



NEWSLETTER/BULLETIN

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2007 ANNUAL CONFERENCE AND AGM HELD SUCCESSFULLY IN WINDSOR

The 2007 conference took was jointly sponsored by the retiree organizations at St. Clair College and the University of Windsor. The conference sessions covered a wide range of topics such as seniors healthcare, pension administration, retiree relations with university and college administrations and similar issues. Papers were presented by experts in the various areas. Many of the presentations are available on the CURAC/ARUCC website < <http://www.curac.ca/windsorcon.htm>>. The Annual General Meeting held on Thursday, May 24th, saw the election of a number of new Board members. Tarun Ghose (Dalhousie) was elected President, replacing Howard Fink (Concordia) who in turn became Past President, succeeding Peter Russell; John Meyer (Windsor) became Vice-President, replacing Tarun Ghose; Alasdair Sinclair was re-elected for a second two-year term to serve as Treasurer; George Brandie (Queen's) replaced Ken Rea as Secretary; and three new members at large were elected: Lois Brockman (Manitoba), David Lubell (Waterloo) and John Stager (UBC). Joan Cunnington (OCRA), Gaston Dumont (FRUQ), and Bill Yule (SFU) remained in office completing the second year of their terms.

The full minutes of the 2007 AGM are available on the CURAC/ARUCC website at <<http://www.curac.ca/mins07agm.htm>>.

IN THIS ISSUE

- *2007 Conference and AGM, p.1*
- *President's Message / Le Message du Président, pp. 2-4*
- *Un sous-comité de langue française, p.4*
- *Pensions and Pension Regulation in Canadian Academia, pp. 5-7*
- *Création d'un comité de surveillance par l'Association des professeurs retraités de l'Université d'Ottawa, pp. 7-9*
- *A National Universal Pharmacare Program for Canada? pp. 9-16*
- *Cross-country Checkup, pp. 16-19*
- *2008 Montreal Conference Notice, pp.20-21*

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President's Message

As the not so freshly minted President of CURAC, I congratulate Ken and the editorial committee for bringing out the third issue of the Newsletter. The Newsletter's continuing existence is a *sine qua non* for fulfilling our expectations; embarking upon ambitious journeys and the freedom to choose where to go. George Mallory, arguably the first person to reach the top of Mount Everest, chose to be on the top of the mountain famously because "it is there". I am not implying that the Newsletter should aim at scaling disastrous heights but I am glad that our editors are on "top of things". For example, we have now a Francophone editorial subcommittee chaired by Roch Meynard. A remarkable height has been scaled or more appropriately, an indispensable bridge has been built across "Canada's two solitudes".

The *raison d'être* of CURAC and its Newsletter is to stimulate discussion about CURAC's core concerns. To this end, the editors have been publishing articles on topics of interest to retirees such as prescription drugs and the overview of current pension plans. Only by clearly outlining and carefully examining the issues facing college/university retirees can we hope to forge together models of best practices, invite the active participation of our members, seek the attention of our sister organizations (see the article on healthcare in the current issue of CARP magazine) and even hope for some response from the upper echelons of power.

To demonstrate that I do what I profess, I shall make some comments on the two above-referred articles in this issue with the sole purpose of initiating discussion. (cont.)

Le mot du président

En tant que président de CURAC, je tiens à féliciter Ken et le comité de rédaction pour avoir produit un troisième numéro du Bulletin. La production continue du Bulletin est une condition sine qua non pour l'atteinte de nos objectifs, qui sont ceux de s'engager dans des cheminements ambitieux avec la liberté de choisir notre destination, si chacun n'en a qu'une seule. George Mallory, premier humain à atteindre le sommet du Mont Everest, s'est fait une réputation en affirmant qu'il était là, au sommet, parce que « le sommet était là ». Je ne veux pas affirmer que le Bulletin doit viser les plus hauts sommets, mais je suis heureux de constater que nos rédacteurs ont bien les choses en main. Par exemple, nous avons maintenant un sous-comité éditorial francophone, dirigé par Roch Meynard. Un sommet a été atteint, ou plus exactement, un pont indispensable a été jeté entre « les deux solitudes du Canada ».

La raison d'être de ARUCC/CURAC et de son Bulletin est de stimuler la discussion sur ses préoccupations les plus importantes. À cette fin, les rédacteurs ont publié des articles sur les sujets qui intéressent les retraités comme les médicaments d'ordonnance et un survol des régimes de retraite contemporains. Ce n'est qu'en analysant les problèmes auxquels font face les retraités des universités et collèges que nous pourrions développer des modèles de pratiques souhaitables, stimuler la participation active de nos membres, soulever l'intérêt de nos organismes soeurs (voir l'article sur les soins de santé dans le numéro courant de CARP Magazine), et même espérer obtenir une réaction quelconque des hautes autorités politiques. (cont.)

President's Message (continued)

About drug-pricing: could the price of prescription drugs be controlled by reintroducing the compulsory licensing policy that allowed marketing cheaper generic versions of patent drugs before the promulgation of Bill C-91 in 1995? Recently, Brazil and India provided affordable anti-AIDS medicines following a similar policy and thus saved millions of lives in the poor countries.

My concerns regarding pension plans include the need for full indexation, protection of defined benefit (DB) plans and remedying the pension plan injustices to female retirees.

Inflation-associated progressive loss of purchasing power and increased longevity makes full indexation of pension benefits essential.

Both Nicolas Le Pan (the Federal Pension Regulator) and David Dodge (the retiring Bank of Canada Governor) state that because of the rising costs of DB plans, employers are abandoning the DB plans in favour of defined contribution (DC) plans which are less advantageous to pensioners. As a remedy, the Federal Government has introduced several changes in federally administered pension plans which, unfortunately, cover only about 10% of pension plans. Provincial governments should be urged to introduce similar changes in plans under their jurisdiction.

Compared to their male counterparts, women academics join the workforce later in life; progress through ranks more slowly; and end up with smaller pensions. The reasons for this include: (i) responsibility to children, (ii) inadequacy of daycare facilities, (iii) less emphasis on salary and rank, and (iv) "the glass ceiling" of gender-based discrimination. Because women live at least 5 years longer than their male counterparts, they end up with further shrinkage in their buying power exactly when they need more care. What measures can CURAC advocate to remedy this unfortunate situation?

