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CANADIAN FEDERATION
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DE L'ENTREPRISE INDÉPENDANTE.

814 Main Street, Suite 204
Moncton, NB E1C 1E6

814, rue Main, bureau 204
Moncton (NB) E1C 1E6

OPEN LETTER

November 15, 2011

TO ALL MEMBERS OF THE SAINT JOHN COMMON COUNCIL

Re: City of Saint John Pension Plan

Dear Mayor & Councillors:

On behalf of the Canadian Federation of Independent Business (CFIB) and our 108,000 members - small, independent business owners who operate businesses across the country and in your city - I write today to thank you for taking courageous first steps towards pension reform. As difficult as these decisions are, your leadership on this file has not gone unnoticed and will be held up as an example of what can and must be done to address public sector pension liabilities and inequities.

I want to acknowledge the leadership it took to propose a temporary suspension of annual indexation and the removal of overtime pay from pensionable earnings within the City of Saint John Pension Plan. As you are well aware, without such changes the plan's tremendous deficit would have been forced on Saint John's families and businesses who would have seen significant property tax hikes. While we are acutely aware that such decisions are difficult, I would like to help bring some perspective to the discussion: even with the changes, the generosity of the city's pension plan still remains out-of-reach for most New Brunswickers. In fact, most New Brunswickers have no workplace pension coverage due to their sheer cost and of those that do have plans, most are Defined Contribution (DC) plans. The significant risks, uncertainties and proven unsustainability of Defined Benefit (DB) plans, all of which your city is experiencing first-hand, has resulted in a movement from DB plans to DC plans in the private sector.

Further to this, one of the recommendations CFIB is proposing to address the public sector pension crisis - certainly not unique to Saint John - is to move elected officials to DC plans, along with *new* public servants. These would be other important steps in bringing fairness between the minority who work in the public sector and the majority who work in the private sector and without workplace pension coverage. It is our strong view that all deserve the right to a dignified retirement. We hope you will agree that it is difficult to achieve this goal while supporting a pension system that widely favours elected officials and public sector employees at the expense of those who cannot afford anything remotely comparable for their own retirement. In short: all public sector plans, at all levels of government, are in need of serious reform. The tough work has just begun and while the changes you have proposed are steps in the right direction and which will immediately protect taxpayers, it is very likely they will be insufficient to address longer-term challenges.

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The decision you have made to move forward on pension reform should be a call to action for other cities and all levels of government. We will continue to urge government leaders to make the tough decisions in order to bring affordability, sustainability, cost-certainty and fairness to public sector plans.

Thank you once again for your leadership and we sincerely hope that the New Brunswick government will work productively and cooperatively with you to pass the enabling legislation that makes these much needed changes possible. Saint John's small business owners are expecting nothing less.

If you have further questions, please do not hesitate to call our New Brunswick office at (506) 855-2526.

Sincerely,

Catherine Swift
President and CEO

cc. Hon. David Alward
Premier of New Brunswick