

**Supporting Documents for
Resolutions from Presidents' Council
and
Standing Committees**

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Policies and Principles for Bargaining in BC's Universities

Introduction

The structure and goals of our bargaining processes are informed by the policies and principles that FPSE establishes through debate and resolution within our membership. As we strive to improve our collective agreements at each new round of bargaining, we also need to review and strengthen those policies and principles and ensure their on-going relevance.

FPSE's policy manual reflects the longstanding view that collective bargaining plays a critical role in shaping our work and learning environment. In the early 1990s, for example, when degree granting status was extended to colleges and institutes and university-colleges became part of an expanded public post-secondary system, our Federation developed new policies to ensure that collective bargaining played a vital role. More recently, with the transformation of three university-colleges, one institute and one community college into special purpose teaching universities, there is renewed interest in developing a comprehensive policy framework within which collective bargaining will support improvements in work and learning conditions at BC's universities.

Existing FPSE bargaining policy goals and labour relations principles as outlined in Sections 3 and 4 of the Policy Manual should continue to apply to those locals dealing with institutional conversions to university status. That conversion has created pressures to change collective agreement provisions to a more individualistic model of employment.

However, the principle upon which university-related FPSE policies are based is of a collectivist, egalitarian, equitable university workplace model as opposed to a competitive, stratified model of employment. To these ends the following principles and policies are recommended to Presidents' Council.

Bargaining Principles for the University Workplace

As the establishment of university status has created pressures to change collective agreement provisions in ways that could reduce the homogeneity of members and therefore could weaken the community of interest amongst members, FPSE affirms that:

1. Collective bargaining provides an essential platform from which post-secondary educators have achieved significant improvements. The terms and conditions of work in our institutions, in turn, ensure that BC maintains high quality learning opportunities for post-secondary students.
2. University-related FPSE bargaining policies are based on a collectivist, egalitarian, and equitable university workplace model as opposed to a competitive, stratified model of employment.
3. Existing bargaining policy goals, labour relations principles and policies found in the FPSE Policy Manual continue to apply to those locals with bargaining certifications at institutions that have been granted university status.

Bargaining Policies for the University Workplace

Based on FPSE bargaining principles for the university workplace, this set of bargaining policy goals informs and guides bargaining in a university context:

1. Academic Freedom

Academic freedom provisions are broadly defined and available to all faculty commencing upon first employment.

2. Equity

Collective bargaining upholds the equal rights of all faculty and establishes measures that maintain structures of equitable compensation and treatment.

3. Protection of Existing Faculty

New collective agreement provisions do not result in the diminution of existing rights, benefits or protections of faculty members.

4. Pensions

Local collective agreements support the continued participation of all faculty in the College Pension Plan.

5. Faculty

Faculty are defined in Collective Agreements as Counselors, Librarians and all those who teach, evaluate students, develop curriculum, pursue scholarship or service activities, or are involved in academic or educational administration; such as Chair, Coordinator, Department Head or similar position.

6. Governance

Collective agreement provisions provide that all faculty have access to all aspects of institutional governance: the right to represent and to be represented. Additionally, Collective Agreements have primacy over Senate, Board or administrative policies or dictates.

7. Compensation

Collective Agreements maintain a single salary scale. This single scale, with as few steps as possible, allows all faculty to access all steps. As well, Collective Agreements ensure a single process of placement and progression on the scale and do not incorporate provisions for individual bonuses or merit pay provisions.

8. Rank

Collective Agreement compensation-related rights and benefits maintain a single category for all faculty. Any provision for varying job title is not connected to different pay rates.

9. Workload

Collective Agreement provisions ensure that all faculty are subject to faculty-controlled procedures for determining the allocation of work such as scholarly activity/research, teaching, and/or service. All components of the chosen workload are fully pro-rata for all faculty in all their professional roles. Collective Agreements limit overtime and provide specific caps on workload. In addition, all faculty have equitable access to whatever research monies or curriculum development monies are available.

10. Job Security**a. Temporary/Non-Regular/Sessional/Term Contract and Conversion**

Collective Agreements provide that temporary/non-regular/sessional/term contract employment is limited to a maximum of equivalents of two years of half-time work. Summative evaluation is subject to fair, transparent procedures, and subject to collective agreement processes and grievance provisions. Evaluations are conducted primarily by faculty members.

Given the absence of a negative summative evaluation, collective agreement provisions provide the seniority right of first refusal to available work during probationary periods. This is followed by automatic conversion of the person to a regular status of employment with requisite protection from layoff.

b. Regular/Continuing/Non-Probationary

Collective Agreements provide that this status either follows a successful completion of a posting/application process or a conversion process. Without cause, the process does not entail further summative review or evaluation. It provides continual seniority right of first refusal to available work up to full-time.

This status also provides full access to all provisions of the collective agreement. These provisions include full rights to layoff protection including seniority protection, notice, transfer, severance and recall.

c. Tenure

Collective Agreements that provide tenure and tenure-related provisions adopt them as inclusive concepts that conform to the following:

Tenure is:

- available to all faculty and faculty union members for all professional roles
- available in a pro-rata fashion to all according to their time status (percentage of FTE workload).
- independent of compensation provisions.
- assigned through a peer-selection process.
- assigned to an individual and stays with the person, not the position.
- protected by financial exigency and redundancy provisions.

11. Bargaining Coordination

FPSE continues to establish informal and formal coordination of bargaining across locals involved in university bargaining. That coordination includes the provision of research and labour relations expertise designed to strengthen existing Collective Agreements and improve bargaining outcomes for those locals.