I end with the hope that our readers will use this forum to participate in such discussions.

Le mot du président (cont)

J'ai de la suite dans les idées. Je ferai donc dans ce numéro des observations sur les deux questions mentionnées ci-dessus dans le seul but d'engager la discussion.

Le prix des médicaments. Pourrions-nous contrôler le prix des médicaments d'ordonnance en réactivant la politique de licences obligatoires qui a permis la mise en marché de versions génériques moins chères des médicaments brevetés avant la promulgation de la Loi C-91 en 1995? Le Brésil et l'Inde ont récemment utilisé une telle politique pour fournir des médicaments anti-SIDA à prix abordables, sauvant ainsi des millions de vies dans les pays en développement.

Les régimes de retraite. Mes préoccupations sont celles de la nécessité de la pleine indexation, de la protection des régimes de retraite à prestations déterminées et de la correction des injustices à l'endroit

des femmes dans les régimes de retraite. La diminution progressive du pouvoir d'achat résultant de l'inflation et l'augmentation de la durée de vie des retraités rendent nécessaire la pleine indexation des rentes de retraite.

Nicolas Le Pan (contrôleur des régimes de retraite fédéraux) et David Dodge (jusqu'à une date récente gouverneur de la Banque du Canada) s'accordent pour dire qu'à cause de l'augmentation du coût des régimes de retraite à prestations déterminées, les employeurs tendent à abandonner ce type de régime en faveur de régimes à cotisations déterminées, qui sont moins avantageux pour les retraités. Pour corriger la situation, le gouvernement fédéral a introduit plusieurs modifications dans les régimes de retraite administrés par le fédéral, mais ces modifications ne couvrent malheureusement qu'environ 10 % des régimes. Les gouvernements des provinces devraient être invités à introduire des changements similaires dans les régimes sous leur juridiction.

Les femmes professeuses d'université entrent sur le marché du travail plus tard que les hommes, cheminent dans l'échelle plus lentement, et obtiennent en définitive des rentes de retraite plus faibles. Cela s'explique par le fait que (i) les femmes s'occupent des enfants, (ii) les services de garde sont inadéquats, (iii) les femmes accordent une moins grande importance au salaire et au rang dans l'échelle, et (iv) les femmes sont prises avec le « plafond de verre » que constitue la discrimination fondée sur le sexe. Du fait que les femmes vivent au moins cinq ans de plus que les hommes, elles se retrouvent avec une diminution de leur pouvoir d'achat exactement au moment où elles en auraient le plus besoin. Quelles initiatives ARUCC/CURAC peut-elle proposer pour faire échec à cette situation malencontreuse?

J'exprime, en terminant, le souhait que nos lecteurs utilisent le forum que constitue le bulletin pour prendre part à la discussion.

Un sous-comité de langue française du comité de communications de CURAC/ARUCC

Ken Rea, président du comité de communications, a suggéré qu'un sous-comité de langue française soit formé pour s'acquitter de la tâche d'assurer la production d'articles en français pour le bulletin de CURAC. Après consultation de quelques personnes, un tel sous-comité a été formé. Il se compose de : Françoise Arbuckle (Université Laurentienne), Gaston Dumont (FRUQ), François Gallays (Université d'Ottawa), Howard Fink (ancien président, liaison), Roch Meynard (coordonnateur), Francis Weil (Université de Moncton).

Ce groupe de personnes s'occupera de susciter, de produire et de traduire des articles en français pour le bulletin de CURAC/ARUCC. Le groupe s'occupera aussi d'une éventuelle traduction (partielle) du site Web de CURAC/ARUCC.

Vous pouvez transmettre vos commentaires et suggestions en vous adressant à Roch Meynard :
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Pensions and Pension Regulation in Canadian Academia: A Critical Perspective

Paul B. Huber, Adjunct Professor of Economics, Dalhousie University

Après avoir précisé la nature des régimes de retraite des universités canadiennes, cet article compare les niveaux de rentes de retraite caractéristiques des régimes privés auxquels souscrivent les professeurs d'université aux niveaux de rentes maximum du Régime de pensions du Canada ou du Québec et de la Pension de la Sécurité de la vieillesse. Cela fait ressortir la grande importance des régimes privés de retraite pour les professeurs d'université.

L'article fait ensuite ressortir que l'indexation des retraites et la sécurité même des pensions font problème. Malheureusement, les retraités ont peu de moyens de protéger leurs intérêts contre des évolutions qui pourraient leur être préjudiciables. Sur ce point, l'expérience nous enseigne que nous ne pouvons pas nous fier à nos gouvernements. Les règles de retraite du gouvernement fédéral visent à limiter les pertes fiscales encourues suite au report des impôts; quant aux règlements provinciaux, ils semblent souvent davantage axés sur la défense des intérêts des employeurs que de ceux des employés et des retraités.

At Canadian universities, three types of pension arrangements prevail: defined-contribution (DC) pensions, defined-benefit (DB) pensions and hybrid plans (which combine a defined-contribution base with a minimum defined-benefit). DC plans operate from the Pacific to the Atlantic at large institutions, like UBC and UWO, as well as at small universities, such as Mt. Allison, Cape Breton University, MSVU and Lakehead. A sixth of the Canadian professoriate are covered by such plans. Few provide indexation and most deliver pensions either by purchase of an unindexed annuity or by transfer of the accumulated balance at retirement to a Life Income Fund (i.e., a locked-in registered retirement income fund).

DB plans cover over half the professoriate and range in size from the Alberta universities and University of Toronto – the two largest university pension plans in Canada – to Brandon, UPEI and Université de Moncton. Hybrid plans cover the remainder of the CURAC constituency, but operate mostly in Ontario at middle-sized institutions. However, McGill, Victoria and Manitoba also have hybrid plans. Most DB and hybrid plans at Canadian universities incorporate some type of partial indexation, are integrated with the Canada Pension Plan and deliver a pension based on a 2% times best-average- salary formula above the maximum CPP salary level. [These data derive mostly from Allen Goss, "Can Professors Afford to Retire: A Survey of Canadian University Pension Plans," *Journal of Pension Economics and Finance*, 6:2 (July 2007). See especially Tables 2 and 3.]. Regardless of type, pension plans are highly differentiated in both

major and minor ways, most of which cannot be changed to disadvantage us, now that we have retired.

