next round of negotiations should be the opportunity to reactive this issue, which was raised in 2001 and then put on hold last spring by the Charest Government. Finally, the settlement of this dispute should also be the opportunity to change certain aspects of the plan to make it more equitable and less complex from the administrative point of view.

Thus, the Executive Committee recommends:

> **"That the issue of the Government's commitments be part of the process of negotiation."**

Pension plan administration

The Commission administrative des régimes de retraite et d'assurances (CARRA) administers all of the pension plans to which the Government contributes (RRE, RRF, RRCE, RREGOP). Over the years, in an increasingly complex retirement environment, CARRA's administration of the plan is increasingly out of tune with the union organizations' expectations.

The union party, which sits on the Pension Committee as a trustee of the RREGOP, does not exercise enough control over the plan's administration and funding.

Thus, the Executive Committee recommends:

> **"That the Retirement Committee have greater power over the plan's administration and funding."**

You now have the floor! Following this consultation phase, a team will compile all the recommendations adopted by the local general meetings. A working document will then be submitted to delegates at the February Federal Council, who will be called upon to discuss and vote on the demands that will subsequently be presented to the employer party.

Have a good debate and a good consultation!

FIIQ EN ACTION

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