Federation of
Post-Secondary Educators
 of BC

**Joint Presidents' Council / Pension Advisory Committee
 Working Group on Pension Administration**

Pension Report

Members:

Frank Cosco (Executive Liaison, Chair), Jennifer Kirkey (Local 04 PAC), Terri Van Steinburg (Local 05 PC), Joan Kaun (Local 06 PAC), Alan Cooper (Local 14 PAC), Bill McConnell (Local 16 PC), Paul Ramsey (Retired PAC), John Wilson (Local 01 Advisory Trustee), Jeff McKeil (Staff Representative), Nancy Yip (Administrative Assistant)

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- V. College Pension Plan: Principles and Framework for Pension Governance**

I. Mandate

Upon recommendation of the Pension Advisory Committee, the January 2010 Presidents' Council meeting mandated this committee to work on issues around Pension Plan policy, governance, and trustee appointments. Issues included:

Trustee evaluation	Trustee cycle of three-year appointments
Status of a trustee from FPSE staff	Appointment process
Pension Advisory Committee's role in appointments	
Succession planning	
Cap on terms	Shadow trustees
The jointly-appointed retired trustee	Current policy compliance
Release amounts for trustees	Gender equity policy

Other work that was being done that was folded into this group's mandate, specifically the October 09 draft *Principles and Framework for Pension Governance*, as commented on and revised by the Pension Advisory Committee and Presidents' Council, and the extensive March 10 *Report of the Presidents' Council Sub-Committee on Trustee Relations and Appointments*, done by Bill McConnell, Terri Van Steinburg and John Wilson.

II. Work of the Committee

The committee has worked through a series of 12 teleconferences. The recommendations of the March Presidents' Council Sub-Committee *Report* have been thoroughly reviewed and integrated into our report.

III. Policy Recommendations

A. Adopt as FPSE policy statements from "*Principles and Framework for Pension Governance*" and have them begin the section on pension policy as the new section 5.1 Overview of Partner and Trustee Roles and Obligations.

Currently, FPSE's Policy and Procedures Manual includes some operational pension policy as Section 5 of its general policy compilation. Upon adoption this set of policy statements should go at the beginning of that section as it includes many overarching pension principles.

B. Adopt Policy Recommendations on Pension Governance

In sum, these policy recommendations amount to a rewriting of the current Section 5.1 with a bit of current language, changes to current language and new additions both from the current Presidents' Council/Pension Advisory Committee subcommittee and from the March 10th Report of the Presidents' Council Subcommittee. The following represents what the whole of Section 5 would look like with the recommendations included. If there's no recommendation, current policy would stay as is. They follow as the new section 5.2 Pension Governance.

5. PENSIONS

5.1 Overview of Partner and Trustee Roles and Obligations

FPSE leadership in the role of partner and FPSE-appointed trustees have a responsibility to plan members and to FPSE to ensure that the pension promise is kept. This principle has primacy over all others.

The pension promise is that set of financial features of the plan designed to enable pension recipients to live with dignity and security; they are embodied in the Rules of the Plan.

5.1.1 Definition of FPSE as a College Pension Plan Partner

The FPSE Partner is for operational and representative purposes the FPSE President. The President is the Chief Executive Officer of the Federation as mandated and authorized by the Constitution and By-Laws of the Federation, which also set out that the President is responsible to the Presidents' Council and to the Annual General Meeting.

With the approval of Presidents' Council, the President may appoint individuals to assist in representative functions or to act as the President's Delegate.

5.1.2 Responsibilities of FPSE as Partner

- 5.1.2.1 Make or rescind three trustee appointments.
- 5.1.2.2 Jointly with BCGEU make or rescind one trustee appointment of a person who is retired from service and receiving a pension under the plan.
- 5.1.2.3 Nominate jointly with BCGEU a Trustee as a director of the British Columbia Pension Corporation.
- 5.1.2.4 Jointly with all other partners direct the Board of Trustees to amend the pension plan rules subject to legislated conditions.
- 5.1.2.5 To develop policy and procedure for the appointment, evaluation and removal of trustees.
- 5.1.2.6 Work to enable the Plan to keep the pension promise.

5.1.3 Fundamental Principles

- 5.1.3.1 As a partner, FPSE is accountable to its membership and must function within the policies and priorities developed by the membership.
- 5.1.3.2 Pensions operate on a long term horizon. Consequently, decisions regarding the pension plan should be driven by that horizon rather than immediate or short-term considerations, including political and financial aspects.
- 5.1.3.3 Trustees are obligated to act in the best financial interests of members.
- 5.1.3.4 Trust law requires trustees to act in a prudent, diligent, and fair-handed way.

5.1.4 Operating Principles

5.1.4.1 Shared decision-making

Joint trusteeship is a commitment to shared decision-making by employee and employer plan partners.

5.1.4.2 Integrity

Partner and trustee decision-making and actions are carried out in an open, principled, consistent, coordinated, transparent and accountable manner.

5.1.4.3 Communication

(a) FPSE as a partner and FPSE-appointed trustees maintain open, timely and accessible communications with each other and with members of the pension plan at all times and especially when changes to the plan are under consideration.

(b) FPSE trustees shall advocate for the Pension Board to have the broadest level of communication possible between it and the partners.

5.1.4.4 Sustainability

Partners and trustees work to keep the pension promise.

5.1.4.5 Guidance

(a) FPSE has an obligation to ensure the relevant policies of the Federation are being fulfilled.

(b) Within requirements of fiduciary duty, FPSE-appointed trustees are expected to advance the goals of the Federation.

(c) FPSE has oversight of its partner representatives and its trustees. FPSE has a responsibility to remove trustees or representatives who fail to perform their duties.

5.1.4.6 Engagement

Partners and trustees must have exposure to varying points of view, stay current on pension related issues, maintain contact with internal and external stakeholders, and generally be engaged with the pension community to improve the quality and function of our pension plan.

5.1.4.7 Building Capacity

(a) Partners and trustees will work to ensure that each is knowledgeable about current and emerging pension plan issues.

(b) FPSE is responsible for ensuring that partner representatives, appointed trustees and trustee designates receive the training necessary in pension plan governance to carry out the policies of the Federation and their fiduciary responsibilities.

(c) Orientation of new Presidents' Council members must include receiving an overview of FPSE's role as a partner and relevant FPSE policy.

5.1.4.8 Economic Security

The financial aspects of the pension plan are important for both active members and recipients.

- (a) The pension benefit is an important benefit for attracting and retaining employees.
- (b) A pension received should maintain its real purchasing power during retirement.
- (c) Comprehensive post-retirement group benefits should be provided at an affordable cost for retirees.