At present, the maximum Canada Pension Plan (CPP) entitlement is \$10,365 per year. (The Québec Pension Plan (QPP) entitlement is the same.) Old Age Security (OAS) is currently capped at slightly over \$6,025 annually. CURAC members don't mind receiving these entitlements, but for most, the traditional "three-legged stool" model of support for the elderly is grossly unbalanced. Our financial well-being critically depends on our university-related pensions, which typically range from \$30,000 to over \$65,000 annually, two to four times greater than the two federal senior income support programs together.

Life has only one certainty, which is that it will end. So the uncertainties regarding our pensions concern us. Are they secure, will they continue to be paid regardless of the future of the institutions where we once were employed and of the state of financial markets? [Probably.] Will they last until we exit? [If DC, possibly not; if DB or hybrid, very likely.] Is their inflation-proofing adequate? [For indexation linked to investment performance, uncertainty cannot be eliminated; indexation will be incomplete for most indexation formulae. In some provinces, e.g., Ontario, adverse changes to our indexation arrangements are possible.] Can we effectively monitor the administration and investment of our pension entitlements; can we influence decisions? [Active employees have difficulty at some institutions in these respects; retirees generally lack representation, have little power of collective action and little stomach for resort to the legal system.]

Some CURAC members naively believe that provincial and federal regulation will protect us, despite the existence of regulations and the not infrequent actions of regulators that are directly opposed to our interests. They think that more regulation would raise the level of protection and reduce the scope for incompetence and malefaction. Yet comprehensive and extraordinarily detailed Federal pension regulation under the Income Tax Act limits the pensions of retirees and restricts the amounts employers may put into pension plans. In this era of elephantine federal budget surpluses, the goal still is to limit the tax-deferral on pensions, protecting the Treasury, not us.

"Surely it is fair to keep 'fat cat' executives and administrators from tax-sheltering excessive amounts of income," you might protest. Is it? Did you realize that the Federal rules (which date from the Trudeau era) also limit maximum pensions in proportion to one's salary level? That means that the professor salaried at \$100,000 faces a maximum pension limit twice as high as that of the technician getting \$50,000. That's not my concept of tax fairness! Sauce for the plump gander ought to be sauce for the slim goose.

Supposedly, provincial regulation aims to ensure that pension promises are met. Why then do Ontario pension regulations [PBA Reg. #11(1)] provide that pension plans are not required to fund any indexation provisions, even if the plan sponsors have contractually agreed to those provisions? Why does the Newfoundland government – awash in oil revenues – refuse to permit pension indexation greater than 1.25% annually at Memorial University? Why do the pension regulations of several provinces conflate the roles of the trustees of pension funds with the roles of plan sponsors, thus confusing the fiduciary responsibilities of both?

We need less faith in the beneficence of governments and greater reliance on informed, hard-nosed analysis.

Création d'un comité de surveillance par l'Association des professeurs retraités de l'Université d'Ottawa

François Gallays APRUO

Creation of a Committee for monitoring the Pension Fund by The Association of the Retirees from the University of Ottawa

The members of the Board of Governors of the University are responsible for the administration of the University and, simultaneously, are the major fiduciaries of the Pension Fund. This structure can lead to conflicts of interest.

The association of the retirees strongly believe the Pension Fund belongs solely to the employees and the retirees of the University. The latter does not necessarily share this view. Divergent views on this matter may give rise to conflicts of interest within the ranks of the Board of Governors, especially when the Pension Fund generates a surplus.

In the opinion of the retirees of the University, these surpluses must be shared by all concerned. Whenever the surplus rises above 10%, the law requires the University to suspend its contribution to the Fund. However, by not sharing the surplus with the employers and retirees or by delaying its distribution, the holiday enjoyed by the University can be given an undue extension. There is also another known possibility. A surplus well above the 10% exists, the University then ceases its contribution to the Fund for a given period of time, but at the same time gives a contribution holiday to the active members of the Fund. Of course, the retirees will

think they have been short changed and seek compensation. They will also feel the major fiduciaries (i.e. the members of the Board of Governors) have let them down.

For these reasons, the Association of Retirees from the University of Ottawa has set up an independent committee of experts to monitor the Pension Fund.

La structure administrative de l'Université et celle du régime de retraite sont telles que certaines personnes qui y oeuvrent sont appelées à assumer deux rôles, d'où la possibilité de conflits d'intérêt. En effet, les membres du Bureau des gouverneurs, l'autorité ultime dans l'administration de l'Université, sont aussi les fiduciaires majeurs du régime de retraite. Or, un conflit d'intérêt peut surgir lorsque les intérêts de l'Université entrent en conflit avec ceux des retraités.

Il faut souligner qu'il est un principe auquel tient l'association des retraités, à savoir que le fonds de retraite appartient aux membres du régime de retraite (employés et retraités) exclusivement. Évidemment, l'Université, parce qu'elle y contribue et parce qu'elle l'administre, ne voit pas nécessairement la chose du même œil. Les vues divergentes à ce sujet risquent de se manifester lorsque le fonds de retraite génère des surplus. Dans un régime de retraite à prestations déterminées comme le nôtre, les règles fiscales interdisent à l'employeur de contribuer au fonds de pension tant et aussi longtemps qu'il existe un surplus actuariel de dix pourcent (10%) ou plus. Si l'employeur ne distribue pas le surplus aux employés et aux retraités, ainsi que cela devrait se faire, ou s'il y a retard dans la distribution, le congé fiscal de l'employeur se prolongera indûment et ce, au préjudice des employés et des retraités. Il importe donc au nom de la justice distributive que l'Université, lorsqu'elle se trouve dans une telle situation, soit tenue d'agir avec diligence. Voici un autre scénario possible où l'intérêt des retraités ne serait pas respecté. Il y a surplus, l'Université s'accorderait donc un congé de cotisation et, par la même occasion, parce que le surplus se situe au-delà du 10%, accorderait un congé de cotisation aux membres actifs du régime de retraite. Par contre, on accorderait rien aux retraités. Or, étant donné que ceux-ci ont contribué à ce régime et qu'ainsi une part de celui-ci leur appartient, ils auraient légitimement raison de se sentir lésés dans leur droit et de penser que les membres du Bureau des gouverneurs auraient manqué à leur devoir en leur qualité de fiduciaires majeurs du régime de retraite.

