

# **Review of the Composition of the Municipal Employees' Pension Commission**

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## **1. Background**

The review will:

- Examine the current composition of the Commission to ensure it continues to be appropriate.
- Consider other administrative matters associated with the operation of the Commission which may be raised during the consultation process.
- Consider the feasibility of consulting with pensioners who are without a representative organization, and if practicable, to develop and conduct an appropriate consultation process.

A draft electronic report was submitted to the major stakeholders for their review by January 8, 2021. A final electronic report is to be provided to the Minister of Finance by January 27, 2021.

## **2. Executive Summary**

The current MEPP board composition is appropriate. There was general support for contacting retirees but only for matters that directly affect them. Some minor administrative matters were identified by respondents and are listed.

### **Recommendations:**

- 1. No changes to the composition of the Commission as a result of this review.**
- 2. Appointing bodies should be encouraged to consider appointing and actively canvassing retirees as potential Commission members.**
- 3. For the next review, engage with stakeholders at least six months in advance to help raise overall awareness of what the compositional reviews are intended to accomplish with the goal of increasing participation in the review.**

## **3. Purpose**

The provincial statute governing the Municipal Employees' Pension Plan (MEPP) requires that the composition of the Municipal Employees' Pension Commission be regularly reviewed, with the first review commencing September 1, 2005 and subsequent reviews every five years thereafter [s. 7(13) of *The Municipal Employees' Pension Act*].

#### **4. Process**

In compiling the report, the reviewer is to consult with major stakeholder organizations, the Commission and administrative bodies associated with MEPP.

Major stakeholder organizations include:

- International Union of Operating Engineers, Local 870;
- Service Employees' International Union;
- Canadian Union of Public Employees;
- Saskatchewan Government and General Employees' Union;
- Saskatchewan School Boards Association;
- Saskatchewan Urban Municipalities Association;
- The Saskatchewan Association of Rural Municipalities;
- Saskatchewan Association of School Business Officials;
- Urban Municipal Administrators Association of Saskatchewan;
- Regional Library Directors;
- Rural Municipal Administrators' Association of Saskatchewan;
- Regional Colleges Senior Business Officers;
- Firefighters Associations – Yorkton, North Battleford, Swift Current, Prince Albert; and
- Police Associations – Estevan, Prince Albert.

#### **5. Data Gathering**

Assorted data gathering techniques were employed. The standard questions previously listed were modified and used (see Appendix IV). The data gathering methods include:

##### Letters to Members

Letters were sent out to MEPP members on *August 17, 2020*. There was a total of twenty people who responded. Overall, there was general confusion as to the purpose of the review.

Six respondents asked for additional general information which was mailed to them. Two pensioners asked to speak with this writer directly. Both were more concerned about matters other than the compositional review, i.e. PEBA administrative questions.

##### Online Survey

The online survey was also launched on *August 17, 2020* and due to the pause for the provincial election closed *November 2, 2020*. There was a total of five online survey responses.

Phone Surveys

Surveys were conducted with MEPP Commission members beginning July 16, 2020 and ending September 3, 2020. The chart of the responses is below:

<i>Board Member</i>	<b>Question 1</b> <i>Does the current composition of the MEPP commission continue to be appropriate?</i>	<b>Question 2</b> <i>If not, in what way should it be amended?</i>	<b>Question 3</b> <i>Should pensioners be consulted?</i>	<i>How should Pensioners be consulted?</i>
1	NO	Add 2 more board members	NO	
2	YES	NO	NO	
3	NO	NO	YES	Conduct Professional Education
4	NO	NO Unable to provide suggestion.	YES	Contact Electronically
5	YES	NO	NO	
6	NO	NO Unable to provide suggestion.	YES	Contact Electronically
7	YES	NO	YES	Contact by Surveys
8	NO	Subtract 2 board members	NO	Contact by Newsletter/Website
9	NO	Subtract 2 board members	YES	Contact them on just new items that impact them.
10	YES	NO	NO	
11	YES	NO	NO	
12	YES	Subtract 2 board members	YES	Contact on just new items that impact them
<b>TOTALS</b>	<b>NO - 6 YES - 6</b>	<b>NO - 8* 1 to + 2 3 to - 2</b>	<b>NO - 6 YES - 6</b>	

\*While there some support for reducing the size of the MEPP board it is this writer's opinion that this reflects growing pains with the new board design. In addition, the necessity to have virtual meetings may have added to

the impression that the board is too large and or cumbersome. It would therefore be premature to act at this juncture.