5.1.5 Goals

FPSE should continue to maintain and work for:

- 5.1.5.1 Continuation of a jointly-trusted defined benefit pension plan
- 5.1.5.2 Full inflation protection of pension benefits
- 5.1.5.3 Retirees having access to fully-funded health benefit plans
- 5.1.5.4 A strong, healthy, sustainable pension plan that reflects member interests
- 5.1.5.5 Protection from detrimental legislative and regulatory changes
- 5.1.5.6 Seeking legislative and regulatory changes that will have a positive effect on the Plan
- 5.1.5.7 Ensuring that legislative and regulatory changes are made to the greatest extent possible by mutual consent of the Plan Partners
- 5.1.5.8 Additional employer contributions, not matched by employees, for universally available non-registered benefits

5.2 Pension Governance

NB: The following given individual appointments commence in September and run for three years and there is no cap on consecutive terms.

[new]

5.2.1 Appointment Process for FPSE Members serving as Plan Trustees

5.2.1.1 Nominations

The Pension Advisory Committee will canvass for nominations by the fall previous to trustee term commencement. Pension Advisory Committee will make its recommendation to Presidents' Council by the year-end previous to commencement year. Nominated Trustees do not have to be or have been Pension Advisory Committee members.

[Replaces current policy 5.1.1.(b) which has PAC making its recommendation at least one year prior.]

5.1.1 — PENSION PLAN TRUSTEES

~~(b) The Pension Advisory Committee (PAC) will recommend the names of appointments, including re-appointments, of trustees to Presidents' Council at least one year prior to the expiry of a current appointment.~~

5.2.1.2 Appointments

(a) At its first meeting in the year in which an appointment commences Presidents' Council will make a trustee-designate appointment for final confirmation by AGM. The successful trustee-designate is immediately authorized to attend trustee board and committee meetings with funding support. FPSE will request that the Board allow them to attend with voice.

[Replaces current 5.1.1.(e) which uses term "expected new appointees"]

~~(e) FPSE will request the College Pension Plan Board of Trustees to allow expected new appointees to attend as observers with voice at board and committee meetings until they are appointed, and FPSE will pay the travel costs related to such meetings.~~

(b) Trustee-designates will be given every opportunity to become familiar with the policies and issues that will face them as trustees, including attendance, with FPSE support at approved conferences.

[Same as current 5.1.1(d), with new term]

~~(d) New appointees will be given every opportunity to become familiar with the policies and issues that will face them as trustees, including attendance at approved conferences.~~

(c) To the extent possible, a trustee who is not able to finish a term will give as much notice as feasible. Depending on the timing of the vacancy, the President will either initiate as normal a cycle of consultations and decisions leading to a new appointment as possible or initiate an extraordinary process that allows for as much consultation as feasible but ensures that the Trustee position is filled in a timely fashion.

[Replaces current 5.1.1.(a) and 5.1.1.(c)]

~~(a) All FPSE appointed trustees will be requested to give at least one year's notice of their desire not to be re-appointed or their intention to resign their appointments.~~

~~(c) Expected new appointees will be identified as soon as possible after the receipt of notice or indication of an appointment change.~~

[new]

5.2.2 Appointment of a FPSE employee as a Plan Trustee

One FPSE-appointed trustee will normally be a staff employee of FPSE. The President will make a recommendation for the renewal of this appointment or for a new appointment from staff to the first Presidents' Council meeting in the year the appointment commences. In the case of a new appointment, policies 5.2.1.2 (a) and 5.2.1.2 (b) shall also apply.

[replaces current 5.1.3 which only indirectly allows for an appointee from staff]

~~5.1.3 COLLEGE PENSION BOARD APPOINTMENTS~~

~~At least two of FPSE's appointments to the College Pension Board shall be active contributors to the College Pension Plan and members of an FPSE local. (1999 AGM)~~

[new]

5.2.3 Equity and Gender Equity

- 5.2.3.1 FPSE will identify barriers to participation as Pension Plan trustees of members of equity seeking groups including women. It will work to eliminate those barriers through the development of specific engagement and outreach activities, including training.
- 5.2.3.2 Whenever nominations are being sought for trustees, there must be a specific effort to achieve broad participation of equity seeking groups.
- 5.2.3.3 For appointments commencing in 2014 and thereafter and pursuant to 5.2.1 and 5.2.2, Presidents' Council shall ensure there is at least one female and at least one male trustee amongst the FPSE appointee complement.

5.2.4 Appointment of a Retired Member as a Plan Trustee

Pursuant to the *Public Sector Pension Plans Act*, FPSE and BCGEU must jointly appoint a trustee who is retired from service and receiving a pension. In so doing and as it represents the great majority of both active and retired pension plan members, FPSE partner representatives will:

- (a) take the lead in the appointment process.
- (b) ensure that anyone being considered is receiving a pension through the College Pension Plan; and retired from service. For FPSE, retired from service means a retired trustee is not in receipt of compensation from a College Pension Plan employer.
- (c) ensure that anyone being considered has the appropriate knowledge and awareness of pension plan issues and is committed to fulfilling to the greatest extent possible the policies and goals of FPSE.
- (d) ensure that FPSE's current appointed trustees have been consulted in a timely way before an appointment is finalized.
- (e) ensure that the college sector of the BC Retired Teachers Association has been consulted in a timely way before an appointment is finalized.
- (f) ensure that a recommendation for an FPSE nominee has been sought from Pension Advisory Committee and been endorsed by Presidents' Council.

- (g) seek agreement with the BCGEU that the rotation of retiree trustee appointments starting in 2013 will be two consecutive FPSE-led three-year appointments followed by one BCGEU-led three-year appointment.
- (h) seek an agreement with the BCGEU that in 2013, retiree trustee appointments will first be offered to a formerly active FPSE member before a formerly active BCGEU member.

[replaces current 5.1.2, which called for a process, and other points which are now covered in the new 5.1 and elsewhere]

~~5.1.2 — PENSION PLAN RETIREE TRUSTEE~~

~~FPSE will invite the BCGEU to develop jointly a process for determining who is to be appointed as the retiree trustee, and the process developed will address succession planning and training of retiree appointees. Further, in developing a process for retiree trustee selection, the employee partner appointed trustees should be consulted or involved. (2001 AGM)~~

5.2.5 Succession Planning

Under the operating principle of Building Capacity, the Pension Advisory Committee, Presidents' Council and the President all have a responsibility to provide training and support for succession planning as part of the trustee appointment process.