A noter aussi que les actuaires qui examinent l'administration du régime fondent leur analyse et formulent leurs recommandations sur la foi des rapports des vérificateurs quant aux divers

aspects de l'administration du fonds. Or, à l'Université d'Ottawa, comme à d'autres universités, les vérificateurs qui examinent l'état financier du régime de retraite sont aussi ceux qui vérifient l'état financier de l'Université. Il y a lieu de voir là une seconde source de conflit d'intérêt.

L'Association des professeurs retraités de l'Université d'Ottawa a donc jugé opportun de mettre sur pied son propre comité de surveillance. Ce comité a pour mandat de vérifier que l'administration du régime de retraite, dont la responsabilité ultime revient aux fiduciaires majeurs, respecte les normes et les critères qui ont cours dans ce secteur d'activité.

Le comité est composé d'un actuaire, d'un comptable agréé, d'un homme d'affaires et du président de l'association, qui en assume la direction. Ce comité a remis ce printemps son premier rapport. Dans la conclusion de ce document, bien que sommaire parce que le temps a manqué aux membres, le comité considère que le régime de retraite des professeurs retraités de l'Université d'Ottawa a été ces dernières années administré sagement.

Il s'agit là d'une conclusion qui a réjoui tout le monde et qui va contribuer, peut-on penser, à dissiper quelque peu l'aura de suspicion qui a longtemps enveloppé l'administration de ce régime de retraite.

A National Universal Pharmacare Program for Canada?

E.E. Daniels, Department of Pharmacology, University of Alberta

(Note: A French Summary appears at the end of the article – RM)

The Problem: Canada is facing a potential disaster in universal health care, relating to rising drug prices and usage. The question is, what should be done? Pharmacare has been proposed and is essential but it must be implemented in a way that controls cost of drugs.

Total expenditures on drugs in Canada amounted to \$24.8 billion in 2005. That was more than was spent on doctor's services. Most of these costs were for prescription drugs (about \$20.6 billion). The cost of drugs is growing at about 12% annually. In 2005, the public sector paid about 50% of the cost of prescribed drugs, \$ 9.5 billion¹.

The growing epidemics of obesity and related health problems (diabetes), high incidences of myocardial infarction and stroke, and age related diseases (Alzheimer's dementia, heart failure, osteoporosis, cancer, etc) will increase the need and demand for drugs. As the proportion of aged persons increases, the demands will multiply². These factors, together with the promotion of a pill for every problem, mean that drug costs, if unchecked, may overwhelm the Public Universal Health Care we enjoy.

The Argument of the Multinationals (Big Pharma) to Justify Costs. Propaganda to the public and government from Big Pharma declares that the cost of drug development requires that high prices be maintained over long patent periods to recoup costs and yield profits, which allow continued development of drugs. In fact, the rate of profits for Big Pharma are double the rate of profits of most industries, but their research is yielding fewer new molecular entities^{1,2}. Most new drug approvals are for reformulation of old entities to provide a new patent, often to retain a monopoly². Some of those drugs which do reach market (e.g., Vioxx and Cisipride) have to be withdrawn because of subsequently discovered toxicities, resulting in lawsuits and further costs. These tragedies are the result of both inadequate initial testing and inadequate follow up after licensing.

Although few of the candidates that enter clinical testing ultimately end up on the market, the question is, how many of the molecules that the drug companies test are actually potential products that meet real health needs; i.e., constitute real medical breakthroughs and provide new solutions to medical problems? In fact, the enormous profits of the pharmaceutical industry do not derive from products that are the outcomes of basic research that uncover drug targets ultimately leading to major therapeutic advances. A large proportion of increasing expenditures for drugs, recently 80%, is for “me too” drugs². (These drugs resemble and act the same as established drugs but are produced by a different multinational company.) An excellent example is “The little purple pill”, a proton pump inhibitor (PPI) for heartburn. It is heavily advertised on television from US channels, but is no more efficacious or safe than the now generic PPI, omeprazole.

More of the expenditures of Big Pharma in the USA in 2004 were not for research but for drug promotion (estimated at about 24.4% of the sales dollar versus 13.4% for R&D³). US \$57.5 billion was spent on marketing, which includes drug detail salespersons visiting doctors, giving samples to doctors, TV ads, advertising in journals to doctors and in magazines to patients, payments to consultants to travel around and tell doctors about their drugs⁴, etc. Proportionately more is spent on marketing such “me too” drugs in the USA, where advertising of claims for prescription drugs to patients in the media is allowed.

The expenditure per capita on prescription drugs is much higher in the USA than in Canada. The differential, previously small, increased after 1995 when US pharmaceutical firms began to use television ads to market drugs with product-claims advertisements (ads supposed to contain also information about major side effects and contraindications and information to allow access to detailed labeling information). The differential grew even faster after 1997 when the guidelines for these ads were changed to require, besides the claims, a statement about risks and reference of consumers to 4 sources for further information; a toll free telephone number, currently running print advertisements, a brochure and the consumers health provider⁵. Between 1995 and 2005, the average difference in per capita spending on prescription drugs in the USA compared to Canada increased from Canadian \$2 to Canadian \$356. This increase was in lockstep with increased expenditure on direct to consumer

advertising of prescription drugs. Thus direct promotion of prescription drugs to consumers constitutes a major component of costs to pharmaceutical firms in the USA. In Canada, CanWest Global is trying to open the media markets to drug claims promotion, but the case, currently before the Ontario Superior Court, has not been decided. The consequences of allowing prescription drug claims ads in Canada will certainly be similar to those in the USA, increased per capita costs without public health benefit.

