



Canadian Labour Congress
Congrès du travail du Canada

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June 25, 2007



Pierre Blouin
CEO, Manitoba Telecom Services
333 Main Street
P.O. Box 6666, Room MP18C
Winnipeg, MB R3C 4V6

Dear Mr. Blouin:

The leadership of TEAM, IFPTE Local 161, an affiliated local union of the Canadian Labour Congress, has contacted us concerning your current collective bargaining negotiations. More specifically, they have raised concerns around a two-tiered proposal for pension coverage where new MTS workers would be enrolled in a defined contribution (or DC) plan.

In most circumstances, it is standard CLC policy to abstain from comment on contract negotiations. In the strongest possible terms, however, I urge you to question the dubious idea that DC plans are more "viable" and "affordable" for employers.

Pension industry magazines such as Benefits Canada and the Benefits and Pension Monitor, have showcased articles in recent months detailing the unforeseen costs of DC plans.

As plan members are shouldered with investment risk in DC plans, more legal scrutiny will be placed on bodies charged with offering investment options. Given most working Canadians aren't equipped with the tools to analyze investments, it is likely shortfalls in pension investments will prompt legal action from disgruntled plan members. Legal action of this nature in the US has proven to be a major cost driver for plan sponsors.

Here in Canada, most registered pension plan members enjoy defined benefit coverage, and this has proven to be a valuable source of employee retention. As the impacts of our aging society take hold, and employers grapple with strategies to attract talent in a shrinking labour force, DB pension coverage will be an important workplace incentive.

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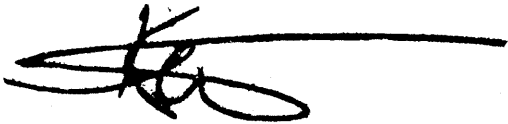
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The widespread notion that DB plans present "unaffordable costs" is simply not convincing for this reason and others. Employers need to consider how to attract workers, but workers have also proven to be willing to contribute more of their salary for secure pension benefits. Sound planning today can translate into employee loyalty tomorrow. I encourage you to consider this in your contract negotiations going forward.

The Canadian Labour Congress, the national voice of the labour movement, represents 3.2 million Canadian workers. The CLC brings together Canada's national and international unions along with the provincial and territorial federations of labour and 136 district labour councils. It will lend its full support to TEAM in the event of a lock-out.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K. Georgetti', with a long horizontal line extending to the right.

Kenneth V. Georgetti
President

cc: Debbie Jamerson