## In Person Meetings

This writer met with the Urban Municipal Administrators Association (UMAAS) in Moose Jaw on September 26, 2020. I was on the agenda of their board meeting. It has been their tradition to meet directly with those conducting the Composition Review. Their responses are included in the chart of Other Responses:

### Chart of Other Responses i.e. online, phone, written

	<b>Question 1</b> <i>Does the current composition of the MEPP commission continue to be appropriate?</i>	<b>Question 2</b> <i>If not, in what way should it be amended?</i>	<b>Question 3</b> Should pensioners be consulted?	<i>How should Pensioners be consulted?</i>
1	YES	NO	YES	Contact Electronically
2	YES	NO	YES	By direct mailings
3	YES	YES	YES	By direct mailings
4	YES	YES	YES	Contact Electronically
5	NO +1-4*	YES	YES	Newsletter
6	YES	NO	YES	Contact Electronically
7	YES	NO	YES	Contact Electronically
8	YES	NO	YES	Contact Electronically
<b>TOTALS</b>	<b>NO - 1 YES - 7</b>	<b>NO - 6 YES - 3</b>	<b>YES - 8</b>	

\* The single response to add up to 1-4 additional board members was in answer to the question regarding adding retirees to the MEPP commission. Options suggested included adding just one member to up to four retirees based on a regional format e.g. north-south-east-west.

## **6. Discussion**

### The Role of COVID-19

It should be noted that this review was conducted in the midst of a pandemic. It did have a minimal effect. Online meetings were conducted instead of traditional face to face meetings with one exception (UMAAS). Perhaps the response rates would have been slightly higher and the data better in quality without these restrictions, but this is pure speculation.

### **Emerging Themes**

#### Traditional low response rate

The response rate for previous MEPP compositional reviews has been historically low. There was also evidence for this in both the Grainger and Croll reports (Appendix IV contains the link

to these reports). It is hard to avoid sampling error. The sample size was very small across the diverse groups. Typically dividing a large group into distinct groups helps avoid sampling bias so this method has already been used.

#### Acquiescence Bias

We all like to hear that we are great. One might wonder if this is true. When surveys all come back generally positive it can be the result of acquiescence bias, or the “yes-man” phenomenon. A number of factors contribute to this. Societal norms and survey fatigue are the main ones. Some people just say yes out of habit or just to be polite even if it is untrue.

The best way to minimize this type of bias is to use well-phrased question and answer scales. This writer consciously designed the questions to be simple and direct. Perhaps for the next review a questionnaire could be designed by a professional social science researcher.

#### Poor Understanding of the Purpose

Overall there was a poor understanding of purpose of this review. This was despite clear and concise questions and language. It is suggested that a communications plan be created at least six months in advance of the next review to help raise overall awareness. The goal of such a plan should be what the five-year compositional reviews are intended to accomplish.

#### Overall Evidence of Bias

There was none detected. Historically the legislation was written with the goal of protecting MEPP decisions from bias from either the employer or the employee representatives. There was no evidence of any such bias.

### **7. Analysis**

There was a marked absence of input from the appointing bodies. This was in the face of multiple requests. Overall it is difficult to make many comments given the lack of data/input. Despite these impediments there are some suggestions listed below.

One nugget of wisdom did emerge. It relates to the potential resource available for future board members. Historically retirees are not actively canvassed by appointing bodies. Perhaps the commission should be encouraged to amend the documentation they send to appointing bodies to consider canvassing retirees as potential board members. Perhaps they should be encouraged to consider appointing and actively canvassing retirees as potential Commission members. They can be a good resource as:

- They are less likely to move out of the sector;
- They are likely to have the time required to commit to meetings and training; and
- They have experience with the sectors that they have worked for.

