

November 15, 2016

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

Dear Minister Morneau,

I am writing on behalf of the Manitoba Federation of Labour, which represents more than 100,000 unionized workers in the province of Manitoba, to express strong opposition to Bill C-27 (*An Act to amend the Pension Benefits Standards Act, 1985*).

Bill C-27 – introduced without consultation with pensioners, unions or the Canadian public – represents a major attack on the retirement security of Canadians and, in particular, on Defined Benefit (DB) pension plans, which have proven to be the most efficient and effective pension model. Bill C-27 works against the aims of recent improvements championed by your government to CPP and GIS, and undermines tremendous goodwill achieved through co-operative work with Canada's labour movement on improving retirement security for working families.

As you are well aware, DB pension plans have as valued core principles both security and predictability for plan members, allowing for more accurate and comfortable retirement planning. Under DB pension plans, employers are obliged to fund employees' earned benefits, shielding their retirement income from market volatility. Bill C-27 would remove that legal obligation, and encourage the proliferation of Target Benefit (TB) pension plans, threatening benefit levels for not only future retired members, but also for actively contributing ones. In effect, the already-accrued benefits of current employees and retirees would no longer be legally protected, and could be retroactively reduced. Employers would be allowed to persuade individual plan members – both active and retired – to give-up their earned DB credits, in exchange for less secure and less stable TB plan benefits. Bill C-27 opens the door, and essentially invites employers / other plan sponsors to walk away from their pension obligations to employees and to retirees. Market volatility risks will be transferred from pension plans – in the aggregate – to individual plan members, active and retired.

These changes will not only erode the retirement security of working Canadians, but also adversely affect overall labour-management relations, as workers come under pressure to transfer from more secure DB plans to less secure TB ones. I note with strong concern that this pressure may even apply in lockout or insolvency scenarios, where workers may come under fire to surrender their benefits and pension rights.

Our members are shocked and very disappointed that your government is considering moving in a direction that contradicts promises made by the Prime Minister to enhance retirement security. We note also that this regressive direction was pursued and ultimately abandoned by the former Harper government, due to public opposition. The approach reflected in Bill C-27 is also proving disastrous in New Brunswick, where it was introduced by the Conservative government of David Alward: class action lawsuits, constitutional challenges and rapidly declining DP plan membership levels.

On behalf of working families in Manitoba, and the retirees who have built our province, we join with unions and Canadians from across the country in urging you to abandon Bill C-27.

Sincerely,

A handwritten signature in blue ink, appearing to read 'K Rebeck', with a stylized, cursive script.

Kevin Rebeck  
President  
Manitoba Federation of Labour

cc: The Honourable MaryAnn Mihychuk  
Hassan Yussuff, President, Canadian Labour Congress