[replaces 5.1.1.(f) which only dealt with the President and an appointment from staff]

~~5.1.1.(f) Whenever possible the FPSE President will consider succession planning in the assignment of a Staff Representative to PAC.~~

C. Adopt New Policy on Related Issues

[new]

5.3 Communications

- 5.3.1 Presidents' Council shall identify one of FPSE's appointed trustees as having the primary responsibility for reporting to the fullest extent possible on pension plan developments to the Pension Advisory Committee and Presidents' Council on behalf of all its appointed trustees.
- 5.3.2 Whenever necessary, the President shall inform other interested parties and partners that when officially communicating with FPSE as a partner, then such communications, whether confidential or not, shall be shared with Presidents' Council.

This does not obligate the President to share all unofficial communications.

All relevant non-confidential communication shall be shared with Pension Advisory Committee and other interested parties.

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- 5.3.3 The President and Presidents' Council will from time to time, and not less than bi-annually, formally review the effectiveness of communication on pension-related issues with interested parties.
 - 5.3.4 The President, Pension Advisory Committee and Presidents' Council shall ensure that appropriate and timely consultation on possible changes to pension plan operations and pension policy occurs with member locals and their membership before such changes are implemented.
 - 5.3.5 As appropriate, FPSE shall make other pension partners and interested bodies aware of its pension policies.
 - 5.3.6 In order to ensure communications are maintained at all times, the President shall have another appropriate person responsible to FPSE copied on official communication to FPSE as a partner.

[new]

5.4 Trustee Evaluation

All FPSE-appointed trustees will go through a formative evaluation process by the mid-point of each three-year term. The FPSE Employee Trustee will be evaluated according to the provisions of the collective agreement covering that employee.

[see action recommendation IV. B]

[new]

5.5 Trustee Release and Payments Received

In accordance with Purchasing and Expenditure Policy 2.12, members serving as trustees are eligible for release time purchases. Any stipends and per diem amounts they may receive are payable to FPSE.

[renumber, without alteration, current 5.2 through 5.7]

5.6 Determination of Pension Plan Basic Benefits

5.7 Pension Plan Health Benefits

5.8 Inflation Protection for Pension Plans

5.9 Bargaining and the Pension Plan

5.10 Pension Investment

5.11 FPSE Pension Advisory Committee Meetings and Representatives

D. Insert new policy in Section VI.2 Expenditure Policy – Budget Administration, renumber subsequent policies accordingly.

[new]

2.12 Pension Plan Trustee Release Time and Expenditures

- 2.12.1 FPSE will annually budget for the purchase of one-eighth of an FTE release time for each of its members serving as trustees.

- 2.12.2 For its members serving as trustees, FPSE will purchase further one-eighth FTE releases for each subsequent appointment as a Board Chair or Vice-Chair, or appointment to a BC pension-related board or body.
- 2.12.3 Any stipends or per-diems such trustees would receive are payable to FPSE.
- 2.12.4 Unless covered by the body or board concerned, Pension Trustee expenses are covered by FPSE expenses policy

E. Adopt Changes to the Pension Advisory Committee Terms of Reference

Under Responsibilities:

[replace current #4.]

~~The Committee will recommend to Presidents' Council names for three (3) FPSE-appointed trustees to the College Pension Board. The Committee will advise Presidents' Council on the retiree trustee appointment.]~~

4. As part of the Trustee appointment process the Committee will nominate candidates for FPSE trustees to Presidents' Council and the committee will advise Presidents' Council on the retiree appointment.

[add new # 7]

7. The Committee will monitor and review the effectiveness and relevancy of FPSE pension policies and, where possible, those of related organizations and unions with a view from time to time of recommending updates, changes, and additions.

IV. Consider taking action on the following recommendations:

A. That Presidents' Council approve the document, "College Pension Plan: Principles and Framework for Pension Governance" (Section V herein) as a statement of historical context, of policy intents, and of current priorities and challenges in 2010.

B. That a Trustee evaluation process be developed.

1. That Presidents' Council with the Pension Advisory Committee's participation form a joint Presidents' Council-Pension Advisory Committee subcommittee to recommend a trustee evaluation process.
2. When developing a Trustee evaluation process, that the joint PC/PAC subcommittee include the consideration of:
 - peer and/or self-evaluations;
 - the scope of the evaluation in regards to evaluating the effectiveness of Trustee's work on the Pension Board and their relationship/responsibilities in regards to FPSE, PAC and PC.

3. That the evaluation process include:
 - 3.1 all trustees going through a formative evaluation by the mid-point of each three year term
 - 3.2 a set of criteria for evaluation
 - 3.3 details of frequency and timing
 - 3.4 provision for establishing an evaluation committee made up of two members of the Pension Advisory Committee and two from Presidents' Council
 - 3.5 that the committee will ensure that the criteria and process are known to the trustee
 - 3.6 a confidential feedback mechanism from all of Presidents' Council and all of the Pension Advisory Committee who wish to participate
 - 3.7 that feedback will only go to the evaluation committee
 - 3.8 that a compilation of input is first shared with trustee and that trustee input is welcomed
 - 3.9 that a final report is released to Presidents' Council and the Pension Advisory Committee

C. That the Pension Advisory Committee complete the work of an External Policy Review

That Pension Advisory Committee include as part of its work plan under responsibility #7 those recommendations of the March, 2010 **Report on Trustee Relations and Appointments** found in the third and fourth bullets of section II-A, External Policy Review.

PC Sub-Committee on Trustee Relations and Appointments – March 2010

II Executive Summary of Recommendations

A. External Policy Review

[third bullet]

- We believe the following policies: 5 - 8, 10 - 13, 16 - 26, 29 - 42, 46, 50, and 52 are also essential and should be included in any complete FPSE policy, but note that they are effectively being done now under the joint trustee arrangement we have in BC.

