

Hello James,

You have gone on record as saying that the HW pension has a \$48M unfunded liability.

Kevin Skerrett, one of the CUPE negotiators, claims that this is news to him, and that during the negotiations the only number considered was the \$27M as per the 2014 Annual Report.

Can you shed light on this discrepancy?

We aim to post this story later today.

Many thanks.

Robert DeVet

Hello again Mr. Devet,

Mr. Skerret's comment that Halifax Water is being misleading to rate payers is quite incorrect. The full Actuarial Valuation and full Audited Financial Statements were filed during the last NSUARB Rate Application. The details can be found on the NSUARB website. I sent you the hearing number earlier today.

CUPE'S comments to date are also misleading as they fail to mention that the the Halifax Water pension plan is an Indexed, Defined Benefit Pension Plan which is very rare these days, especially when compared to other good public sector plans, nor does CUPE mention how expensive it is.

Regarding your questions/comments by Mr. Skerret below, you and/or Mr. Skerret can check our Annual Report(audited by Grant Thornton LLP) for year ended March 31, 2014 at <http://www.halifax.ca/hrwc/documents/AnnualReportFinal-2014.pdf>. Page 45, bottom right hand side of page the table clearly indicates the plan deficit is \$47.949million as of March 31, 2014.

I will note that Halifax Water has referred to both figures(ie \$27 and \$47.9million) and both are correct, but represent different things. The difference is essentially cash versus accrual accounting.

The January 1, 2014 Actuarial Valuation

http://www.halifax.ca/hrwc/documents/Pension_Plan_Actuarial_Valuation_Report_1Jan2014.pdf , prepared by Eckler Consultants and Actuaries, shows a going concern deficit of \$27million. This assumes the plan will continue on and that the employer(Halifax Water/customers) will make \$27million in going concern special payments in addition to the \$10.1million Halifax Water/customers has paid to December 31, 2014.

Halifax Water's Financial Statements

http://www.halifax.ca/hrwc/documents/Audited_Financial_Statements_31March2014.pdf at March 31, 2014, audited by Grant Thornton LLP, show a deficit in the plan of \$47.9million. This measurement is based on the accrued benefit obligation Halifax Water/ratepayers is liable for compared to the

value of the plan's assets at March 31, 2014.

You should also point out in your article that the pension plan is for the benefit of not only CUPE Locals 227 and 1431, but also non-union staff, management, and senior staff. The pension plan is for all employees. We all, not just CUPE, benefit from a sustainable pension that our customers/ratepayers can afford over the long term.

I trust your article will accurately reflect both sides of the issue this time.

Thanks,

James Campbell

Communications and Public Relations Coordinator
Halifax Water

Thanks, James,

I appreciate your quick turnaround, on both emails for that matter. I know you must be very busy at this time.

Just one final quick follow-up.

When I spoke to Kevin Skerrett earlier today he did mention the \$48 million figure. He believes that amount does not need to be funded, and seems to argue that that is an important distinction that should be made clear. This is not a deficit that reflects the employer's pension costs.

Can you respond to that?

Thanks!

Hello Mr. Devet,

The information provided below, which is publicly available on our website, clearly outlines the financial situation.

All costs for the operation of this not-for-profit utility are borne by the ratepayers(our customers).

We are trying to preserve a pension that belongs to all Halifax Water employees, not just CUPE.

I look forward to a balanced article reflecting both sides of this issue. Your readers are best served when unbiased, accurate information is presented.

Thanks,

James Campbell