Submission

presented by the

National Organization of Retired Postal Workers (NORPW)

on

Bill C-27, an Act to amend the *Pension Benefits Standards Act, 1985*

"The Target Benefit Plan"

May 15, 2017

Introduction

The National Organization of Retired Postal Workers (NORPW) was officially incorporated on April 10th, 2017. Our organization was created to provide a voice and representation to the 30,000 former CUPW members who have retired from the Canada Post Corporation (CPC). At the May 2015 CUPW National Convention, the delegates representing the over 50,000 active members unanimously endorsed and agreed to support the establishment of a national retiree organization for retired postal workers. The push for a national retiree organization first started in December 2013. On December 11, 2013 – the day after the Conservative government adjourned the House for its Christmas break – CPC announced its five-point plan of action with point #5 being the restructuring of the CPC Defined Benefit Pension (DBP) plan. The CPC five-point plan was approved by the Harper Conservative government in 2014. CPC was allowed to forgo paying into the CPC pension fund solvency deficit (at the time $5.2 billion) until 2018. This surprise CPC attack on our DBP plan was soon followed by the Conservative government's announcement, on April 24, 2014, of its target benefit plan (TBP) proposal. Harper's Conservatives called for submissions on its "Consultation Paper on Pension Innovation for Canadians: The Target Benefit Plan." These two announcements attacking our DPB security led to the formulation of the NORPW.

Lack of Transparency, Secrecy and Exclusion

Harper's Target Benefit Plan

In June 2014, a group of 32 CPC retirees, including five former national presidents, national and regional officers and local activists, presented a submission on Harper's Target Benefit Plan. We are including the introduction to the CPC retirees' 2014 submission to show the similarities in terms of lack of transparency, secrecy and exclusion of retiree groups in both the Harper Conservatives' TBP proposal and the Trudeau Liberals' TBP proposed legislation (Bill C-27) tabled on October 19, 2016.

> "This submission is by a group of Canada Post Corporation retirees who became aware of a "New Pension Scheme to be Proposed" through an article in the *Ottawa Citizen*, April 24, 2014, by Julian Beltrame, which states: "The announcement for a so-called target-benefit plan, or shared-risk plan would

apply to Crown corporations and federally-regulated workers is being sold as a proposal for 'affordable and sustainable' life time pensions." A copy of the Department of Finance news release entitled "Harper Government Begins Consultation on a potential Target Benefit Pension Plan framework," dated April 24, 2014, as well as "Frequently Asked Questions on proposed Target Benefit Plan (TBP) framework" and "Pension Innovation for Canadians: The Target Benefit Plan Consultation Paper Department of Finance Canada, April 2014" marked 'Confidential – Not for Distribution' was later obtained from the Department of Finance website.

As Canada Post Corporation (CPC) retirees, we were quite concerned to say the least upon discovering the direction the Harper government's Department of Finance is embarking on with their proposed scheme to replace the defined benefit pension plan of crown corporation employees. At the beginning of May 2014, a call was placed to Megan Murdoch, Communications Office of the Minister of State (Finance), the contact person listed on the April 24, 2014 news release (613-996-7861). A message was left requesting answers to the following questions:

(a) As a current CPC retiree, will I be affected by the proposed Target Benefit Plan if Canada Post agrees to opt for a target benefit plan in place of our current defined benefit pension plan?

(b) As a CPC retiree who is no longer an active employee, I cannot be represented by the Canadian Union of Postal Workers, and I am not represented by any other group. The consultation paper states that "The objective of this paper is to seek views on the approach and elements of a federal TBP framework. DC and DB plan sponsors, unions, the actuarial and legal professions, and retiree groups are invited to provide comments on these proposals;" therefore, can an individual retiree submit a brief?

(c) If a retiree can submit a brief, how is the Department of Finance notifying the various crown corporation retirees of the June 23, 2014 deadline for submissions? As of December 31, 2013, there are 28,715 retired members and 2,548 deferred members, survivors and beneficiaries covered by the DB plan, and the vast majority are not represented by any group that I am aware of.

After receiving no response to the message left for Megan Murdoch, a second call was made to Jack Aubry, Media Relations, Department of Finance, the other contact person listed on the April 24, 2014 news release (613-996-8080). A message was left asking the same three questions. After receiving no response from either contact person for two weeks, a call was placed to the Department of Finance (613-992-1573) on May 20, 2014, again leaving a message on the answering machine with the same three questions. Finally, after not receiving a response to any of the three messages left, an email was sent on June 11, 2014 to pensions@fin.gc.ca with the same three questions. At the time of writing this submission, the only response has been: "Thank you for communicating with the Department of Finance regarding the consultation on the approach and elements of a federal target benefit plan frame work. This is an automated response; please do not reply to this email."

> If this is how the Harper government's Department of Finance deals with questions raised by their consultation paper, they have clearly missed the target!
> We are CPC retirees and, as such, we have the right to be consulted and to participate in a process that may affect our pension benefits and livelihood. We demand that you stop this process that started on April 24, 2014 immediately. As well, we demand that all retired CPC employees and other crown corporation retirees be notified immediately and given the same chance to respond, if they wish, to the Harper government's proposed plan, which may affect their pensions and benefits."

Three days before the June 23, 2014 deadline for submissions, the Department of Finance finally responded that individual retirees would in fact be allowed to make submissions on the Harper government's Target Benefit Plan proposal.

Trudeau's Target Benefit Plan

On October 19, 2016, Finance Minister Bill Morneau introduced the Trudeau Liberal government's TBP proposal, in Bill C-27, an Act to amend the *Pension Benefits Standards Act* (PBSA), 1985. This bill establishes a framework for target benefit pension plans in the federal private sector and for Crown corporations. The Trudeau government introduced its TBP proposal (Bill C-27) without any press release and no advanced notice given to the unions, pension plan members or retirees, and no public consultation. For over a month, this bill received no attention from the media or parliamentarians, and the government made no mention of the bill. The Liberal Party 2015 election manifesto entitled "A New Plan for a Strong Middle Class" contained no reference to implementing target benefit legislation. In fact, it stated that a liberal government would "provide Canadians with a more secure retirement." The fact that the Liberal government chose October 19, 2016, the anniversary of their election victory, to introduce their target benefit plan legislation, which violates their election promise of providing a more secure retirement for workers and pensioners, speaks volumes about their arrogance and contempt.