OPSEU pension policy recommendations approved at their 2003 convention

E = essential and not yet FPSE policy	B = essential and part of current BC context
C = consider aspects for inclusion	N = not applicable in the BC context

	II. General Governance
B	5. The governance policies of pension plans should be transparent to sponsors, trustees and members.
B	6. Trustees must ensure that investment portfolios remain diversified, seeking adequate rates of return at acceptable levels of risk.

B	7. Pension plans should have comprehensive governance policies to enable trustees to be responsible fiduciaries by being active decision-makers.
B	8. Governance policies should provide detailed descriptions of direct responsibilities of trustees as well as delegation of responsibility through the organization itself. Governance policies should describe the monitoring and regular review processes to ensure evaluation of decision-making.
III. Sponsorship and Trust Documents	
B	10. In the case of jointly trustee plans, there should be an equal number of employer and union trustees on Boards of Trustees.
B	11. Retirees should be given the opportunity to serve as trustees.
B	12. Lengths of trustee terms should be designated to enable sponsors to have an orderly process for the appointment of trustees.
B	13. Trustees should elect a chair and vice chair, or co-chairs, from among themselves (rotating between sponsors) for a specified period.
B	16. The Board of Trustees should at minimum establish four committees with clear terms of reference and equal representation of union and employer trustees – namely an Administration Committee, an Investment Committee, an Adjudication Committee and an Audit Committee.
B	17. The Board of Trustees should, at minimum, reserve direct responsibility for actuarial valuations and investment decisions, audited financial statements and annual reports.
B	18. Trustees should ensure that the plan text - defining members' pension benefits - is interpreted fairly and consistently with established rules and procedures.
B	19. Trustees should establish and monitor standards of service to members and regularly review these standards of service.
IV. Communication with Sponsors and Members	
B	20. The Board of Trustees should make their decision-making transparent through documentation that is clear, comprehensive and fully informed. Regular reporting to sponsors and members should be incorporated into the sponsorship and trust documents such that reporting is meaningful and relevant to sponsor and member concerns and allows for dialogue.
B	21. Service to members should be a high priority. While legislation guarantees a bare minimum of information to members, pension plans should have much higher standards of communication. Members should have information on their pension entitlements as well as more general information on the plan.
B	22. The Board of Trustees should ensure that pension plans have comprehensive and accessible web sites.
B	23. Pension plans should deliver retirement planning workshops specific to the plan.

	V. Active Trusteeship and Training
B	24. Information and briefings provided by staff and advisors should be complete and communicated in a form as determined by trustees to ensure accessibility and transparency.
B	25. Trustees are responsible for the decisions they make and must be aware of the rationale for each decision. Trustees must be fully informed and seek advice when necessary.
B	26. Trustees are fiduciaries for the plan as a whole. All trustees must receive ongoing training in pension fund administration.
B	29. Trustee training expenses should be covered by the plan as a cost of effective governance and should be directly under the control of trustees.
B	30. There should be an appropriate number of trustee meetings per year such that trustees are confident that they can fulfill their fiduciary responsibility.
	VI. Statements of Investment Policy (SIPPs)
B	31. All pension plans are required by law to have statements of investment policy and procedures (SIPPs). SIPPs must be developed, monitored, regularly reviewed and filed annually by trustees.
B	32. SIPPs are specific to the administrative and financial circumstances of each pension plan. But each should include language on: plan liabilities, benchmarks, risk tolerance, investment manager selection, investment strategies, private placements, all classes of assets, proxy voting, fund management, mandates and monitoring of practices, conflict of interest.
B	33. The Board of Trustees must monitor fund managers to ascertain whether they are in compliance with plan investment mandates.
B	34. Statements of investment policy should have breadth, depth and clarity and should be communicated and made accessible to members both in print and on websites.
	VII. Social investment strategies
B	35. No component of statements of investment policy should bar trustees from pursuing social investment strategies.
	Shareholder activism
B	36. No component of SIPPs should bar trustees from pursuing shareholder activism. This is especially relevant given the recent accounting and auditing scandals and the loss of confidence in the markets.
B	37. Shareholder activism includes proxy voting, initiating shareholder proposals at annual meetings and class action suits. Shareholder activism encourages investment in corporations that take the high road on labour standards, environmental protection and responsible community behaviour.

B	38. The SIPP must give clear information about how shareholder activism is to be undertaken, the extent of activities and by whom so that there is direction to investment managers and information to members about investment strategy.
B	39. The SIPP should provide authorization to work with other shareholders in developing and supporting shareholder resolutions.
B	40. Pension plans should have proxy voting guidelines.
B	41. The Board of Trustees must monitor proxy voting through delegation or retention of the votes. The process for delegation or retention, monitoring and review must be described in the SIPP. Trustees must assure themselves that the process works in the best interests of plan members by regular review of voting results.
B	42. Investment managers must be advised of proxy voting policies of the pension plan.
Economically targeted investment	
B	46. No component of SIPPS should bar trustees from implementing economically targeted investment (ETIs).
B	50. A specified proportion of assets or amount of money may be allocated to an investment vehicle such as a pooled fund organized by a number of pension funds in order to minimize risk. Documents relating to this strategy, including performance benchmarks, should be referenced in the SIPP.
B	52. Investment managers should be required to report on performance at least quarterly, and on compliance once or twice a year. Reports should have depth and clarity and should be accessible in a format agreeable to or suggested by the trustees themselves. Investment managers should be required to meet with trustees at least annually for discussion on performance and strategy.

PC Sub-Committee on Trustee Relations and Appointments – March 2010

II Executive Summary of Recommendations

A. External Policy Review

[fourth bullet]

- We believe the following policies should be considered: 2, 14, 15, 43 - 45, 47 - 49, and 51. We note that the current legislative environment in BC requires trustees to act in the “best financial interests” rather than the “best interests” of the beneficiaries. We also note that the current low cost pooling method of making investments would cause an increase in costs if one plan were to try and act independently.

	II. General Governance
C	2. OPSEU policy is to advance the interests of its members and all working Canadians through the socially responsible investment of pension funds which includes shareholder activism, ethical and other screens and economically targeted investment strategies.