Drugs costs are also the result of their heavy promotion as the solution to all problems in what can be described as "Treating desires not diseases"⁶. Professor David Triggles at the University of Buffalo described it thus: "The 1 April 2006 issue of The British Medical Journal ran a short note by the Australian journalist Ray Moynihan describing a new disease - motivational deficiency disorder. Apparently affecting one in five Australians and diagnosed by neurologist Leth Argos through both positron emission tomography scans and scoring scales, the disease was described as treatable with a new cannabinoid CB1 receptor antagonist indoleban. Several news organizations ran with this story, accepting it as authentic. Motivational deficiency disorder fits in with restless legs syndrome, female sexual dysfunction, social anxiety disorder, intermittent explosive disorder, irritable male syndrome and other assorted contemporary 'diseases'." Triggles added, that it also fits well with the barrage of pharmaceutical advertising that viewers of US television are subject to. The demographics of a TV program audience can be predicted by looking at the drug advertisements: advertisements for 'leaky pipes', insomnia and erectile enhancement implies an audience of >50 years.

The Role of Patents: In 1993, Bill C91 gave new drugs patents for 20 years in Canada, retroactive to 1991, and set up the Patented Medicine Prices Review Board (PMPRB). Before then, compulsory licensing allowed a company to manufacture a generic copy of a patented drug after varying, but shorter, periods of time. The change was justified by claiming that this would enhance pharmaceutical research and drug development in Canada. There was an increase in the percent of the sales dollar that went to R&D from 1987 (about 6%) to a high of about 12.9% in 1997 but since then the portion of the sales dollar that goes to R&D has dropped to about 8%. Moreover, the extent of deficits of imports into Canada over exports of prescription drugs rose from \$1,464 million in 1993 to \$4,059 million in 2000. The exact causes are unknown, but problems of scale and the impacts of NAFTA and the WTO played roles. The proportion of prescription drug imports has risen from 34% in 1993 to more than 75% by 2000⁶. Thus Bill C91 has not increased the Canadian content of the drugs we consume.

What Doesn't Work to Control Drug Costs? Free marketers will say, "Competition will control prices". However the evidence is clear: the market fails to control drug prices, i.e., there is no effective price competition between brand-name drugs that do the same thing or between brand-name and generic drugs (copies of drugs made after patent expiration)⁷? The explanation: Canadian regulations and policies under the (PMPRB) allow a newly patented drug to be priced up to the maximum price of existing drugs that are therapeutically the same and drug companies take full advantage⁷. Although this has not been studied, I suspect that they compete in advertisement costs rather than in price.

If a drug is covered under a provincial drug plan and the plan lists generic equivalents then, in all provinces, except Quebec, pharmacists are only paid for the least expensive version listed regardless of what the doctor prescribes and what the pharmacist dispenses. Big Pharma tries to get around this market erosion by bringing different formulations onto the market and patenting them just before the generic drug appears or else they sell their own generic version. Thus when generic drugs finally become available, expenditures for drugs may not go down much or at all. Also, much money is spent by Big Pharma to ensure that generic drugs do not take over the market. So far, they are succeeding⁷, even though the prices for generic versions of drugs are usually set about 25% lower than brand name drugs by provincial drug plans. In the USA, Big Pharma sometimes pays generic manufacturers to keep their drugs off the market⁸.

The conclusions are that drug prices are not successfully controlled by the market, that Canada has become a major importer of prescription drugs and that any price advantage that Canadians have over the USA and most of the EU results from controls exerted by the PMPRB. However, prices in France, Italy and Sweden are lower than in Canada. Finally, if attempts to allow direct to patient advertising are successful, drug expenditures will increase dramatically.

What Will Work to Reduce and Control Drug Costs? The simplest and most effective approach would be for the federal government to set up a universal Pharmacare system to buy drugs. Provinces already do this when buying drugs for their public plans, but a single national negotiator would have more leverage and a universal plan would reduce costs per patient and overall costs. The individual consumer of drugs, paying privately, has little or no power to bargain at the pharmacy and no ability to influence prices set by Big Pharma. He/she lacks the information to demand or accept a generic substitution, even when they must be offered as they are in some provinces.

The bargaining power of the federal governments would be greater than that of individuals or even provinces. That is why in the USA, Medicare is prohibited by the law, demanded by Bush and passed by the Republican Congress, from “negotiating” drug prices.

Under a Pharmacare Plan, the federal government could establish a drug formulary based on the best evidence about which drugs are effective and safe for various diseases. Then where there are generic versions of a drug the government could place tenders and award the contract to the company with the lowest bid. Where there are multiple different but very similar drugs (virtually identical in terms of safety and effectiveness), then the government would pay for the least expensive product in the class. Even in the rare case of real breakthrough drugs, the ability to buy on a large scale would enable the government to bargain effectively.

Consumers could still have choice if they or their physicians chose to disregard the evidence that led to the government's choice of which drug to pay for when there are generic or multiple similar products. In these cases the consumer could elect to pay the difference between the product that she/he wants and

the one the government covers. When patients need a more expensive drug because of genuine medical need then the government would pay the entire cost. British Columbia has been successfully running such a Reference Based Drug Program since 1995. There should also be a major attempt to educate doctors and patients about drug intake, to curb the increasingly irrational and counterproductive abuse of drugs noted by Professor Triggie.

Such a system has problems of course; e.g., what about very expensive and/or new breakthrough drugs needed for rare cases of cancer or genetic conditions. There would have to be an Appeal System to decide how to respond to these cases. Sometimes difficult decisions would need to be taken. One drug may save a life of a teenage person while another may extend it for a few months for an elderly person. A fair mechanism, not hampered by major bureaucratic delays, will have to be developed to make these difficult decisions.

The Biggest Problem: Provincial versus Federal Jurisdiction. Health care is under provincial jurisdiction, and provincial governments are highly suspicious of any action that they interpret as an attempt by the federal government to interfere with their turf. This will be the biggest obstacle to setting up a National Pharmacare for Canada. However, there may be approaches that will achieve cooperation in this endeavor. For example, our national government could set up an inter-provincial group of experts to work together on a National Formulary. Participation would of course be voluntary, but provincial Medical Associations could be asked to send representatives. Once a National Formulary, with an amending mechanism, is in existence, then the National Government could offer to interested provinces to negotiate prices with the pharmaceutical industry on drugs in the Formulary. Again participation would be voluntary, but experience should quickly reveal that the bargaining power of the National Government results in lower prices. Once this has been demonstrated, additional mechanisms to negotiate prices for new drugs which are truly innovative could be put in place. The above proposal is only one of several ways that a National Pharmacare system could be introduced.