Unions, retiree groups and retirees were quick to condemn Bill C-27. On November 13, 2016, the Canadian Labour Congress wrote that Bill C-27 "represents a dangerous and immediate attack on future and current retirees and Defined Benefit (DB) pension plans in the federal private sector and Crown corporations." [...] "If enacted, it will have negative implications for private and public-sector DB plans in every jurisdiction in Canada." CUPE, in its November 23, 2016 backgrounder, described Bill C-27 as follows: "a radical upending of the traditional purpose of the PBSA. Largely modeled on the New Brunswick 'Shared Risk' pension

plan model, C-27 would allow federally-regulated employers to pressure members into 'surrendering' the DB pension plan promises they've already earned." On December 1, 2016, PIPPS wrote: "Bill C-27 would potentially pave the way for federally regulated employers to erode pension security and shift risks from employers to employees by replacing defined benefit pension plans with target benefit plans." On November 25, 2016, the United Steelworkers wrote: "The USW also stands in solidarity with other unions that represent workers currently protected by the *Pension Benefits Standards Act*. The retirement security of these workers is threatened by your government's proposal under Bill C-27 to attack future and current retirees and their defined benefit pension plans in the federal private sector and Crown Corporations." On November 23, 2016, UNIFOR stated that the CLC letter "captures precisely our deep and troubling concerns that an approach intimately associated with the previous federal government has been revived to yet again threaten the security of pensions for workers in the federal jurisdiction. ... Any proposal that threatens to deny past accrued benefits guaranteed under a DB formula to both retirees and active plan members is indeed an unconscionable betrayal of past promises." CUPW wrote, on November 21, 2016, "As employees of Canada Post, a Crown corporation, we have always taken a clear position in favour of DB pension plans. And as you certainly know, our DB pension plan was at the center of the last negotiations round with Canada Post. We succeeded to maintain it, we cherish it and we want to keep it." PSAC wrote on November 21, 2016, "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 DB plan membership, which has fallen by more than 14 per cent."

All unions urged the government to withdraw Bill C-27. Retirees and union members were urged to write their MPs protesting the introduction of Bill C-27 Target Benefit Plan. NORPW's Central region representative met with Senator Jim Cowan on November 13, 2016 and he raised our concerns about this bill with the Minister of Labour during the November 15 Senate Question Period. He also met with Liberal MP Sean Fraser on November 22, 2016 and outlined our concerns with Bill C-27 and provided him with detailed documentation backing up our concerns. It was disappointing, to say the least, that all we received from various individual MPs from across the country was the identical stock response from Morneau's Finance Department. Our first letter to the Finance Minister, dated December 7, 2016, stated "This bill is an attack on the retirement security of workers and retirees in the federal private sector and

Crown corporations. [...] Your party campaigned on being a real change from regressive policies and legislation we saw from the former Conservative government. However, Bill C-27 does not reflect this commitment." There was no response from the Finance Minister's office.

On February 7, 2017, 341 union members and retirees took their message opposing Bill C-27 onto Parliament Hill and lobbied individual MPs to have the bill withdrawn. The lobbying seemed to have a limited effect. Between February 15 and March 2, 2017, select unions started receiving letters from Finance Minister Morneau inviting them, finally, to make submissions on Bill C-27 stating: "The Government is always open to hearing the views of stakeholders on its commitments and actions." [...] "We are listening and before this legislation proceeds any further, I want to ensure that all of your views are fully considered."

We became aware that the Finance Department had delayed proceeding with the legislation any further and invited select unions to make written submissions outlining their concerns and possible solutions to be submitted by May 15, 2017. Our second letter to the Minister of Finance on Bill C-27 was sent on March 15, 2017. It stated that we would appreciate a copy of the "submission request that was sent out to other organizations so that we can make an informed submission to your department by the May 15th deadline."

Our Central Region representative had copied his MP, Andrew Leslie, with our March 15, 2017 letter. MP Leslie's office responded "Thank you for ccing us in your email. Please let us know if you don't get a response, we'll make sure you get what you are seeking." He received this March 15th response from the Minister of Finance's office "The Department of Finance acknowledges receipt of your electronic correspondence. Please be assured that we appreciate receiving your comments." On March 28, 2017 after not receiving a response from the Finance Minister's Office, he emailed his MP Mr. Leslie's office taking them up on their offer of making sure we get what we are seeking from the Department of Finance. Here we are in May with no answer from either the Finance Department or MP Leslie's office.

After contacting other major retiree organizations and sending them a copy of an invitation request for submission received by one of the unions, we found out that none of the retiree organizations were sent any invitation to provide a submission. The National Association of Federal Retirees contacted the office of the Minister of Finance on April 25, 2017. The NAFR was informed at a meeting on March 14th that the Finance Department would be "reaching out shortly" regarding written submissions. On April 25, 2017, a retiree organization had finally received in writing a notice from the Finance Department stating that "submissions will be

accepted until mid-May, but I encourage you to submit them earlier." The NAFR forwarded this acknowledgement that retiree groups were invited to make submissions on Bill C-27 to all its coalition retiree group partners notifying them that they could make submissions by May 15, 2017.

The NORPW echoes the CLC's concerns regarding the Liberal government's introduction of Bill C-27 Morneau's TBP without consultation. "Unions and Labour organizations would have preferred the government to have notified and consulted unions and pensioners on this legislation, prior to introducing Bill C-27 in the House of Commons. To its credit, this government has routinely and extensively consulted stakeholders in advance on virtually all other areas of public policy – but not so with Bill C-27. A limited and ex post facto consultation of the current sort, with the legislation already introduced in the house of Commons, is unusual and, in our view, less than ideal, since it reverses the conventional sequence in which the views and opinions of stakeholders influence legislation, rather than the impending fact of the Bill shaping the representations made by affected parties. Coming after the fact, it also necessarily invites doubts about the authenticity of the consultations."

Changes to the pension landscape, through the introduction of a target benefit plan designed to allow employers and governments to abandon their pension promises and legal obligations under defined benefit pension plans in Canada, cannot be made without truly public and thorough debate and consultation that include pensioners. The Finance Department's statement, in its letter to select unions, that "The Government is always open to hearing the views of stakeholders on its commitments and actions" has not proven to be true. The various retiree groups, individual retirees and the Canadian public have been ignored and were not invited to make submissions on Bill C-27 from February 15 to April 25.The Finance Department's acknowledgement of the right of one retiree group, NAFR, to make a submission came 14 working days before the May 15th deadline. This makes a mockery of the Liberal campaign promise of a more open and transparent consultative process.

This situation explains why the NORPW has "doubts about the authenticity of the consultations" on Bill C-27. Even the Conservative government invited select retiree groups at the beginning of its consultation process on the TBP in 2014. It had even finally recognized that individual retirees could make submissions.