	III. Sponsorship and Trust Documents
C	14. Sponsors should provide in the trust agreement a process for appointing a mutually agreed “extra” trustee to resolve deadlocks between “regular” trustees.
C	15. The Board of Trustees should have the specific authority to hire and fire the plan and investment managers.
B	16. The Board of Trustees should at minimum establish four committees with clear terms of reference and equal representation of union and employer trustees – namely an Administration Committee, an Investment Committee, an Adjudication Committee and an Audit Committee.
	Ethical screens
C	43. No component of SIPPs should bar trustees from implementing investment screening.
C	44. Screens include the following:
	<ul style="list-style-type: none"> • positive screens, to screen in good features such as good labour, human rights and environmental practices; • negative screens, to screen out poor corporate behaviour such as child labour; • best-of-sector screens to include best-practice companies within a sector.
C	45. Investment screening must be described in the SIPP and communicated to members. The description should include the financial and non-financial criteria being used for the screens.
	Economically targeted investment
C	47. ETIs are investment funds set up to benefit workers and their communities, including: real estate development and mortgage funds, regional development, worker-friendly and privatization alternatives.
C	48. Investment policy relating to ETIs will be extensive and therefore will form documents separate from the SIPP. However, they should be referenced in the SIPP.
C	49. The SIPP should contain the objectives of the ETI investment as well as reference to the ETI's asset allocation, type and risk profile.
C	51. Trustees who are authorizing, implementing, setting standards, criteria or processes for shareholder activism, screening or targeted investment initiatives, must assure themselves that investment managers understand and support such initiatives and are capable of implementing them.

V. College Pension Plan:

Principles and Framework for Pension Governance

Overview

In the late 1990s, as part of provincial bargaining, FPSE achieved joint trusteeship in the College Pension Plan. The bargaining table settlement was far more than a provision in the provincial common agreement. It involved legislative change. In effect, our demand at the bargaining table transformed into a re-writing of the legislation that established the College Pension Plan in the first place.

Joint trusteeship was a major accomplishment for post-secondary educators, for FPSE, and for the long-term governance of what is now a \$2 billion pension plan. Prior to the 1998 change, our voice as plan members was secondary in the ongoing governance of the College Pension Plan. The choices made by the government appointed plan trustee prior to 1998 were done with little or no input from plan members. Joint trusteeship was the first step in changing that structure because it allowed plan members, through their union, to appoint half of the plan's trustees.

Plan governance plays a critical role in ensuring that the College Pension Plan reflects the priorities and needs of both retirees and plan contributors. As our plan continues to grow and address the challenges of meeting the pension promise, it is essential for all plan partners to renew their understanding of and participation in plan governance. It is with that in mind that FPSE has drafted the following to outline the principles and framework that guide FPSE's role in joint trusteeship of the College Pension Plan.

Definition of FPSE as a College Pension Plan Partner

Mandated by the *Public Sector Pension Plans Act**, the FPSE Partner is for operational and representative purposes the FPSE President. The President is the Chief Executive Officer of the Federation as mandated and authorized by the Constitution and By-Laws of the Federation, which also set out that the President is responsible to the Presidents' Council and to the Annual General Meeting.

With the approval of Presidents' Council, the President may appoint individuals to assist in representative functions or to act as the President's Delegate.

**PSPP Act (1999), Schedule A: College Pension Plan, Definitions: (1) "partners" means the government, the Post-Secondary Employers' Association, the College-Institute Educators' Association (sic), and the BC Government and Services Employees' Union.*

Responsibilities of FPSE as Partner

- Make or rescind three trustee appointments.
- Jointly with BCGEU make or rescind one trustee appointment of a person who is retired from service and receiving a pension under the plan.
- Nominate jointly with BCGEU a Trustee as a director of the British Columbia Pension Corporation.
- Jointly with all other partners direct the Board of Trustees to amend the pension plan rules subject to legislated conditions.

- To develop policy and procedure for the appointment, evaluation and removal of trustees.
- Work to enable the Plan to keep the pension promise.

Fundamental Principles

- As a partner, FPSE is accountable to its membership and must function within the policies and priorities developed by the membership.
- Pensions operate on a long term horizon. Consequently, decisions regarding the pension plan should be driven by that horizon rather than immediate or short-term considerations, including political and financial aspects.
- Other partners are accountable to their own policies and priorities.
- Trustees are obligated to act in the best financial interests of members.
- Trust law requires trustees to act in a prudent, diligent, and fair-handed way.
- FPSE leadership in the role of partner and FPSE-appointed trustees have a fiduciary responsibility to plan members and to FPSE to ensure that the pension promise is kept. This principle has primacy over all others.

Operating Principles

- *Shared decision-making*
Joint trusteeship is a commitment to shared decision-making by employee and employer plan partners.
- *Integrity*
Partner and trustee decision-making and actions are carried out in a principled, consistent, coordinated, transparent and accountable manner.
- *Communication*
 - FPSE as a partner and FPSE-appointed trustees maintain open, timely and accessible communications with each other and with members of the pension plan at all times and especially when changes to the plan are under consideration.
 - FPSE trustees shall advocate for the Pension Board to have the broadest level of communication possible between it and the partners.
- *Sustainability*
Partners and trustees work to keep the pension promise.

- *Guidance*
 - FPSE has an obligation to ensure the relevant policies of the Federation are being fulfilled.
 - Within requirements of fiduciary duty, FPSE-appointed trustees are expected to advance the goals of the Federation.
 - FPSE has oversight of its partner representatives and its trustees. FPSE has a responsibility to remove trustees or representatives who fail to perform their duties.
- *Transparency*

Partners' and trustees' decisions and actions are open and transparent.
- *Engagement*

Partners and trustees must have exposure to varying points of view, stay current on pension related issues, maintain contact with internal and external stakeholders, and generally be engaged with the pension community improve the quality and function of our pension plan.
- *Building Capacity*
 - Partners and trustees will work to ensure that each is knowledgeable about current and emerging pension plan issues.
 - FPSE is responsible for ensuring that partner representatives and appointed trustees receive the training necessary in pension plan governance to carry out the policies of the Federation and their fiduciary responsibilities.
 - Orientation of new Presidents' Council members must include receiving an overview of FPSE's role as a partner and relevant FPSE policy.
- *Value*
 - The pension benefit is an important benefit for attracting and retaining employees.
 - A pension received should maintain its real purchasing power during retirement.
 - Comprehensive post-retirement group benefits provided at an affordable cost for retirees.

