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Translated

"The government isn't talking straight on pensions" – CAPE

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The union comprised of 13,000 federal government economists and statisticians is contesting the conclusions of a study by the C. D. Howe Institute that concludes that federal employee pension plans are too generous and points to a larger accumulated deficit than what has been stated by the federal government.

After the Public Service Alliance of Canada (PSAC) and the Professional Institute of the Public Service, the Canadian Association of Professional Employees (CAPE) is the third largest federal public service union to denounce this pension study. Rumors are currently circulating that the Harper government will use next week's budget to take aim at the pension plans of its 370,000 employees to reduce its deficit.

"When you want to get rid of your dog, you say it has rabies. The government is not being straight with everyone. It should not be forgotten that the C.D. Howe Institute has been the mouthpiece for the conservatives' ideas for a long time. They have always done it and they will not stop tomorrow," confirmed the President of CAPE, Claude Poirier.

### **Contested methods**

CAPE contests the methods used by the C. D. Howe Institute to arrive at its conclusions. The C. D. Howe Institute study, made public in January, asserted that these pension plans point to an accumulated deficit of nearly \$522 billion at the end of the 2008-2009 fiscal year, which implies that the deficit is \$58 billion higher than what the government's pension accounts reflect for the same period.

The authors of this study used alternative valuations and fair-value accounting, which are methods that cannot be applied to pension plans with life spans that extend over a long period, CAPE emphasized. "In a pension plan, many people come and go. That is why calculations are made by actuaries, not accountants," it noted.

"Getting acceptance for the idea that public service employee pension plans must be reduced is a political football. What is not being said is that the government has given itself contribution holidays and that it made a \$30 billion withdrawal at the end of the 1990s. It was the public service employees who contributed to erasing a part of the debt," underlined President Poirier.

The Public Service Pension Advisory Committee received a report from the chief actuary last December. The report indicated that the federal public service employee plan is very sound. It should be noted that the plan was initially 60% funded by the employer and

40% by employees. And this objective should be reestablished within the next two or three years, emphasized the President of CAPE.