The Liberal government did not invite any consultation prior to introducing its TBP Bill (C-27) and only agreed to allow submissions after major protests from labour, pensioners and

retiree groups. The Liberals all but ignored involving retiree groups until being forced to acknowledge their right to participate as a shareholder.

The NORPW calls on Finance Minister Bill Morneau to do the right thing and live up to Prime Minister Justin Trudeau's election promise made on July 23, 2015 that "DBPs, which have [been] paid for by employees and pensioners, should not retroactively be changed into TBPs." We ask the Liberal government to live up to their manifesto and "provide Canadians with a more secure retirement" and withdraw Bill C-27. It is time to start over and have real honest dialogue with Canadians and open and transparent consultation with unions, retiree groups and retirees who are the stakeholders of defined benefit pensions.

Expanding Pension Coverage

There is clearly a place for target benefit pension plans in Canada, as TBPs are marginally better than Defined Contribution Plans and for those who have no pensions or inadequate pensions. There needs to be consultation on these aspects of Bill C-27. The NORPW endorses the CLC's position on this issue, as outlined in its submission as follows:

> "The CLC is not opposed to target-benefit pension plans with a strong governance role for unions. Many CLC affiliates and the CLC itself, sponsor multi-employer pension plans that function as target-benefit arrangements. Unions have been the leading force in negotiating and administering MEPPs in construction, light manufacturing, and care industries, in all parts of the country. Multi-employer pension plans have commonly worked well federally, and in other jurisdictions, for decades. Grounded in collective bargaining and a strong union role in governance, multi-employer target- benefit plans have been able to offer pensions to workers in smaller, transient workplaces.
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> In the opinion of many in the labour movement, union-trusteed, multi-employer TB pension arrangements are superior to DC pension plans, and other capital accumulation plan arrangements, from the vantage point of plan members. Superior to group RRSPs and defined contribution plans, MEPPs provide a known pension benefit calculated according to a benefit formula. They can offer early retirement provisions and survivor benefits, and pay out a commuted value on individual plan termination and death. MEPPs pool longevity risks and are invested for the long-term like DB plans, with a single pool of investment capital delivering a higher benefit than would a capital accumulation plan, for an equivalent cost. They engage actuarial oversight, and

are governed by independent board of trustees with a fiduciary to plan members.

MEPPs are an important vehicle for expanding pension coverage in areas in which DB plans do not exist, and are unlikely to exist, such as industries characterized by small workplaces and a higher employer entry and exit. Where single-employer plans are not feasible and there is no realistic ability of the employer to make up funding shortfalls, MEPPs could be made more readily available to employers and employees without work place plans. If the federal government is serious about expanding and improving access to work place plans, it could collaborate with the provinces and work with the unions in and employer associations in suitable sectors to encourage the adoption of multi-employer pension plans in areas with low levels of pension coverage.

Although contribution levels are ultimately subject to collective bargaining, and not fixed in law, MEPP contribution levels typically do not adjust in response to plan underfunding, and benefits can be adjusted (increased or reduced) as required. But the central role of unions ensures that stable benefits are the top priority that benefit reductions remain the last resort only after other adjustment options are explored, and that plan members' interests are clearly articulated and respected in the process. These advantages would be lost if the flexibility afforded by collective bargaining were constrained by legislation and regulatory prescriptions.

The Congress and many affiliates would be prepared to discuss with the federal government legislation introducing a single-employer TB framework in the federal sector, but only with strict conditions attached. The Congress would not support a framework that includes the right to convert or surrender accrued DB benefits in exchange for TB benefits. It would also insist on the full participation of unions in plan co-governance, including full scope for collective bargaining and strong risk-management provisions to minimize the potential for benefit reductions."

Converting DBPs to TBPs Not the Only Option

The Liberal government's takeover of Stephen Harper's 2014 Target Benefit Plan as the only option in dealing with the problem employers and government face with the solvency deficit funding situation of DBPs is very concerning.

Canada Post's Solvency Deficit

The primary factor affecting the solvency of Canada Post's Defined Benefit Pension plan has been the low interest rates. The CPC pension fund problems began in 2007. The March 2009 CUPW brief to the National Consultation on Private Pensions reported it as follows:

> "In a written communication to all plan members dated August 2nd, 2007, Canada post Corporation President and Chief Executive officer, Ms. Moya Greene announced that, based on the fully funded status of the Canada Post Corporation Pension Plan, regular employer pension contributions would not be required through the remainder of 2007. Ms. Greene also attempted to reassure Canada Post Corporation pension plan participants that the decision to pursue an employer contribution holiday "... will in no way impact the overall financial strength of the plan". This initiative was never discussed beforehand with any bargaining agent representatives at the Canada Post Corporation Pension Advisory Council.
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> Within days of Ms. Greene's announcement, global capital markets experienced significant volatility arising from concerns over financial implications associated with sub-prime mortgages in the U.S. Federal Reserve Board. Canada Post Corporation bargaining agents continued to raise concerns regarding the uncertain long term economic outlook and the potential implications for pension funding. Nonetheless, Canada Post Corporation maintained the employer contribution holiday throughout the economic and financial turmoil experienced during the first 10 months of 2008. It was only in November 2008, that Canada Post Corporation resumed employer pension contributions and only after persistent objections of the bargaining agents represented on the Canada Post Corporation Pension Advisory Council.
> In the latest financial information presented to the Canada post corporation pension Advisory Council in February 2009, it appears that the Canada Post corporation registered pension plan is currently experiencing an estimated solvency deficit of approximately $2.3 Billion."

The Canadian Labour Congress' 03-06-09 response to the Department of Finance consultation paper (January 2009) outlined its views on employer pension contribution holidays and made its recommendation, as follows:

> "During the 1980s and 1990s many employers thought pension plans would pay for themselves through investment returns. Because of this, contribution holidays were common.

This led to a ”no cost” pension funding approach which was in full stride by the 1990's technology boom, when ballooning pension assets put sum into fits of delirium. During these years, despite global market trouble in 1987 and 1997-1998, few felt a cautious pension funding approach was necessary. Contribution holidays continued in earnest. Favourable economic trends made pension liabilities seem manageable.

The Régie des Rentes, Quebec's pension regulator, estimates that $2.9 billion in contribution holidays were taken in Quebec from 1991 to 2000. Other studies have identified comparable trends during this period in the rest of Canada.

In many cases, today's pension shortfalls are yesterday's contribution holidays coming home to roost. They are the result of pension funding rules that allow plan sponsors to avoid doing what average Canadians do when a financial windfall arrives: put money aside today for expenses to come tomorrow. [...]