FPSE Goals

- Continuation of our jointly-trusted defined benefit pension plan.
- Full inflation protection of pension benefits.
- Retirees should have access to fully-funded health benefit plans.
- A strong healthy sustainable pension plan that reflects member interests.
- Additional employer contributions, not matched by employees, for non-registered benefits.

FPSE and the College Pension Plan in 2010

Challenges

Several challenges face the pension plan at this time. These include:

- The state of the inflation adjustment account and its ability to provide adequate indexing to retirees.
- The impact of CRA regulations on the plan.
- The various constraints of federal and provincial legislation.
- The lack of succession planning by all partners.
- The necessary time and training opportunities for trustees to carry out their work.
- Retirees' lack of access to fully-funded health benefit plans.
- The limits of members' ability to pay and the willingness of employers and government to pay.
- Ongoing threats from legislative and regulatory changes judged to have a negative effect on the Plan.

FPSE Actions

- FPSE will continue to build a strong and cooperative relationship with the other plan partners, trustees, and plan members.
- FPSE will continue to work towards improving the flow of information between the trustees, partners and plan members.
- FPSE will support educational and training opportunities for trustees, future trustees and FPSE's spokespersons on pension issues.
- FPSE will support the effort of plan partners to maintain appropriate funding and benefit choices and encourage its appointed trustees to do the same.



Federation of
Post-Secondary Educators
of BC

Draft Operating Reserve Policy

FPSE Finance Sub-Committee

NEW 1.12 OPERATING RESERVE INVESTMENT POLICY

Purpose

- 1.12.1 This policy applies to the assets held in the Operating Reserve for the Federation of Post-Secondary Educators ("FPSE"), pursuant to Articles 1.1 and 1.4 of FPSE policy.
- 1.12.2 This policy establishes investment principles and guidelines giving particular consideration to the nature and purpose of the Operating Reserve, its characteristics and its financial obligations, and to define the management structure and monitoring procedures adopted for ongoing operation of the Fund.
- 1.12.3 This policy may be changed or modified at any time by FPSE's Presidents' Council, with such changes to be presented to the next Annual General Meeting for disposition. Any investment manager (the "Manager" or "Operating Reserve Manager") or other agent or advisor providing services in connection with the investment of the Operating Reserve shall accept and adhere to this policy.
- 1.12.4 The audited financial statements shall include a detailed schedule of investments, showing the amounts of holdings, costs and market value.

Executive Responsibilities

- 1.12.5 Presidents' Council is responsible for all aspects of the Operating Reserve, including developing an investment policy, establishing and maintaining an investment manager structure, and monitoring investment results.
- 1.12.6 Presidents' Council may delegate their responsibilities under this policy as they deem appropriate.
- 1.12.7 Presidents' Council may adopt regulations which establish the delegated responsibilities and powers and the corresponding delegate

(e.g., investment manager, investment committee). In the case of delegation regarding any aspect of this policy, the reference to Presidents' Council herein shall be interpreted as a reference to the appropriate delegate.

Nature of the Fund

- 1.12.8 FPSE shall establish and maintain an Operating Reserve to support its day-to-day operations.
- 1.12.9 The investment objectives for the Fund recognize the on-going need for disbursement and liquidity.

Fund Objectives

- 1.12.10 The objective of the Operating Reserve is to preserve FPSE's accumulated surpluses that have not been transferred to the Defence Fund, to provide cash if needed, and to pay for wind-up costs should the organization end.

Permitted Categories of Investment

- 1.12.11 The Operating Reserve will use the same investment guidelines and exclusionary screens as 1.8, the Investment Policy for the Defence Fund (see 5.1).

Degree of Risk and Diversification

- 1.12.12 The investment objectives for the Fund have been reviewed with regard to the risk tolerance of Presidents' Council and characteristics of the Fund. As the goals of the Operating Reserve differ from those of the Defence Fund, the degree of risk and diversification may well differ from that of the Defence Fund.

Asset Allocation Guidelines

- 1.12.13 In view of the foregoing considerations, the allocation of assets between debt and equity securities shall be maintained within the following structure:

Percentage of Fund at Market Value

Fixed Income 75% (30% low risk; 70% medium risk)

Equities 25% cap (20% medium risk growth; 5% high risk growth)

- 1.12.14 Within each asset class, there will be a prudent level of diversification subject to the following limits, based on market value. Up to 5% may

be invested in foreign content (what is classified by Macquarie as high risk growth funds).

Valuation of Investments

- 1.12.15 Investments in publicly traded securities shall be valued no less frequently than quarterly at their market value.

Investment Manager/Advisor Structure

- 1.12.16 Competent external professional investment manager(s) or advisor(s) shall be appointed by Presidents' Council, when satisfied as to their suitability and competence to act as agents for the Operating Reserve. Presidents' Council shall also make any manager changes, from time to time, as are deemed to be in the best interests of the Fund and the membership. To be considered for appointment, an investment manager should have a suitable investment approach, demonstrated financial stability, low turnover of personnel, capacity to undertake the account, performance record of at least two years, and relevant experience and expertise.
- 1.12.17 All of the foregoing is subject to compliance at all times with investment restrictions required by law.

Conflicts of Interest

- 1.12.18 A conflict of interest, whether actual or perceived, is defined for the purposes of this policy as any event in which a participating company, Presidents' Council, an employee of a participating company, any manager or delegate, the custodian or any party directly related to any of the foregoing, may benefit materially from knowledge of, participation in, or by virtue of, an investment decision on holding of the Operating Reserve.
- 1.12.19 Should a conflict of interest arise, the party in the actual or perceived conflict, or any person who becomes aware of a conflict of interest situation, shall immediately disclose the conflict to Presidents' Council. Any such party will thereafter abstain from decision making with respect to the area of conflict, and a written record of the conflict will be maintained by Presidents' Council.
- 1.12.20 No part of the Operating Reserve shall be loaned to any participating company, employee of a participating company or any Executive member, or any legal person owned or controlled by any of the aforementioned.