Conclusion: For the future of Universal Medicare, and for improved delivery of pharmaceutical care at reasonable cost, it is time for Canada to set up National Universal Pharmacare Program. Although obstacles exist, they can and must be overcome to ensure that Universal Medicare survives the onslaught of high drug costs.

1. Drug Expenditure in Canada. 1985 to 2005. Canadian Institute for Health Information, 2006.
2. Morgan SG, Bassett KL, Wright JM, et al. "Breakthrough" drugs and growth in expenditure on prescription drugs in Canada. *BMJ* 2005;331: 815-816.
3. Marc-André Gagnon and Joel Lexchin. (Unpublished personal communication).
4. New York Times article. 3/15/2007. Doctors' Ties to Drug Makers Are Put on View.

5. Morgan Sg. Direct-to-consumer advertising and expenditures on prescription drugs: a comparison of expenditures in the United States and Canada. *Open Medicine* 2007; 1:37-45.
6. David Trigg. Treating desires not diseases: a pill for every ill and an ill for every pill? *Drug Discov Today*. 2007 12(3-4):161-166.
- 7a. Joel Lexchin. Intellectual Property Rights and the Canadian Pharmaceutical Marketplace: Where Do We Go from Here? *International Journal of Health Services*, Volume 35, Number 2, Pages 237–256, 2005.
- 7b. Joel Lexchin. Do manufacturers of brand-name drugs engage in price competition? An analysis of introductory prices. *CMAJ* 2006 174(8) 1120-1121.
8. See: <http://www.qdinformation.com/qdisblog/2007/01/30/senate-to-debate-big-pharma-deals-with-generics/>

FRENCH SUMMARY

Une centrale canadienne d'achat de médicaments

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Nature du problème. À cause de l'augmentation du prix des médicaments, le système de santé universel du Canada est en danger. Que devrions-nous faire? La centrale d'achats de médicaments qui a été proposée est une initiative essentielle, mais elle doit en même temps contrôler le prix des médicaments.

Les dépenses pour les médicaments ont totalisé 24,8 milliards \$ au Canada en 2005, et 20,6 milliards \$ pour les médicaments d'ordonnance. Les coûts augmentent de 12 % chaque année.

L'augmentation des coûts des médicaments menace l'existence même du régime public universel de soins de santé.

Les arguments des multinationales du médicament. Les multinationales prétendent que les médicaments doivent être maintenus à un prix élevé pendant la durée de protection des brevets pour permettre aux compagnies pharmaceutiques de récupérer leurs coûts de développement et pour leur assurer un profit.

En fait, les énormes profits de l'industrie pharmaceutique ne proviennent pas de nouveaux produits présentant des progrès thérapeutiques majeurs, mais de la production de médicaments équivalents. De plus, les coûts de la mise en marché des médicaments ont coûté 57,5 milliards \$ aux compagnies pharmaceutiques en 2004 (24,4 % des ventes), alors que les coûts de la recherche ont représenté 13,4 % des ventes.

Les dépenses de médicaments d'ordonnance per capita sont beaucoup plus élevées aux États-Unis qu'au Canada. Entre 1995 et 2005, la différence moyenne est passée de 2 \$ CAN à 356 \$ CAN, en relation

directe avec les dépenses consacrées à la publicité directe au consommateur. Une tentative de CanWest Global pour ouvrir le marché des médias à la publicité des médicaments est présentement devant la Cour supérieure de l'Ontario. Si la publicité des médicaments est permise au Canada, elle aura le même effet qu'aux États-Unis, soit d'augmenter le coût per capita sans bénéfice pour la santé publique.

Le coût des médicaments est aussi lié à l'approche qui consiste à prévoir un médicament pour toutes les affections. On peut déduire les clientèles visées par les émissions de télévision par la publicité des médicaments qui y est présentée.

Le rôle des brevets. En 1993, la Loi C-91 étendit à 20 ans la protection des brevets des nouveaux médicaments et institua le Conseil d'examen du prix des médicaments brevetés (CEPMB). De 1987 à 1997, la proportion des ventes consacrée à la recherche et au développement passa de 6 % à 12,9 %; mais depuis, le pourcentage a baissé à 8 %.

Qu'est-ce qui ne fonctionne pas dans le contrôle du prix des médicaments ? Les tenants du libre marché vont prétendre que « la concurrence va contrôler l'augmentation des prix ». Les données sont pourtant claires : la concurrence entre les médicaments qui ont le même effet ou entre médicaments brevetés et médicaments génériques n'existe pas. L'explication en est que les politiques applicables sous le CEPMB permettent aux compagnies d'exiger pour un nouveau médicament breveté un prix équivalent au maximum du prix des médicaments existants qui ont le même effet thérapeutique, et que les compagnies s'en prévalent allègrement. Cette question n'a pas fait l'objet de recherches, mais je soupçonne que la concurrence se manifeste au niveau des dépenses de publicité plutôt que sur le prix du médicament.

Dans toutes les provinces (sauf au Québec), les pharmaciens ne reçoivent que le prix le moins élevé des médicaments (brevetés ou génériques) qui appartiennent à la listes des médicaments du régime provincial. Les grandes compagnies pharmaceutiques utilisent divers moyens pour atténuer l'impact des médicaments génériques sur les prix.

Le marché ne réussit pas à contrôler le prix des médicaments et le Canada est devenu un importateur important de médicaments d'ordonnance. Les avantages de prix du Canada s'expliquent par l'influence du CEPMB, mais les prix sont plus bas en France, en Italie et en Suède. Finalement, si les tentatives actuelles de permettre la publicité directe auprès des patients sont couronnées de succès, le coût des médicaments augmentera considérablement.

Qu'est-ce qui pourra réduire et contrôler le coût des médicaments ? L'approche la plus simple et la meilleure serait pour le gouvernement fédéral d'instituer une centrale d'achats. Les provinces le font déjà lorsqu'elles achètent des médicaments pour leurs régimes publics, mais un seul négociateur pour l'ensemble du pays aurait un impact plus marqué, et l'existence d'un régime universel entraînerait une réduction des coûts pour chaque patient et pour l'ensemble. Si une centrale d'achat existait, le gouvernement fédéral serait en position d'établir une liste des médicaments en regard de leur efficacité et de leur sûreté. Les contrats pourraient être accordés au plus bas soumissionnaire. Dans les cas où il existe plusieurs médicaments similaires, le gouvernement paierait le prix du moins cher.

