



November 21, 2016

The Honourable William Morneau, P.C., M.P.  
Minister of Finance  
Department of Finance Canada  
90 Elgin Street  
Ottawa, Ontario  
K1A 0G5

Dear Minister Morneau,

On behalf of the Public Service Alliance of Canada and its over 180,000 members, I am writing to urge you not to proceed with your recently tabled bill, C-27, an Act to amend the *Pension Benefits Standards Act, 1985*.

This legislation is an attack on the retirement security of workers and retirees in the federal private sector and Crown corporations. This includes over 10,000 PSAC members in workplaces such as NAV CANADA, Port Corporations, First Nations employers, Airport Authorities, the Bank of Canada, Marine Atlantic, Air North, and Dominion Diamond Ekati Corporation.

By allowing employers to convert good, defined benefit (DB) pension plans, which provide secure and predictable pension benefits, into the much less secure form of target benefit (TB) pension plans, all the risk of market volatility is shifted onto active members and retirees. This is a betrayal of the legal rights and protections of plan members, the very rights and protections that legislation like the *Pension Benefits Standards Act* were designed to uphold.

Furthermore, this approach is already proving a failure. New Brunswick's legislation, introduced in 2012 by the Conservative government of David Alward, allowed conversion of private and public sector DB plans to TB pension plans. The result has been class action lawsuits, constitutional challenges, as well as plummeting DP plan membership, which has fallen by more than 14 per cent.

While C-27 requires individual plan members to consent to surrendering their DB benefits, it would be misleading to suggest this measure provides an adequate safeguard. Even if employers provide the option to remain in a DB plan, they'll inevitably do all they can to convince employees to transfer over to TB plans. That will jeopardize security for those opting to remain in DB plans and create divisive circumstances in the workplace. C-27 is also sure to put at risk the stability of workplace relations and fuel labour disputes. In a lockout or insolvency situation, workers may be pressured to agree to surrender their benefits and pension rights.

The ability of unions to advance the interests of our members is uncertain under Bill C-27. According to the bill, "a bargaining agent may consent on behalf of a unionized member if the agent is authorized to do so." This language, and its consequences, are very unclear. Furthermore, TB plans would not be governed jointly by union and employer appointed trustees. This means unions, and the members they represent, stand to be largely excluded from the governance of TB plans.

As I am sure you are aware, the former Conservative government under Stephen Harper began consultations in 2014 on a plan to introduce legislation similar to C-27. Retirees, workers and their representatives forcefully opposed the Conservatives' proposal, forcing them to back down. Rest assured, your government will also face fierce opposition if you choose to proceed with this legislation.

I am gravely concerned that the Liberal government is picking up from where the last government left off, especially since your party campaigned on being a real change from the regressive policies and legislation we saw from the Conservatives. C-27 contradicts Prime Minister Justin Trudeau's own commitment to retirees. Mr. Trudeau stated in his 2015 letter to Gary Oberg, head of the Federal Superannuates National Association, that "DBPs [defined-benefit pensions], which have already been paid for by employees and pensioners, should not retroactively be changed into TBPs [target-benefit pensions]."

C-27 is an affront to the promise of your government to improve retirement security for Canadians, and it undermines the positive steps your government has already taken on this issue, including the expansion of the Canadian Pension Plan.

The Government of Canada's leadership will influence governments and plan sponsors across the country. Rather than following the Conservatives' example, I urge you to abandon Bill C-27 and instead continue to build on the progress your government has already made on strengthening and expanding Canadians' pension rights and retirement security.

Sincerely,

A handwritten signature in cursive script that reads "Robyn Benson".

Robyn Benson