



# Municipal Pension Board of Trustees

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April 19, 2012

The Honourable James M. Flaherty  
Minister of Finance  
Department of Finance Canada  
140 O'Connor Street  
Ottawa, Ontario K1A 0G5

Dear Minister Flaherty:

**Subject: Bill C-377, An Act to Amend the *Income Tax Act* (requirements for labour organizations)**

I am writing on behalf of the Municipal Pension Board of Trustees (the Board) to comment on Bill C-377, which proposes to amend the *Income Tax Act* (ITA) to require that labour organizations provide financial information to the Minister for public disclosure.

By way of background, the Municipal Pension Plan (the Plan) is Canada's sixth largest pension plan and is the largest pension plan in British Columbia. As at December 31, 2011, our investment portfolio was valued at approximately CAD\$27.8 billion, with the majority of the assets invested in Canada's capital markets. Over 220,000 citizens of British Columbia are beneficiaries of the pension fund. Because it is our duty to these beneficiaries to exercise care and diligence in protecting and advancing their economic security, MPBT is interested in commenting on public policy issues that we believe will have an impact on the long-term financial interests of members of the Municipal Pension Plan.

The bill includes a definition of "labour trust" which could be read to include a pension fund that is invested for the benefit of plan members who are member of a labour organization. The definition reads:

"labour trust" means a trust or fund in which a labour organization has a legal, beneficial or financial interest or that is established or maintained in whole or in part for the benefit of a labour organization, its members or the persons it represents.

The Plan includes among its members individuals who are represented by labour organizations and the fund is maintained, in part, for the benefit of these members.

It would not be reasonable to expect the Plan to report to the Minister detailed information of all transactions over \$5,000 as would seem to be required by section 3(b) of the Bill.

The Plan maintains financial records, which are audited and published annually in the Plan's Annual Report and filed with the Financial Services Commission of British Columbia. The statutory requirements for such records and reports are set out in the provincial Pension Benefits Standards Act (PBSA).

The Bill as drafted would be administratively burdensome and would require a breach of confidentiality and non-disclosure agreements that are an integral part of investments such as private placements. It could have a deleterious effect on the willingness of other parties to deal with the Plan or its investment agent, the British Columbia Investment Management Corporation (bcIMC). If the Bill were to be read to require underlying investment managers to report at the same level of detail, it is doubtful if the Plan would be able to find investment managers willing to invest funds for the Plan.

Many other pension plans in Canada would be faced with similar challenges.

I would therefore respectfully ask that you raise these concerns at the House of Commons Finance Committee and in the House.

Sincerely,



Richard Taylor  
Board Chair

pc: Russ Hiebert, Member of Parliament for South Surrey – White Rock – Cloverdale  
House of Commons Standing Committee on Finance (c/o Guyanne L. Desforges, Clerk  
of the Committee)  
Brendan Dick, Board Vice-Chair, Municipal Pension Board of Trustees  
Municipal Pension Board of Trustees  
John Wilson, Chair, College Pension Board of Trustees  
Ron McEachern, Chair, Public Service Pension Board of Trustees  
Joann Cain, Chair, Teachers' Pension Board of Trustees  
Vicky Grabb, Senior Administrative Officer, Municipal Pension Board of Trustees  
Bruce Kennedy, Executive Director, College, Public Service & Teachers' Pension  
Boards of Trustees  
Doug Pearce, CEO, British Columbia Investment Management Corporation  
Laura Nashman, CEO, British Columbia Pension Corporation  
Beverley Bowes, Board Secretary, Municipal Pension Board of Trustees  
Susan Baptista, Board Secretary, College, Public Service & Teachers' Pension Boards of  
Trustees