



**SHEPP**  
SASKATCHEWAN HEALTHCARE  
EMPLOYEES' PENSION PLAN

August 24, 2012

**Delivered via Email**

Clerk of the Standing Committee on Finance  
131 Queen Street, 6<sup>th</sup> Floor  
House of Commons  
Ottawa, ON K1A 0A6

Dear Sir or Madam:

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

On behalf of the Healthcare of Ontario Pension Plan (HOOPP), Nova Scotia Health Employees' Pension Plan (NSHEPP, formerly NSAHO Pension Plan) and the Saskatchewan Healthcare Employees' Pension Plan (SHEPP), collectively 'the Plans', we are writing you today as representative of the Standing Committee on Finance to bring to the committee's attention our joint concerns with Bill C-377; *An Act to Amend the Income Tax Act (requirements for labour organizations)*.

Together, the Plans represent over 348,000 working and retired healthcare employees and manage over \$47 billion in assets. With 519 participating employers, the Plans provide benefits for the majority of healthcare employees in Ontario, Nova Scotia and Saskatchewan.

Bill C-377 defines "labour trust" to mean any "trust...established or maintained in whole or in part for the benefit of [a labour organization's] members". There is no requirement that a union "control" the trust. As a result, the bill's definition of a labour trust could be interpreted to apply to a pension plan that includes any members that belong to a union and appears certain to apply where there is union representation on the pension plan's governing Board. This type of joint employer/member governance structure is not uncommon in Canada and in fact, pension regulators have encouraged this level of inclusiveness in pension governance. While pension plan trustees are in some cases also union members, this does not mean that the pension plan is governed by a union organization. The bill's definition of "labour trust" however potentially applies to any pension plan that has a plan member or a governing Board member who is also a union member. As a "labour trust" the pension plan would become subject to the financial reporting and disclosure provisions set out in s. 149.01(3) of the bill.

The Plans exist for the benefit of their members under the terms agreed to by their settlors and as set out in their respective Trust Agreements. The Plans are administered by Boards of Trustees, in part appointed by membership representative healthcare unions. Regardless of the means by which a person becomes a pension trustee, once a trustee that person serves in a fiduciary capacity to the members of the Plans and must act in good faith, in the best interests of the members and shall not prefer the interests of one person over any other person entitled to benefits under the Plans.

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As multi-employer Plans with financial obligations to over 348,000 individuals, we conduct our businesses with a very high degree of transparency and accountability. This includes, amongst other things, disclosing full financial statements, issued in accordance with financial reporting standards set by the governing body of the country's professional accountants. As Plans registered under both federal and provincial pension legislation we are generally prevented from using the Plans' resources for purposes other than to provide pension benefits, as set out in the official texts of the Plans, and related administration.

We understand that the intent of Bill C-377 is to provide transparency related to union activities and the use of union dues. However this is not applicable to our Plans or other large public sector pension plans as they do not use their resources for purposes other than to provide and administer pension benefits and are not in any way funded by union dues. We are gravely concerned that the current wording of the bill will have significant impact upon our Plans without furthering the bill's stated goal.

Our Plans will face a significant increase in administrative burden related to the bill's reporting requirements putting our Plans under even more financial burden than they currently face, without practical benefit to the Plan's stakeholders or to taxpayers. The bill also raises significant concerns regarding privacy to the extent it applies to pension members' benefits and non-executive staff salaries.

We do not believe that the application of Bill C-377 to pension funds such as HOOPP, NSHEPP and SHEPP will provide any practical benefit to pension plan stakeholders or taxpayers. Persons responsible for the management and governance of pension plans are already subject to a strict fiduciary duty that limits what pension funds can be used for.

If the objective of Bill C-377 is only to improve the transparency of union activities and/or the use of union dues, we would suggest explicitly exempting either:

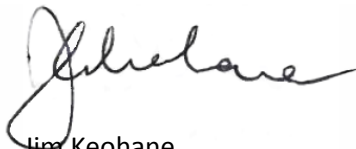
- All pension plans – given that the existing regulatory environment already subjects pension administrators to strict fiduciary duty that limits what pension funds can be used for; or
- Pension plans that are not funded in a material way (say less than 1%) by union dues: or
- Pension plans that are not governed by a union organization – note that this is in contrast to a pension plan or a pension's governing Board that includes some individuals who are members of a union; or
- Pension plans that include provisions stating that pension plan assets may not be used for purposes other than to provide pension benefits and related administration.

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We also ask that you give consideration to the issues regarding privacy as it relates to the requirement to make publicly available details including names, addresses and amount of disbursement exceeding \$5,000.

We thank you in advance for your consideration and look forward to hearing your response.

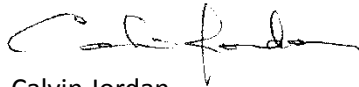
Sincerely,



Jim Keohane  
President & CEO  
Healthcare of Ontario Pension Plan  
(HOOPP)



Helen Fetterly  
Vice-Chair of Board  
Healthcare of Ontario Pension Plan  
(HOOPP)



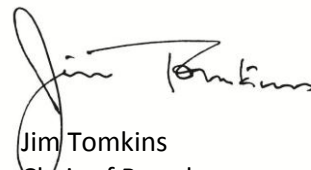
Calvin Jordan  
CEO  
Nova Scotia Health Employee's Pension Plan  
(NSHEPP)



Rakesh Minocha  
Chair of Board  
Nova Scotia Health Employees' Pension  
Plan  
(NSHEPP)



Brad Garvey  
CEO  
Saskatchewan Healthcare Employees' Pension Plan  
(SHEPP)



Jim Tomkins  
Chair of Board  
Saskatchewan Healthcare Employees'  
Pension Plan  
(SHEPP)