Les consommateurs pourraient payer la différence lorsqu'ils désirent s'écarter du choix entériné par le gouvernement. La Colombie britannique administre depuis 1995 un tel programme de médicaments standardisé. On devrait aussi consacrer les énergies nécessaires à l'éducation des médecins et des patients quant à l'usage des médicaments.

Un tel système présente évidemment certains problèmes. Un mécanisme juste et équitable, à l'abri des retards bureaucratiques, devra être mis au point pour rendre les décisions difficiles.

Le problème principal : le conflit de juridictions. Au Canada, les soins de santé sont sous la juridiction des provinces, et celles-ci sont jalouses de leur autonomie. Notre gouvernement national pourrait établir un groupe inter-provincial d'experts (participation optionnelle) avec le mandat de mettre au point une liste des médicaments approuvés. Le gouvernement fédéral pourrait offrir aux provinces intéressées de négocier les médicaments pour elles avec l'industrie pharmaceutique. On devrait constater que la position de négociation du gouvernement fédéral permet d'obtenir de meilleurs prix.

Conclusion. Il est temps de mettre au point une centrale d'achat nationale de médicaments. Il y a des obstacles à cela, mais on doit les vaincre, pour assurer que le régime national et universel de soins de santé survive à l'explosion du coût des médicaments.

Cross-Country Check-Up

Dalhousie

The Association of Dalhousie Retirees and Pensioners (ADRP) is sponsoring a new seniors college modelled on the very successful one established at the University of Prince Edward Island. The intention is to have the College become an independent organization, governed by its own members, that will arrange opportunities for learning in later life. Any senior (age 50 or older) may become a member of the College for the Fall of 2007 and attend any or all of the classes offered in the Fall of 2007 (subject to some class-size limits) by paying the membership fee of \$60.

Four separate classes are being offered for the Fall of 2007.

A: Islam, Peace and Terrorism.

B: Interpreting the King James Bible as Literature.

C: Managing Your Money.

D: Writing for Life.

Each class meets once per week for about two hours over a period of eight to ten weeks. The two hours include time for discussion. There are no tests! And there will be no homework! There should be adequate parking at all meeting locations, and they are all on HRM bus routes. It is hoped that a new set of courses will be offered for another term, January - May 2008.

UBC

Several post-secondary retiree organizations across the country are exploring the possibilities of developing campus-related retirement housing facilities, among them groups at Laval, Simon Fraser, and Toronto. By far the most advanced project, however, is the one underway at UBC. Recently, approximately 75 UBC Professors Emeriti and their spouses attended a General Meeting on the Retirement Housing Development that will be built on the South Campus University Town site. The development there will consist of 180 living units which includes 70 condominiums and 110 apartments. The units can be purchased or rented.

A general meeting has been held to introduce the contractor, Concert Properties, and the service provider, Leisure Care, to interested Emeriti. The project is now in a development and design phase. Construction is scheduled to begin in the spring of 2008 and completion in 2010. Marketing of the units will begin in September of 2008. The UBC Professors Emeriti Association members who have registered with the developers will have first choice on the units.

Concert Properties and Leisure Care will be contacting registrants during the planning and development stages this winter. This will give potential residents the opportunity to customize their living quarters to some degree. Pricing is still under consideration due to the changing construction market in the Lower Mainland. Prices will likely be known after construction is begun next spring. Ownership of a residence does not include ownership of any land. The land belongs to UBC and residents will have a 99 year lease on this land from 2010. Units that are purchased may be resold at market value. [The foregoing is based on an article by Chuck Slonecker published in a recent edition of the Newsletter of the Association of Professors Emeriti at UBC.]

University of Windsor

On October 16, 2007 representatives of the University of Windsor (UW), the Windsor University Faculty Association (WUFA) and the Windsor University Retirees Association: Faculty, Librarians, & Certain Others (WURA) signed a statement of relationship between the UW, WUFA, and WURA. The statement reads as follows:

This statement is intended both to foster a collegial association between and among UW, WUFA, and the retired members of WUFA and reflect the parties' support for mutual understanding, trust, and good fellowship.

UW and WUFA share certain responsibilities under their collective agreement and the Retirement Plan for Faculty and Certain Employees (Reg. No. 0366849; April, 2003) [the Plan] for all retirees who were members of WUFA and are members of the Plan. For those retirees who are not members of the University of Windsor Pension Plan (i.e., have elected to remain with the Ontario Teachers Pension Plan [OTPP]), all of their pension issues will continue to be the responsibility of the OTPP but the parties hereto will continue to address all of their other retirement issues or interests in the same manner as for those in the University of Windsor Pension Plan.

UW and WUFA have negotiated pension and benefit terms that affected all retirees. UW recognizes WUFA's role in such negotiations as the only authorized bargaining party in representing the interests of retired members of WUFA and their survivors.

UW confirms that it will continue to bargain issues relating to retirement and thus continues the past tradition established by both UW and WUFA to bargain in good faith with respect to all matters pertaining to retirement.

UW and WUFA recognize that they have both legal and equitable responsibilities in the exercise of any authority or control respecting the terms, management or disposition of funds associated with the Plan and other benefits under the Plan and acknowledge their obligation to treat both active and retired members in a legal and equitable manner.