This didn't happen at Canada Post Corporation. Canada Post Management took advantage of solvency funding relief in 2006, which allowed federal Crown Corporations a one-time opportunity to extend the solvency funding amortization period from 5 to 10 years for any solvency deficiency. [...]
As a consequence, the annual pension solvency deficiency payments required by CPC for 2006 were reduced from $316 million to $150 million. As Canada Post had already remitted $288 million towards the solvency deficiency amortization payments during the initial 3 quarters of 2006; there was no requirement for payment of the final quarterly installment (due at the end of January, 2007). [...]

In 2007, pursuant to negotiations, CPC began taking contribution holidays to avoid holding more than 10% surplus in their pension plan (as per Revenue Canada rules). Unfortunately, they continued to do so until October 2008, long after news of the current financial crisis was clear. The end result of this process is a current $2.3 billion shortfall in the Canada Post's pension plan on a solvency basis.

In light of the above, policy measures to restrict the use of contribution holidays – and encourage the surplus being accrued in pensions workplace to cope with market downturns – are welcome.

A key reform within the federal government's power would involve raising the threshold in the *Income Tax Act* preventing DB pensions from accumulating a surplus in excess of 10% of assets. A target of 20% above assets would allow for the creation of significant reserves to address market downturns.”

In 2011, CPC again with the approval of the government was allowed not to pay anything into the solvency deficit from 2011 to 2014 by leveraging 15% of the pension fund assets. By December 2013, the solvency deficit in the pension fund had increased to $5.8 billion. Faced with this looming solvency deficit in the pension fund, which CPC was due to start contributing again in May 2014, CPC came up with its 5-point plan of cuts with point #5 being the restructuring of the pension plan. The government once again approved the CPC's plan of not paying anything into the pension solvency deficit from 2014 up to 2018. The pension solvency deficit, as explained by Francois Bertrand, Chair of the Task Force on Canada Post Corporation in its September 12, 2016 discussion paper, which was reproduced in the report of the Standing Committee on Government Operations and Estimates in December 2016: "Canada Post's defined benefit Plan currently has a solvency deficit that is estimated to be $8.1 billion." Once again the estimates thrown around by Canada Post to prove their position for changes to the pension plan were way off. The 2016 CPC annual report states: "The solvency deficit to be funded for the Canada Post Registered Pension Plan (RPP) was estimated at $6.7 billion (using the three year average solvency ratio basis) as of December 31, 2016..."

The CPC Pension Advisory Council representatives (union and management) unanimously recommended in April 2015 the following resolution:

> "BE IT RESOLVED THAT:
> The Pension Advisory Council recommends to the Pension Committee of the Board of Directors of Canada Post Corporation that a material and significant contribution from the Canada Post Corporation segment 2014 profit be directed to the solvency deficit of the CPC Registered Pension Plan Defined Benefit component.
> This gesture of good faith will indicate the commitment of the company to a sustainable pension for all plan members.

CPC refused to pay any of the 2014 profits into paying down the DBP solvency deficit as recommended by the Pension Advisory Council.

The Canada Post DBP fund currently has a surplus of $2 billion on a going-concern basis and would be profitable if it continued in the long term. The PBSA legislation requires DB plans to be funded on a solvency basis (on the premise that, if the plan were terminated, it would be able to immediately pay out the pension benefits). Canada Post will not be winding down its operations. In fact, it is a profitable Crown corporation. On May 2, 2017, CPC announced that it made a net profit of $81 million in 2016 despite management threats of a lockout last summer when it warned customers not to use the mail. This CPC action scared away $100 million in business. One of the major issues in the dispute was the conversion of the DBP into a defined contribution plan (DCP) for new hires, which CPC later abandoned.

CPC has now reported profits for 20 out of the last 22 years. The two years, since 1996, for which CPC did not report a profit were 2011 and 2013. In 2011, our public postal service reported a net loss of $188 million as a result of a lockout of CUPW members and two one-time events: 1) a special pay equity payment and 2) a special pension adjustment resulting from changes to the *Pension Benefits Standards Act*. In 2013, Canada Post introduced new and revised accounting standards, which had a one-time impact of reducing net profits by $350 million, turning what would have been a $321 million net profit into a net loss of $29 million. Despite this solid record, the Corporation and other bodies have predicted losses and suggested there's a need to cut postal services and jobs. Consider these predictions for 2016:

(a) The Corporation's latest five-year plan predicted our postal service would lose $20 million.
(b) The federal government's Canada Post Review Task Force forecast losses of $100 million.
(c) A Conference Board of Canada report, entitled *The Future of Postal Service in Canada*, predicted losses from operations of $550 million. This report was commissioned by Canada Post in the run-up to announcing massive cuts to postal service, including the elimination of home mail delivery and the restructuring of the DBP. CPC used the Conference Board of Canada report and its five-year plan proposal to achieve the exemption from paying into the solvency deficit from 2014 to 2018.

Solvency Deficit Solutions

In December 2016, the House of Commons Standing Committee on Government Operations and Estimates issued a report which states:

> "On 5 May 2016, the Minister of Public Services and Procurement Canada announced the review of the Canada Post Corporation (Canada Post) and created a task force, the Canada Post Corporation Review Task Force (the Task Force), whose mandate was to conduct a review of the Corporation. The Minister also asked the House of Commons Standing Committee on Government Operations and Estimates (the Committee) to examine the results of the Task Force and to consult Canadians on the future of Canada Post."

One of the Committee's recommendations (#13) dealing with the CPC Pension Plan Solvency Deficit is as follows:

> “Canada Post and the federal government take steps to modernize Canada Post’s defined benefit pension plan so that it can operate on a going-concern basis and no longer be subject to solvency funding requirements. [...] Incorporating the Canada Post defined benefit pension plan into the Public Service Pension Plan.”

The Committee pointed out that many individuals, including Simon Tremblay-Pépin, Professor and Researcher at the Institut de recherche et d’informations socio-économiques, believe that Canada Post’s defined benefit pension plan should be permanently exempt from the obligation to make solvency payments under the *Pension Benefits Standards Act, 1985*, as the plan is fully funded on the going concern basis and Canada Post will not be terminating its activities in the short term.

In addition, the Canada Post Review Task Force included solvency relief as an option in their discussion paper. Canada Post itself suggested that the government “exempt federal Crown corporations from solvency deficit rules” in a 2009 letter to the then Finance Minister, the late Jim Flaherty.

Furthermore, on March 5, 2009, the Chief Financial Officers of Canada Post, Air Canada, Bell Canada, Canadian National Railway Company, Canadian Pacific Railway Limited, MTS Allstream and NAV Canada proposed this solution: “We are requesting that the solvency amortization period be permanently increased from five years to 10 years for all current and future solvency deficiencies, without any conditions.”

