



October 24, 2012

Standing Committee on Finance
6th Floor, 131 Queen Street
House of Commons
OTTAWA ON K1A 0A6

Dear Members of the Standing Committee on Finance:

RE: Bill C-377, An Act to amend the Income Tax Act (Labour Organizations)

I am writing on behalf of the Saskatchewan Public Employees Pension Board to express the Board's concern over Bill C-377, an Act to amend the Income Tax Act (requirements for labour organizations).

The Bill defines a "labour trust" as any trust "established or maintained in whole or in part for the benefit of a labour organization, its members or the persons it represents." This broad definition would mean that any pension plan having members who are also union members would fall under the definition of a labour trust and be subject to the financial reporting and disclosure requirements proposed in the Bill.

In its current form, the Bill would have significant impacts on the Public Employees Pension Plan. It would result in the unnecessary and costly duplication of administration and reporting requirements. Even more troublingly, it would force the disclosure – potentially in contravention of current provincial and federal privacy legislation – of the personal information of all of the Plan's members, in the event that any of the Plan's members belongs to a trade union.

The Public Employees Pension Plan is a multi-employer defined contribution pension plan established by provincial statute and registered pursuant to the *Income Tax Act* (Canada) and *The Pension Benefits Act, 1992* (Saskatchewan). The Plan has approximately 51,300 members who are employed by 79 participating employers. These employers include the Government of Saskatchewan, provincial Crown corporations, agencies, and boards, other public institutions, and community-based organizations. Members include union-affiliated and non-union-affiliated employees.

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The Public Employees Pension Board is the trustee of the Plan. The Board's members are appointed by bodies representing the largest employers and employee groups in the pension plan. These appointing bodies include nine public-sector employers and four trade unions.

As the trustee of the Plan, the Board operates in a fiduciary capacity. The members of the Board are bound to act in the best interests of all members, and are prohibited from acting for the benefit of any particular category of members. The Plan exists solely for the benefit of its members.

As a public sector registered pension plan, the Plan operates in a highly transparent manner. The Plan tables its audited financial statements before the Legislative Assembly of Saskatchewan on an annual basis. The Provincial Auditor Saskatchewan reports to the Public Accounts Committee of the Saskatchewan Legislative Assembly on the results of the audit findings. Member and employer contributions to the Plan are reported to the Canada Revenue Agency annually on member T4 slips as registered pension plan contributions.

Because the Plan is a defined contribution pension plan and operates on a cost-recovery basis, any costs of administration are reflected in the retirement account balances of each of the Plan's members. Any added costs will be paid for by each of the Plan members out of their retirement savings.

The sponsor of the Bill, Mr. Russ Hiebert, MP, South Surrey – White Rock – Cloverdale, has indicated that the purpose of the Bill is to make union activities more transparent. The activities of the Public Employees Pension Plan can in no way be accurately categorized as union activities.

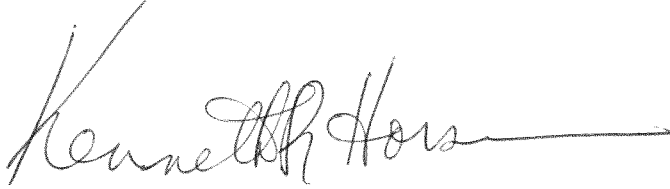
It is the Board's belief that the Bill is not intended to apply to multi-employer registered pension plans such as the Public Employees Pension Plan. The administrative burden imposed by the Bill would increase Plan costs, which will decrease the retirement savings of the Plan members. In addition, the reporting requirements would force the Plan to publicly disclose the personal information of members.

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I request on behalf of the Public Employees Pension Board that the House of Commons Standing Committee on Finance recommend that Bill C-377 be amended to ensure that it does not apply to multi-employer registered pension plans.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Kenneth R. Horsman". The signature is written in black ink and includes a long horizontal flourish at the end.

Kenneth R. Horsman
Chair, Public Employees Pension Board