University of Toronto

The second annual symposium organized by the Senior Scholar's Committee of RALUT took place on Thursday the 29th of March at Massey College. Over sixty retired colleagues gathered to hear presentations by eight of their number. The eight stimulating research papers ranged widely over the disciplines that the University encompasses: medicine and physiology, environmental science and economics, the literatures of Europe and the Middle East, and Canadian history. The day-long event proved very successful, not only as an enjoyable social and intellectual experience but in helping to demonstrate the ongoing vitality of academics in retirement. A copy of the proceedings can be downloaded from the RALUT website at http://www.ralut.utoronto.ca/compile_13.pdf

Queen's

Alison Morgan writes: Although there are official (to 1961) and less formal Queen's history books (to 1981), plus film and tape collections available to researchers, RAQ and the University Archives have jointly set up a new oral history project we call The Human History of Queen's. Realizing there are former faculty and staff around with vivid memories of the fastest-changing decades in the University's history, we aim to collect and preserve their stories as are source, concentrating first on the momentous period 1960-79. This summer we had a wonderful student, Laura Swan (under the SWEP program), researching the events of Last summer's lunch at the Boathouse Inn at Rockport Sunny July weather and great food to share: Another happy RAQ picnic on Lake Opinicon those two decades, largely through the Queen's Senate Minutes. She also prepared the background for interviews, evaluated interviewing techniques and determined the equipment required. We will begin our Human History in earnest next summer, hoping for the funding needed to employ up to three trained students to conduct 20 to 30 interviews each. First-phase interviews will cover the 1960s, focusing on themes and events prominent on campus then: dramatic increases in student, faculty and staff numbers, new degree programs, the building boom and the usual financial hardships. These years Momentous

years in Queen's history: Tell your story were also marked by the advancement of women, Canadian nationalism, security issues of the Cold War, plus student protests for housing and Senate seats and against the RCMP's secret presence on campus. We have begun compiling names of potential interviewees – those of you who were both witnesses and shapers of those times. But we're always looking for more. The initial interviews will start this winter. If you're interested yourself or have subjects to suggest, please consult the RAQ website, which will soon host a page dedicated to this project.

University of New Brunswick

The President and the Vice-President Research at the University of New Brunswick have committed \$30,000 a year for the next three years to a "Retirees' Research Fund". Beginning this fall, Professors Emeriti and persons appointed as "Honorary Research Professors" will be eligible to apply for grants of up to \$2000 to support the purchase of research equipment and supplies not provided for in departmental budgets, hiring of research assistants, field trips and other travel directly related to their proposed program of research. Establishment of this fund was a recommendation of the President's Standing Committee on Retired Faculty and Staff, four members of which are appointed by the President and four by the retiree association.

CURAC Conference 2008 to be held in Montréal

CURAC's sixth annual Conference and annual General Meeting will be held May 21 to 23, 2008 in Montréal, and we are planning external activities on May 24th, including a visit to Québec City's 400th anniversary celebrations. The Conference is hosted by Concordia University and l'Université du Québec in Montréal, under the co-chairmanship of Howard Fink, Past President of CURAC, and Roch Meynard, secretary general of the Québec university-retirees' federation, ARUQ [Associations de retraités des universités québécoises]. Sessions will be held on the downtown SGW campus of Concordia, while the annual banquet is planned for the downtown campus of UQAM.

The members of the Local Organizing Committee include executive members from the three retiree associations of the host universities: CUPA/ARUC [Concordia University Pensioners' Association / Association des retraités de l'Université Concordia], APR-UQAM [Association des professeurs retraités de l'Université du Québec à Montréal – faculty] and APRÈS-l'UQAM [Association du personnel retraité de l'Université du Québec à Montréal – staff].

The Montréal 2008 Conference is planned to be the first completely bilingual CURAC conference, with translations of all sessions if possible. A number of the sessions will reflect the concerns and activities of our Board Committees; we also hope to include a session dealing with member-associations' concerns.

The annual CURAC Conference is a crucial opportunity for members to be informed of—and comment on—CURAC's activities, as well as to meet with one another and with Board members. Both designated Delegates and individual members of affiliated Associations are most welcome.

Kindly bring this first Conference/08 announcement to the attention of your Association executives and members.

Further information, including session topics, registration and accommodation, will follow shortly, on the CURAC website, in the CURAC Newsletter and in the President's conference memo to member organizations. If you have questions or suggestions, please contact Howard Fink: <howard@seabark.ca> or Roch Meynard: <rmeynard@videotron.ca>.

Le congrès de CURAC/ARUCC se tiendra à Montréal en 2008

Le sixième congrès annuel de CURAC/ARUCC et l'assemblée générale annuelle se tiendront à Montréal, du 21 au 23 mai 2008. Nous prévoyons aussi des activités facultatives pour le 24 mai, y compris une visite aux célébrations du 400e anniversaire de la ville de Québec. Le congrès est organisé sous les auspices de l'Université Concordia et de l'Université du Québec à Montréal, sous la co-présidence de Howard Fink, président sortant de CURAC, et de Roch Meynard, secrétaire général des Associations de retraités des universités québécoises [ARUQ]. Les séances de travail auront lieu sur le campus Sir George Williams de l'Université Concordia, alors que le banquet se tiendra sur le campus de l'Université du Québec à Montréal.

Le comité local d'organisation est formé de membres des trois associations de retraités des universités hôtes : CUPA/ARUC [Concordia University Pensioners' Association / Association des retraités de l'Université Concordia], APR-UQAM [Association des professeurs retraités de l'Université du Québec à Montréal – professeurs] et APRÈS-l'UQAM [Association du personnel retraité de l'Université du Québec à Montréal – employés et cadres].

Le congrès de Montréal sera le premier congrès complètement bilingue de CURAC/ARUCC : nous espérons offrir la traduction simultanée de toutes les séances. Certaines séances reflèteront les préoccupations et les activités des comités du conseil d'administration; nous prévoyons consacrer une séance aux préoccupations des associations membres.

Le congrès annuel constitue l'occasion rêvée de s'informer et d'échanger des commentaires sur les activités de CURAC/ARUCC, de rencontrer les autres membres de l'association ainsi que les membres du conseil d'administration. Les délégués d'office et les personnes membres de nos associations affiliées sont les bienvenus au congrès.

Ayez l'obligeance de communiquer le texte de cette première annonce du congrès 2008 aux dirigeants et aux membres de votre association.

Des informations complémentaires (thèmes et contenu des séances, formulaire d'inscription et renseignements sur les hôtels) vous seront communiquées sous peu dans le Bulletin et dans le site Web de CURAC/ARUCC ou dans la Note du président sur le congrès.

Pour toute question, ou pour formuler des suggestions, veuillez communiquer avec Howard Fink <howard@seabark.ca> ou Roch Meynard <rmeynard@videotron.ca>.