



INTERNATIONAL FEDERATION OF PROFESSIONAL & TECHNICAL ENGINEERS AFL-CIO & CLC

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

Dear Minister Morneau,

As elected leaders of the International Federation of Professional & Technical Engineers (IFPTE), we are writing regarding Federal Bill C-27, “An Act to Amend the Pension Benefits Standards Act, 1985”. If enacted, Bill C-27 would represent an alarming departure from reliable and dependable Defined Benefit (DB) pension plans to risky and undependable Target Benefit (TB) plans. On behalf of the tens of thousands of Canadian workers and retirees represented by IFPTE, we urge the Trudeau government to reverse course in supporting this legislation.

While IFPTE applauds the Liberal government’s campaign promise to strengthen retirement security for Canadian workers and retirees, supporting Bill C-27 is the exact wrong approach to pursue, as it gives employers the ability to shift from a DB plan in which they are legally obligated to provide adequate resources toward employee pension funds, to a TB pension plan in which employers pension funding obligations are capped, leaving retirees and workers vulnerable to the whims of the market and increasing the potential for pension cuts in the future.

Bill C-27 stipulates that unions and workers first have to agree to forgo their DB plan for a TB plan. However, the reality is that come negotiating time many employers will leverage cuts to wages, vacation and sick leave, and other hard earned worker benefits in order to convince workers and unions to agree to a TB plan. This would result in employers shifting the obligation from the employer to the worker, who will bear the burden of TB plan risks that come with market volatility. It is a great deal for employers, but a very risky one for workers and retirees.

It is also worth noting that Bill C-27 is counter to the promises made by Prime Minister Trudeau himself, who wrote in a July 23, 2015 letter to 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].”

Finally, we need to look no further than the 2012 New Brunswick experiment in which the Conservative government allowed employers to transfer from DB plans to TB plans. As you are no doubt aware, that plan failed miserably, resulting in a 14% decline in participation in DB plans, as well as class action lawsuits and constitutional challenges. The same would occur nationally if this legislation were to pass.

The bottom line is that it would be a grave disservice to throw workers and retirees to the wind by weakening the Pension Benefits Standards Act through passage of Bill C-27. This legislation would give an open door to employers to walk away from their commitments when it comes to fully funding worker DB pension funds. As such, IFPTE urges the Trudeau government to reverse course and abandon Bill C-27.

Thank you for your consideration.

Sincerely,

Gregory J. Junemann,
President

Scott Travers,
Local 160 President/
Canadian Area VP

Paul Shearon,
Secretary- Treasurer

Misty Hughes-Newman,
Local 161 President/
Canadian Area VP