Comments made by participants:

- Get more email addresses from superannuates.
- Conduct targeted communications regarding the nature of compositional reviews more often so as to prepare plan members to respond in higher numbers.
- Have the survey questions professionally designed.
- Conduct focus groups on the key questions to ensure that they clear and well understood.

## **8. MEPC Composition**

It is too early on to make any sound conclusions regarding the recent addition of two additional MEPP member members. The majority of Commission members (eight out of twelve) were fine with the existing number of board members. While there was a minority for both adding and subtracting board members. One person was in favour of adding one to represent employee retirees and another to represent employer retirees. Another just thought there were too many people at the board table.

## **9. Other Administrative Matters.**

While many of the comments made by participants did not fall within the scope of the review, I have included them as information that may be of interest to the Commission or its administrator.

While many of the comments made by participants did not fall within the scope of the review, I have included them as information that may be of interest to the Commission or its administrator.

Additional Comments from **retired** participants:

- Actively solicit emails from all members' especially retired ones.
- Report on how many board members are retired.
- Create a long service group or association through which retirees can stay connected which organize social events and conferences.
- Phase-in work options to help employees adjust to retirement.
- Create a retiree advisory committee which represents retirees in decisions affecting them.

Administrative Comments from **other** participants:

- Examine the options for employees to have the option to contribute to a top-up plan too so they can have a little more in their retirement nest egg.
- Develop a ladder financial education program to meet the varying needs of different plan groupings or generations.

## 11. Conclusions

1. Does the current composition of the Municipal Employees' Pension Commission continue to be appropriate?

Conclusion: **YES** - was the majority response. There was a minority response as previously mentioned this reflects growing pains with the new board design. In addition, the COVID necessity to have virtual meeting has fostered the impression that the board is too large. The minority of members noted the perceived increased length of meetings and the time it took to resolve issues.

2. If not, in what way should it be amended? What is your rationale for any changes?

Conclusion: **NO** - was the majority response. The minority of members supported adding new members to represent retirees. The chief issue is finding a suitable organization to represent them.

3. Should pensioners be consulted? How should pensioners be consulted?

Conclusion: **YES** - was the majority response. The minority of members felt that retirees were not interested in issues other than those that impacted them directly.

All members suggested that consultations on matters that directly impact pensioners should be conducted by online surveys and direct emailings.

4. Are there other administrative matters associated with the operation of the commission that you believe should be considered as part of this review? Why do you feel it is important?

Conclusion: **NO**

**Appendix I - Terms of Reference**

**Appendix II - Status Report of the Recommendations from the 2015 Review**

**Appendix III - PLAN OVERVIEW (as at December 31, 2019)**

Appendix IV – Previous Composition Review Reports

Grainger report:

[http://www.peba.gov.sk.ca/sites/default/files/fileadmin/storage/peba/pensions/mepp/governance/commission\\_review/commission\\_review\\_march\\_2011.pdf](http://www.peba.gov.sk.ca/sites/default/files/fileadmin/storage/peba/pensions/mepp/governance/commission_review/commission_review_march_2011.pdf)

Croll report:

[https://sk.cupe.ca/files/2013/04/SK-MEPP-Commission-Review-Consultation\\_Sept-28-2015\\_FINAL-pm\\_REVISED-FINAL.pdf](https://sk.cupe.ca/files/2013/04/SK-MEPP-Commission-Review-Consultation_Sept-28-2015_FINAL-pm_REVISED-FINAL.pdf)

**Appendix V - MEPP Commission Review Questions**

1. Does the current composition of the Municipal Employees' Pension Commission continue to be appropriate?
2. If not, in what way should it be amended? What is your rationale for any changes?
3. Should pensioners be consulted? How should pensioners be consulted?
4. Are there other administrative matters associated with the operation of the Commission that you believe should be considered as part of this review? Why do you feel it is important?