On January 22, 2016, Robyn Benson, National President of the PSAC wrote to Finance Minister Morneau on behalf of the PSAC, CUPW, CPAA and the Association of Postal Officials of Canada (APOC). The unions asked the government to work with them to ensure a sustainable future of the Defined Benefit Pension plan. The response the unions received from the Finance Minister did not recognize or otherwise engage with the unions’ suggestions, nor did it propose any alternatives. On February 10, 2017, PSAC President Robyn Benson wrote: “I am writing you again to encourage you and your government to explore permanent exemption from solvency funding for the Plan and/or Crown corporations.” President Benson pointed out that the unions believe there is very low risk that the Canada Post Corporation (Canada Post) will become insolvent and, because of this, the burden of the solvency funding requirement only serves to be counter-productive.” She added “Minister, this is not uncharted territory. As I’m sure you are aware, the Government of Quebec has eliminated the solvency requirement for pension plans under its jurisdiction.”

The Minister of Finance responded to PSAC Robyn Benson's February 10. 2017 letter on April 12th, 2017. The Minister stated: "recognizing the difficulties that certain pension plans are facing with meeting their solvency obligations in a low interest rate environment, a number of flexibilities have been incorporated into the PBSA and the Pension Benefits Standards Regulations. [...] The Government of Canada continues to monitor the situation of the pension plan, and we are examining options and will make a decision in due course."

The NORPW agrees that CPC's Defined Benefit Pension plan should be exempt from being required to do solvency evaluations and make solvency payments under the solvency funding obligation of the PBSA. There are currently thousands of former CPC employees currently covered by the Superannuation Plan of the Public Service. All the employees of CPC who retired prior to 2000 when the CPC DB Pension plan was established remained covered by the Superannuation Pension Plan. The recommendation of the House of Commons Standing Committee on Government Operations and Estimates to "incorporate the Canada Post defined benefit pension plan into the Public Service Pension Plan" makes the most sense as it would put the rest of CPC employees and retirees in the same pension plan once more!

The NORPW would like to point out to Minister Morneau that it was the Liberal government under Jean Chretien in 1999 that took $30 Billion out of the surplus in the Superannuation Pension plan. This $30 Billion withdrawal from the Superannuation Pension plan, which postal workers were paying into, came one year before the Liberal government agreed in 2000 to allow Canada Post to establish its own CPC pension plan. The CPC pension plan received its portion of what remained in the Superannuation pension fund after the government pilfered the $30 Billion surplus from the Pension fund. The NORPW would also like to remind Minister Morneau it was a former Liberal government cabinet minister André Ouellet and the CEO of CPC in 2000 that guaranteed postal workers their pension plan with CPC was secure and guaranteed by CPC and backed by its shareholder the Government of Canada to cover any pension deficits. We have enclosed the 2000 video of CPC CEO André Ouellet's personal guarantee. This 2000 video guarantee to cover all pension deficits by CPC CEO André Ouellet was provided to the current CPC CEO, Deepak Chopra, when he was questioned about living up to the CPC pension promise. CPC CEO Chopra's response was simply that "he was not with the Corporation at the time."

The NORPW would also like to remind Finance Minister Morneau that postal workers, both active employees and pensioners, expect the Liberal government to live up to Justin Trudeau's July 23, 2015 pre-election promise that: "DBPs, which have already [been] paid for by employees and pensioners, should not retroactively be changed into TBPs." In the fall of 2015, Trudeau expanded on his views regarding no retroactive claw back of accrued DBP benefits in an interview in SAGE Magazine, vol. 7, page 19:

> **"SAGE: The federal government intends to study a "voluntary target benefit option" for employees of federally regulated entities. What's your position on accumulated benefits?**
> Trudeau: I was relieved the government didn't move ahead on this. They probably made a smart calculation that taking away benefits from seniors that had been earned and accrued over years, retroactively, is unacceptable, would cost them too high politically and it's wrong in principle.
> **S: Do you believe that governments should honour the terms they agreed to in pension plans?**
> T: Changing the rules retroactively, unless there's a grievous error or unforeseen consequences, is unacceptable."

Justin Trudeau is not the only one who has written about making changes to accrued pension benefits retroactively. On January 20, 2012, in a letter to Royal Galipeau, then MP for Ottawa-Orléans, former Prime Minister Stephen Harper wrote: "I appreciate having the plan. [...] Royal I agree that no changes can be made retroactively."

On April 25, 2014, Liberal MP John McCallum had this to say about the Conservative government's Target Benefit Plan proposal: "This would harm Canadian pensions. It wouldn't help them." He said that "companies with defined benefit plans – in which employers shoulder the majority of the investment risk – would not have an incentive to downgrade their employee plans to a shared-risk plan, which comes at a cost to the worker. Whereas employers with defined-contribution plans – in which employees assume the investment risk and rewards – or no plans in place at all, would have little reason to offer a shared-risk plan at a cost to the company."

Canadians of all ages are adamant that any changes affecting existing pensions must ensure pension commitments are honoured. The Canadian Federation of Pensioners and the Bell Pensioners' Group had Ipsos Reid conduct a survey on the Target Benefit Plan. On June 20, 2014, they reported that:

> "Over nine in ten (94%) agree "employers should live up to the commitments they have made to pensioners and employees." [...] While much is made of intergenerational tensions on the pension file, the principle of individual choice and fairness transcend age. Indeed, while support edges up even higher among those 55 and older, as might be expected, nine in ten Canadians of all age groups agree that:
>
> - employers should live up to the commitments they have made to pensioners and employees (18-34:92% agree; 35-54: 94% agree; 55+: 97% agree); and
> - the federal government should ensure that companies honour the commitments made to pensioners and employees (18-34: 90% agree; 35-54: 89% agree; 55+: 96% agree)."

For this survey, a sample of 1,019 Canadian adults was surveyed online via Ipsos I-say Panel.

Consent Issue to Convert DBP to TBP

The issue of what constitutes consent, who can give consent and how consent is achieved when it comes to converting an employee or a retiree's Defined Benefit Pension Plan to a Target Benefit Plan has been a topic of much debate since 2014.

In its 2014 submission on the Target Benefit Plan, Canada Post explained its position on consent as follows: "Retirees would likely be asked to give up a promised level of benefits in exchange for a potentially lesser level of benefits. [...] In such circumstances, it is unlikely that the consent of all affected members would be obtained. Accordingly, we recommend that less than unanimous consent be the required support level. We note that current and proposed legislation, in the context of benefit reductions, contain a no more than one-third objection criterion. We believe that this may be the appropriate level."