- 1.12.21 Presidents' Council shall satisfy themselves that appropriate policy regarding conflicts of interest exists and is followed by any manager appointed by Presidents' Council.

Monitoring

- 1.12.22 At every Presidents' Council meeting, the following shall occur:
- (a) review the assets and net cash flow of the Fund;
 - (b) review the current economic outlook and investment plans of the manager;
 - (c) review the current asset mix of the Fund; and
 - (d) receive and consider statistics on the investment performance of the Fund.

Loans and Borrowing

- 1.12.23 No part of the Operating Reserve shall be loaned to any person, partnership or association as stated in 1.8, Section 10.3 of the Investment Policy, except as may be deemed permissible by Presidents' Council.
- 1.12.24 Neither Presidents' Council nor the manager may pledge, hypothecate, or otherwise encumber, in any way, the assets of the Operating Reserve, except to the extent that temporary overdrafts occur in the normal course of business.
- 1.12.25 Presidents' Council shall not borrow on behalf of the Operating Reserve except to a limited and temporary extent for the timely payment of benefits or administrative costs.

Voting Rights

- 1.12.26 The responsibility for exercising and directing voting rights acquired through Operating Reserve investments shall normally be delegated to the manager, who shall at all times act prudently and in the best interest of the Operating Reserve and its beneficiaries.
- 1.12.27 Presidents' Council reserves the right to direct, or override, the voting decision of the manager, if in its view such action is in the best interest of the Operating Reserve and its beneficiaries. If they intend to do so, they shall inform the manager in writing within a reasonable period of time.
- 1.12.28 It is recognized that the above constraints and policy on voting rights are not enforceable to the extent that the Operating Reserve is invested in pooled funds.

Policy Review

- 1.12.29 This policy shall be reviewed by Presidents' Council periodically, but otherwise whenever a major change is necessary. Such review may be caused by:
- (a) a significant depletion of the Operating Reserve;
 - (b) significant revisions to the expected long term trade-off between risk and reward on key asset classes, normally dependent upon basic economic/political/social factors;
 - (c) shortcomings of the policy that emerge in its practical application or substantive modifications that are recommended to Presidents' Council by the manager.

Approved by Finance Sub-Committee: April 21, 2011

FPSE Non-Regular Working Conditions Campaign

Issue

Taken as a whole, there have been few improvements in working conditions for Non-Regulars in FPSE locals since the 1998-2001 Common Agreement. There is a great unevenness in their rights and entitlements. There is a need for a real push to achieve significant improvements.

Purpose

To build support and commitment for the long term bargaining objectives of FPSE and member locals related to non-regular faculty in order to make tangible improvements in non-regular working conditions.

Enabling Motion, 2010 FPSE AGM

“That FPSE develop a strategic campaign to advance equity for non-regular faculty and that the campaign be directed towards institutions, government, students, and the public. The purpose of the campaign shall be to build support for the long term bargaining objectives of FPSE and member locals related to non-regular faculty.”

Background

- FPSE has advocated for improved working conditions and rights for non-regular faculty since its inception in 1970. It has adopted, through its policy and procedures, the most equitable set of bargaining goals in North America. Its locals have on balance achieved much but there remains a great unevenness in the working conditions of non-regulars throughout the system.
- The 1998-2001 bargaining round achieved significant gains for non-regular faculty at the common table.
- Restrictive government mandates over the last ten years have made it difficult for locals to achieve large gains at the bargaining table. Although committed to non-regular issues, locals have been forced to make hard choices during the last three bargaining rounds. Consequently, little progress has been made on some of the key issues related to non-regular faculty.
- The same financial dynamics that have affected bargaining have also caused institutions to increase their non-regular contingents in response to uncertain funding.
- The 2010 FPSE AGM adopted a motion to develop a strategic campaign.

Issue Scan

The following constitute the main issues non-regular faculty want to see addressed.

Access to real pro rata work: Pro-rated to their percentage teaching and duty assignment, non-regular faculty should have equal access to salary, to professional development/scholarly activity, to administrative/departmental/service time, to vacation, and to other rights and entitlements on the same basis as regular faculty.

Equitable scale placement and advancement: Non-Regulars deserve to be paid on scale in the same manner as regular faculty. This includes movement up the scale.

Access to benefits: Non-regular faculty want improved access to health and dental benefits.

Better integration into the academic and educational community: Non-regular faculty want to play a role in the academic and educational life of their institutions by participating fully on committees, in curriculum development, professional development, research and governance.

Strategic objectives

Short term goals:

- Achieve some progress on non-regular issues in the 2010 bargaining round
- Raise awareness and engage decision makers
- Define issues for membership and other key audiences
- Establish true pro-rata as a committed membership position in universities

Midterm goal:

- Make gains on improved job security and elimination of secondary scales

Long term goal:

- Achieve true pro rata for non-regular faculty in every local

Audience

- FPSE Members
- Boards of Governors
- Senates/EdCo's
- Students
- Senior Managers
- Public

Key Message

Catch lines:

- “Equity on the job. We all deserve it”
- “Fair employment works for everyone”

The catch lines are intended to capture the sentiment of the five goals listed below. The goals would form the core around which written materials and any presentations would be built.

Goals:

- Pro rata for everyone
- Better access to benefits
- Improved rights to future work
- Elimination of secondary scales
- Better regularization

Key Strategic initiatives

- Achieve gains for non-regulars during the current round of bargaining
- Build an information campaign around five key goals
- Train a contingent of non-regular faculty to carry forward the campaign
- Establish message with key audiences
- Build campaign goals into bargaining goals and objectives on an ongoing basis
- Develop proposed “solutions” to achieve goals which place onus on employers to treat all faculty fairly

Actions

- Push hard on non-regular issues at the common and local bargaining tables
- Develop campaign built around key themes. Develop written materials, speaking notes for presentations, articles for newsletters, etc
- Provide training for non-regulars at local level to speak out and lead campaign
- Tie Non-Regular campaign into bargaining campaign and FEW