

Ontario teachers to face pension cuts under union-promoted deal

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A recent deal between the Ontario Liberal government and the Ontario Teachers' Federation (OTF) to freeze pension-plan contributions is causing much unease among the province's public school teachers. All the more so, since earlier this spring the unions that comprise the OTF—the Ontario Secondary School Teachers' Federation (OSSTF), the Elementary Teachers' Federation of Ontario (ETFO) and two smaller unions representing teachers at publicly-funded Catholic and French-language schools—endorsed a two-year wage freeze and major cuts to benefits.

Although the OTF-government deal has huge negative implications for teachers' future retirement income, they are not being allowed to vote on it.

The OTF-government deal freezes both government and teacher contributions to the Ontario Teachers' Pension Plan at current levels for at least five years. Invariably this will increase the plan's deficit, paving the way for further cuts to benefits.

Similar deals that the government signed with three major public sector unions last Fall stipulate that before the government is asked to make up any pension-plan shortfall pensions be reduced by 20 percent.

The freeze in contributions to the teachers' pension plan comes on top of earlier agreements between the government and the OTF to reduce retirees' cost-of-living protections against inflation. In 2009, inflation indexing was reduced to 50 percent. In 2011, it was cut to 40 percent. Now, pension benefits will receive no automatic protection against inflation whatsoever and will only be nominally buffered if the pension plan's funding status eventually improves—a dubious prospect given the contributions freeze, low interest rates, and the ongoing volatility of the bond and stock markets.

Although the recent period has seen a massive speculative rise in stock market indexes, the Ontario Teachers' Pension Fund reported a \$5.1 billion deficit last month. In January 2012, the teachers' pension plan had a \$9.6 billion deficit. Projections for the next two years point to the continuation of a funding shortfall, but these projections do not take into

account the prospect that the current rise in equities on North American stock markets is yet another bubble that will, sooner or later, burst.

Teachers currently contribute a whopping 13 percent of their annual salary into their pension plan. There are currently 114,000 retired teachers in the province receiving pensions and 175,000 teaching staff currently working in the schools. With pension earnings largely "grandfathered" for current pensioners and veteran teachers, it is feared that the new OTF deal will create a deep rift between older and younger teachers.

Over the past month the *World Socialist Web Site* has received several communications from teachers and retirees reporting opposition to the OTF's pension concessions. One reader recounted membership discontent at a recent meeting of a large south-western Ontario local union of elementary teachers and a reticence to take union leaders' "assurances" at face value: "A member spoke to express fears that the government will eventually expect teachers to further increase their own contributions. Another member argued that while teachers were polled on the March concessions contract, they were not consulted by the union on the pension concessions. Another teacher put forth that while the unions seek a court ruling against the government's imposition of concessions last fall, there is no similar challenge to the government's pension contribution freeze."

Such discontent is not an isolated occurrence amongst provincial teachers. Last November, OSSTF negotiators reached contracts with several local school boards that were subsequently approved by the Liberal Education Minister as conforming to the government's austerity template. However, when put to a vote, rank-and-file teachers in York Region and Niagara, two of the province's largest school districts, rejected the proposed contracts.

For their own part, union officials have not only defended their acceptance of measures aimed at making teachers pay for the capitalist crisis, they are bragging about it. Said OTF President Terry Hamilton of the recent pensions deal: "It is difficult; teachers did take a reduction in benefits, but I think

that ensures the sustainability of the pension plan and weathers the storm created by low interest rates and changing demographics. The times didn't help the situation but it shows how we continue to work effectively with the government."

This is the stock-in-trade of the trade unions today—collaboration with big business and its political hirelings in imposing austerity at the expense of workers' jobs, wages and rights and public services. Over the past year, the big business Liberal government has begun to implement—with the support of the trade union-backed New Democrats—budgetary plans to slash \$15 billion in social spending over five years. This has so far included wage freezes on over a million public sector workers, further benefit cuts, layoffs and a wrecking ball directed at what remains of the province's public and social services.

As far as the teachers themselves are concerned, over a hundred thousand mobilized to reject the Liberals' anti-democratic Bill 115 which suspended free collective bargaining, imposed sweeping concessions and outlawed the right-to-strike. But the unions opposed any genuine struggle against the concessions, limiting teachers to one-day rotating walkouts; then used the labour board's January ruling that even a one-day protest walkout against Bill 115 was "illegal" to suppress all job action.

No sooner was Ontario Premier Dalton McGuinty replaced by Kathleen Wynne than the teachers' unions begun negotiations with the government to "regularize" the contracts imposed by legislative fiat under Bill 115, while quietly and separately negotiating the pension give-backs.

In April, the OSSTF pushed through a "negotiated" concessionary contract virtually identical to that imposed under Bill 115. And the EFTO is now finalizing a similar deal.

This is what Hamilton means when he brags how "effectively" the unions work with the government.

Indeed, such is the temerity of the teachers' union leaders that the OSSTF held up the concessions contract it imposed on teachers last month as a "victory." In fact the paltry change to the government's litany of concessions—banked sick days for younger teachers bought back by the government for 25 cents on the dollar as opposed to 10 cents—was conditional on savings being wrung from the education budget in other areas. Already, district school boards across the province have delayed school repairs, further reduced art and music programs and planned more layoffs.

The self-satisfaction of the union officialdom was barely diminished when, last month, the Ontario Labour Board ruled that the withdrawal of voluntary extra-curricular activities by elementary teachers over the course of the

winter to protest the government's Bill 115 constituted "illegal strike action." This decision effectively changes teachers' conditions of employment, as it makes their participation in voluntary activities mandatory, yet EFTO union head Sam Hammond released a terse statement affirming his union would abide by the decision.

The union officialdom's pride in "working with the government" has known few bounds. The Ontario Secondary School Teachers Federation and the Elementary Teachers Federation of Ontario have for many years been enthusiastic supporters of the big business Ontario Liberals, hailing former leader Dalton McGuinty as "the education premier" and stumping for the Liberals in the past four elections. The largest OSSTF local—even in the midst of their so-called fight with the government—generously donated last winter to the Liberal leadership campaign war chests of candidates who had supported Bill 115, including the ultimate victor, Wynne.

The attack on working people's pensions is a global phenomenon. Governments have slashed pension benefits throughout Europe. In its 2012 budget the Harper Conservative government effectively raised the retirement age to 67 and U.S. big business has been braying for years for cuts to Social Security, that is pensions. For many young people entering the labour force, and for workers generally in low-wage industries, there is no prospect for any kind of company pension. In the established industries of the private sector, defined-contribution plans that place pensioners at the mercy of the vicissitudes of the stock market have largely replaced the defined-benefits plans won by workers over decades of struggle. The renewed attack on public sector pension schemes in Ontario is the latest assault on working people's living standards as the ruling elite continues to enrich itself at the expense of the vast majority of the population.



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