At the June 2014 Pension Advisory Committee meeting, Robert Fabes, VP General Counsel and Corporate Secretary explained the Corporation was in favour of negative option voting, which he described as follows: "If 25% of plan members voted against consenting to convert their DBP to a TBP, then of course you would count those 75% who did not vote as having consented to convert the DBP to a TBP."

In its September 8, 2014 Target Benefit Plan Supplemental Paper, the Association of Canadian Pension Management (ACPM) outlined its views on the consent issue as follows:

> "Rules permitting conversions with affected beneficiary consent should be based on the one-third of affected member objection standard. There is precedent for this approach in the rules applicable to surplus sharing and solvency relief. Requiring 100% or other level of positive affected beneficiary consent to a conversion would be completely impractical, rendering most if not all conversions impossible to implement. [...] Logistically, the legislation could adopt either an opting in or opting out policy to measure affected beneficiary support for the conversion. In the opting in scenario, beneficiaries would be asked to indicate specifically whether they consent to the conversion to a TBP. If the number of beneficiaries who opt to support conversion is sufficient to fulfill the pre-determined consent threshold requirements, all the plan beneficiaries would be converted to the TBP. In the opting out scenario, beneficiaries are deemed to consent to conversion unless they expressly opt out. If the number of beneficiaries who do not opt out is sufficient to fulfill the consent requirements, all the plan beneficiaries (including those who opted out) would be converted to the TBP."

A June 25, 2014 statement by then Minister of State for Finance, Kevin Sorenson, raises major concerns over what would constitute consent. He stressed that the TBP proposal would be voluntary for employers, employees and those already retired and receiving benefits, although he said the size of the majority that would constitute consent on the part of employees and retirees had yet to be determined. "Part of the discussion is what does this consent mean? Is it every individual, three quarters, 50 per cent plus one, and what are the consequences if you don't consent," he explained.

The issue of negative option voting being used to determine consent was raised twice by Senator Jim Cowan on behalf of two CPC retirees in the fall of 2014. Senator Claude Carignan (Leader of the Government) responded on November 18, 2014 as follows: "I understood the concerns you raised about negative-option voting. I responded by saying that this plan would be voluntary and that people will have to give their consent. Your comments concern the desire not to use negative-option voting to express consent. I will pass all of this on to the minister's office as if this were a consultation on the proposed future plan."

Bill C-27 is also ambiguous with respect to the role of unions in the consent process for active members.

On November 15, 2016, Senator Jim Cowan once again raised the question of consent during the Senate question period, this time under Bill C-27. His exchange with Mary Ann Mihychuk, P.C., M.P., Minister of Employment, Workforce Development and Labour, reads as follows:

> "**Senator Cowan:** Does the government still stand behind the commitment of the Prime Minister that there will be no retroactive change from defined benefit plans, which those former employees enjoy now and paid for over the years of their employment, into the targeted benefit plans? If the union chooses to negotiate on behalf of its members with an employer to change from a defined benefit plan to a target benefit plan – I'm not sure why they would, but if they do as part of a collective bargaining process – that's obviously okay.
>
> My particular concern and the concern of those who asked me to ask this question is the position of retired employees who do not have the advantage of the collective bargaining process.
>
> **Ms. Mihychuk:** Thank you, senator. I will have to take that question under advisement and get the answer for you from ESDC and the people that are responsible for pensions and the Treasury Board. [...] I will come back with an answer for you."

On December 15, 2016, Senator Cowan received the following response from the Minister of Labour:

> "Under the proposed framework, a retiree's accrued defined benefit pension benefits can only be surrendered in exchange for benefits in a TBP with the individual informed consent of the retiree. To obtain consent, employers are required to provide an explanation of the TBP, written in plain language, to retirees to ensure they can make an informed decision. Retirees who do not consent would maintain their existing pension benefits in their current defined benefit plan."

Between November 2016 and March 2017, Liberal MPs from across Canada provided the same party line response to constituents who had sent in legitimate concerns over Bill C-27. MPs Mark Eyking, Sean Fraser, Bill Caseay and Andrew Leslie all wrote:

> "Transferring benefits from an existing plan to the new Target Benefit Plan is optional. The federal Target Benefit Plan framework **requires individual informed consent from plan members and retirees** before their accrued defined benefit or defined contribution benefits may be surrendered in exchange for Target Benefit Plan benefits. Individuals who do not consent will maintain their benefits in their current form."

The government officials' bold highlighting of the words "requires individual informed consent from plan members and retirees" does not reassure plan members or retirees! Their letters go on to explain that: "In a unionized environment, a union will be able to consent on behalf of its membership where authorized to do so."

Bill C-27 requires individuals to give their consent and voluntarily give up their DB pension benefits. But there are many reasons why this consent is unlikely to be informed or freely-given. Employers will reap huge benefits if plan members can be persuaded to surrender their DB benefits. Therefore, they have a large and urgent interest in convincing plan members to surrender their benefits.

Employers can offer gifts, perks, workplace training and promotional opportunities, improved benefits and compensation packages, or simply commit to continue to invest in the operations and employ staff – if plan members agree to give up their benefits. These perks would allow employers to save millions, if not billions, in the long-run, if they convinced plan members to surrender their benefits.

Canada Post has been inundating plan members and retirees with material highlighting the solvency deficit to make all plan members believe our pension plan is insecure. The most recent can be found in the CPC April 2017 publication *Focus on Our Business* (mailed to each member and retiree's home) "Pension Solvency Deficit: Our pension funding obligation puts substantial pressure on our finances. To be sustainable, our pension plan needs a solution beyond the relief from special payments to reduce the solvency deficit." In this context, it is very difficult for retirees to give informed consent because they have been subjected to CPC's disinformation for years. Many retirees are justifiably worried about their future, and do not have a deep understanding of the Canada Post pension plan. This fear and lack of knowledge means that informed consent is not possible. The situation is exacerbated when it comes to retirees who live in rural remote areas and to people who are beginning to experience cognitive decline.

In New Brunswick, plan members were told that their benefits would be more secure once they converted from a DB to a target-benefit plan – despite the fact that the employer was able to ditch its legal obligation to pay their pension in retirement, and plan members' pensions could now be retroactively reduced. Plan members only discovered after the fact that they had been misled.

Employers can also use threats: potential job losses and hours reductions, reduced investment, a reduction in work place opportunities, scaling-back benefits, and even threats of lockouts, restructuring proceedings, or bankruptcy, if members don't surrender their benefits for the good of the company.

