



Scott Travers
President

December 2, 2016

The Honourable Bill Morneau, P.C., M.P.
Minister of Finance
House of Commons
Ottawa, Ontario K1A 0A6

Dear Minister:

I am writing on behalf of The Society of Energy Professionals' 8,000 members and in support of all workers who have accrued benefits in workplace defined benefit pension plans.

I urge you to immediately withdraw Bill C-27, *An Act to Amend the Pension Benefits Standards Act*.

It is surprising and disappointing that the Trudeau government has chosen to introduce this legislation, quietly and without consultation. Bill C-27 brings back the same target benefit pension scheme that was abandoned by the Harper government in 2015 after extensive negative feedback from stakeholders during the consultation phase. The bill is in direct contradiction to the position taken by Prime Minister Trudeau in a 2015 letter to Gary Oberg, head of the Federal Superannuates National Association. The Prime Minister wrote, "DBPs [defined benefit pensions] which have already been paid for by employees and pensioners, should not retroactively be changed into TBPs [target benefit pensions]." Bill C-27 is designed to do exactly that.

Bill C-27 represents a serious threat to workers, retirees, and to the Canadian economy. Although it is presented as an additional option for employers who might wish to introduce a workplace pension plan, it is clear that the focus is on conversion of existing DB plans to TB plans. Bill C-27 makes it possible for workers to be enticed or coerced into converting their accrued DB benefits into much less secure TB benefits. The bill enables employers who want to tear up the pension promise to do so, putting benefits at risk that are currently guaranteed. This threatens the retirement security of hard-working Canadians who, under a TB plan, will no longer have pension income certainty. Reduced certainty translates into reluctance to engage in spending that would enhance retirees' quality of life and stimulate the economy.

Bill C-27 poses a threat to DB pension plans across Canada. If passed at the federal level for private sector and Crown corporations, the concept will likely spread to other Canadian jurisdictions. Employers will point to the federal precedent and will push hard for similar legislation. The bill represents a windfall for employers who are able to convert DB plans to TB plans because by doing so, they are downloading virtually 100% of the market volatility risk from employers onto employees. We have already seen the adverse effects of DB to TB plan



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conversions in New Brunswick, which has resulted in class action lawsuits, constitutional challenges, and a sharp reduction in DB coverage, as workers and retirees react to being forced to surrender their hard-earned accrued benefits in exchange for much less secure TB benefits. The Trudeau government must not give new life to this mistake by following and furthering the New Brunswick precedent.

The bill also leaves workers and unions with little opportunity for union involvement. TB plans would not be jointly governed by union- and employer-appointed trustees and unions could be largely excluded from a governance role.

This proposed legislation undermines measures that have been taken by your government to enhance retirement security, such as the expansion of the Canada Pension Plan and improvements to the Guaranteed Income Supplement. It represents broken promises – promises made by Prime Minister Trudeau in 2015 and promises that have been made by employers to their workers. Please do not complete Harper's unfinished business. Please do not set a terrible example for other Canadian jurisdictions.

We echo the words of Canadian Labour Congress President Hassan Yussuff in saying, "this is a pivotal moment for workplace pensions in Canada." It is our hope that you will choose to promote and protect the retirement security of Canadians by withdrawing Bill C-27.

Yours sincerely,

Scott Travers
President

CC: Francois-Philippe Champagne, MP, Parliamentary Assistant to the Minister of Finance
Gerard Deltell, MP, Official Opposition Critic for Finance
Guy Caron, MP, Opposition Critic for Finance
Hassan Yussuff, President, Canadian Labour Congress