Bill C-27 gives employers another tool to use in a lock-out and insolvency situation, where pressure on workers and unions is already intense. Lock-outs and insolvency proceedings put everything on the line: your job, your lively hood, your family, your house and car, your future. It's naive or dishonest to think that plan members won't be influenced by any of these pressures in deciding whether or not to give up their rights. If Bill C-27 passes, employers will be able to use this pressure to compel plan members to give consent ("informed" or otherwise) to surrender their legal rights and DB benefits.

The Canadian Labour Congress, in its May 2017 submission, states:

> "Bill C-27 increases the risks to pensioners, plan members and unions prior to and during restructuring and insolvency proceedings, and in situations where federal governments are tempted to intervene in labour disputes, legislate locked –out and striking workers back to work, or impose final and binding arbitration through final offer selection."

There is no doubt that Bill C-27 has the potential to increase insecurity and instability in workplace relations and worsen labour disputes. In 2011, the government intervened in the postal workers' negotiations by adopting back-to-work legislation that imposed final and binding arbitration through final offer selection. Faced with this threat, postal workers agreed to a settlement that eliminated their sick leave. We know that in the upcoming round of negotiations Canada Post will again be seeking changes to the postal workers' pension plan, as it did in the 2016 round of negotiations. CPC senior management informed CUPW on March 15, 2017 that they would like to discuss a "shared risk" model for the pension plan. There is currently no provision for shared-risk plans for federally-regulated pensions. Bill C-27 will change this and it is clear that CPC management has the CPC pension plan in its sight.

The fact that Bill C-27 is ambiguous with respect to the role of unions in relation to the consent process for DBP conversions to TBPs is a major concern. If the CPC unions are forced to concede and agree to consent on behalf of their members to convert the DBP into a TBP, the CPC retirees would be faced with a *fait accompli*. If active members end up contributing to a TBP, retirees would have no other choice but to consent to convert their DBP into a TBP, as

there would no longer be anyone contributing to the DBP. The plan would become insolvent. The Liberal government is being dishonest by espousing that conversion "would be by individual informed consent," when in fact retirees would be left with no other option.

Pension Indexing

Over the past six years, the Corporation has constantly been reporting at their annual meetings, in their Pension newsletters and to plan members that pension indexing is too burdensome. Indexation raises our pension benefits once a year to keep up with the increase in the cost of living. On May 31, 2014, James Bagnall wrote in *The Ottawa Citizen*: "The buying power of a pension – absent protection from cost of living increases as low as two per cent annually – would drop nearly 50 percent by the end of retirement assuming normal life expectancy."

A look at a postal workers pension benefits over the past 14 years (2003-2016) reveals that, without indexing, the retiree would have suffered a loss in purchasing power of 25.86%. At this rate, without indexing the loss in purchasing power would be much more than 50% by age 88, the average life expectancy used by CPC. This age is currently being challenged for a number of reasons: pension actuaries are lumping in postal workers with white collar workers in the public service, when they are clearly blue collar workers. Another reason is that the average life expectancy recognized by Statistics Canada is 82 years of age. The average life expectancy used by employers that CUPE is negotiating with is 86 years of age. Keep in mind that CPC stated the following: "for every year increase in the average age of life expectancy the solvency deficit of the CPC pension plan increases by $1 billion." Therefore for every year the average age of life expectancy decreases the solvency deficit would decrease by $1 billion. We need to have the average life expectancy for postal workers verified to ascertain the actual solvency deficit of the CPC pension plan!

Postal workers make extra contributions to pay for indexing throughout their working life. Indexation is part of the Defined Benefit Plan and of the guarantees obtained from CPC.

The NORPW expects the Trudeau government to honour the commitment made by Justin Trudeau that "the accrued DBP already paid for by employees and pensioners should not be changed retroactively into TBP." Bill C-27 must be withdrawn.

Predictable Pensions (DBPs) are not the Problem

The real pension problem is that 62% of working Canadians do not have workplace pensions, and more than one third of working Canadians have no retirement savings at all. They rely on the too-low Canada Pension Plan and a hodgepodge of high-fee, finance industry friendly private retirement savings plans that are inadequate to the task of providing real retirement savings.

The basic purpose of a pension plan is to provide decent retirement incomes that are secure and predictable. The promise of a pension is essential to attracting and retaining employees in an economy that is strong and competitive, and where private sector wages continue to outpace public sector wages.

Decent, secure and predictable pensions give their recipients ‘pension confidence’. Pension confidence means that people, while they work, can spend their earnings, knowing that their retirement days are secure. As important, pension confidence also means that retirees can spend each pension cheque, knowing with confidence that their income stream is not in doubt. Pension confidence underpins the economies of many small communities with significant pensioner populations and the small businesses that serve them.

The real problem in the pension sector is the number of people who do not participate in decent pension plans. In some cases, employees without pension plans earn incomes that allow them to save for retirement, but the savings mechanisms available to them from financial institutions are typically expensive and inefficient in comparison to large scale pension plans. In other cases, a decent pension plan is the crucial bridge that could allow modest income earners to save enough for a decent retirement. In all cases, the lack of pension coverage across Canada hurts the country, and hurts its regions.

Looking forward, for example, Professor Michael Wolfson projects that half of Canada’s middle income earners will experience a significant decline in their standard of living standards after retirement. In his paper, “Projecting the Adequacy of Canadians’ Retirement Incomes’, published by the Institute for Research on Public Policy in April 2011, Professor Wolfson concluded that “...roughly half of Canadians born before 1970 who had mid-level earnings in their pre-retirement years will face declines of at least 25 percent in their living standards (i.e., consumption possibilities) post-retirement.” These findings have been confirmed in other studies

of income replacement prospects for Canadians. This failure is largely owing to the inadequacy of pension coverage in Canada. This is the real problem that presses for solution.

The solution to the real pension problem in Canada is to improve the CPP for Canadians. In June 2016, the Liberal government announced its intention to expand the CPP from the current 25% to 33.33% as follows: - the participants will pay additional contributions 2% more than the current 9.9 % on earnings already covered by the CPP, an additional 8% on newly-covered earnings above that level. After contributing for 40 years to qualify for full benefits, participants will receive benefits equal to 33.33% of the higher covered earnings from the expanded CPP (CPP2); - the increased combined employee/employer contributions of 2% of earnings up to the Year's Maximum Pensionable Earnings (YMPE) is to be phased in between 2019 and 2023; and 8% of earnings between the YMPE and the Year's Additional Maximum Pensionable Earnings (YAMPE) will be starting in 2024. The amount of the CPP-2 depends on the amount of additional contributions made and the number of years over which the additional 8% is made. There is also a provision for higher survivor disability pensions and additional benefits for those aged 65 to 69 who made voluntary contributions while in receipt of CPP benefits.

The C.D. Howe Institute weighed in on the increased CPP contributions on April 4, 2017, less than six months after the October 19, 2016 introduction of Bill C-27 Target Benefit Plan. The C.D. Howe explains its reasoning for pushing for changes to the CPP (which is a defined-benefit pension plan) into a target benefit plan as follows: "It is reasonable to worry that disappointments will lead to contribution hikes on future workers to pay benefits that today's workers did not, in retrospect, fully-funded themselves." The C.D. Howe report's solution is "to limit increases in contributions, an attractive approach is to give a basic level of benefits a high degree of protection, but flexibility into benefits above the basic level – "benefits above the basic level may drop if the plans cash are inadequate to cover them." This is the Target Benefit Plan approach they want to see in the CPP. This divide and conquer approach of pitting older or retired workers against young workers to try and persuade the Liberal government and the public to form the newly-proposed increased CPP contributions section into a TBP must not be considered!

The NORPW acknowledges the Liberal government's limited first step in expanding the CPP beginning in 2018 and reversing back from 67 to 65 the Harper Conservatives' increase to the age of eligibility for the OAS and GIS. However, the NORPW is concerned about Finance Minister Morneau's Council of Economic Advisors' report, which made the following

recommendation: "...The council also suggests the Liberal Government reconsider its move to keep age of eligibility for Old Age Security at 65 years old." The council also said the ages of eligibility for OAS and CPP "should be recalibrated and increased to meet the Canadians reality of an aging society and considerably longer life expectancy." The NORPW opposes the suggestion made by Finance Minister Morneau's Council of Economic Advisors to change the ages of eligibility for both the CPP and OAS to age 67.

The NORPW supports an increase in CPP contributions from both workers and employers that would double the average CPP/QPP benefits. Seniors could be lifted out of poverty immediately if the Federal government increased the Guaranteed Annual Income and Old Age Security benefits. The doubling of future CPP retirement benefits remains the most efficient and cost-effective means of addressing the problem of inadequate retirement savings in Canada. Unmatched by any private sector retirement savings scheme, the CPP delivers a secure, dependable retirement benefit, protected against inflation and payable until death, at a very low cost.

A 2014 report by the Organization for Economic Co-operation and Development (OECD) warns that poverty among Canadian seniors is on the rise. It notes that public (government) transfers to seniors in Canada account for less than 39 per cent of the gross income of Canadian seniors, compared with the OECD average of 59 per cent, meaning more Canadians depend on workplace pensions. The report also notes that rising poverty among Canadian seniors is most acute among elderly women, especially those who are divorced or separated. "Higher poverty among older women reflects lower wages, more part-time and career gaps during women's working lives" the report said while also noting "the effect of longer female life expectancy... for which many women have not been able to save enough."

Doubling the CPP and increasing the OAS and GIS would significantly benefit senior women. The 2013 Statistics Canada "Women in Canada: A gender based statistical report" shows how senior women's lives are already enhanced by both the CPP and the OAS. The report notes that: "The largest source of income for senior women continues to be government transfers, which include Old Age Security, the Guaranteed Income Supplement, the Spouse's Allowance, the Canada Pension Plan and the Quebec Pension Plan. Government transfers accounted for more than half (53%) of senior women's total income in 2008, while for senior men, the corresponding proportion was 38%."

Aboriginal women, many racialized women, and women with disabilities make up a large percentage of senior women living in poverty.

We hear from proponents of the TBP that DBPs are a concern and unaffordable and that younger generations may be forced to bear this excess burden through higher contributions in order to pay for retirees' ongoing pensions, and they call for intergenerational equity. They argue pension plans should be equitably designed so that no undue transfers are made to one generation at the expense of another. What they fail to mention is that we, as retirees, contributed to the pensions of those that came before us. Moreover, through their taxes seniors pay for services that they don't directly benefit from. This includes early childhood education programs, schools, many services at community centres, and maternity wards. These are the costs of being a citizen in Canada.

Any reduction in income to seniors will more than likely result in younger and future generations paying higher costs. One clear example of this is that if a senior's retirement income declines, she or he will be less able to afford the costs of prescription drugs. Failing to take prescription drugs as recommended by physicians will result in more hospitalizations, etc. This will place a greater financial burden on younger and future generations.

Increasingly seniors are participating in the labour force. One reason for this is that they do not have sufficient income for a secure retirement. Between 1996 and 2006, the employment rate for seniors age 65 and older increased from 12% to 15% for men and from 4% to 6% for women. The rising number of seniors in the work force reduces the jobs available to younger generations. If seniors take jobs because they have experienced downward adjustments in their pension income as a result of having a TBP, then younger people will have less access to that work. This has the real potential of forcing younger people into more precarious and marginal employment.

The uncertainty of TBP plans means many seniors will have to remain in the workforce for a longer period of time, thereby affecting future generations' ability to get those jobs,

Target benefit pension plans will shift some of the financial onus to the Federal government in the following ways:

- Given that benefit levels in TBP plans are targeted rather than defined, retirees may have less income. As a result they will have to apply for the Guaranteed Income Supplement, under the OAS provisions.

- Given that disability pensions may be seen as ancillary under a TBP plan, and therefore subject to reduction or elimination, people may be required to use the disability portions of the Canada Pension Plan.
- The uncertainty and stress caused by the possibility of income reduction under a TBP plan will lead to health issues.

CONCLUSION

The over 3,000 delegates at the May 2017 Canadian Labour Congress Convention, who represent 3.3 million workers, unanimously adopted a policy paper that calls on labour to: "oppose legislation such as the federal Bill C-27 that allows employers to abandon their pension promise to workers and retirees and reduce earned defined-benefit pension benefits; support affiliates fighting to defend secure pensions; lobby the federal parties to change the *Companies' Creditors Arrangement Act* and the *Bankruptcy and Insolvency Act* to protect workers' and pensioners pensions and post-retirement health benefits."

The CLC delegates also unanimously endorsed continuing to "press for improvements to Old Age Security and the Canada Pension Plan including service standards for seniors."

CLC President Hassan Yussuff delivered this message to Finance Minister Bill Morneau regarding Bill C-27, which was introduced without any consultation or notice: "Mr. Morneau, withdraw or change Bill C-27 or you will see the biggest shit fight of this century."
The solution to the pension problem in Canada adopted by the delegates to the CLC Convention was "to maintain the existing age of eligibility, and to increase these benefits to ensure that no one retires in poverty after a lifetime of work."

The NORPW stands solidly behind this commitment and calls on the Liberal government to withdraw Bill C-27.

(Hand-delivered original signed by Jean-Claude Parrot)

Jean-Claude Parrot
President, NORPW