



THE PULP AND PAPER INDUSTRY PENSION PLAN



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Guyanne Desforges, Clerk of the Committee
Standing Committee on Finance
Sixth Floor, 131 Queen Street
House of Commons
Ottawa, ON K1A 0A6

26 April 2012

Subject: Bill C-377 Letter of Objection

Dear Mr. Desforges:

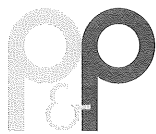
We are writing on behalf of the active and retired members and participating employers of the Pulp and Paper Industry Pension Plan to express our opposition to Bill C-377. The members of the Plan include employees of companies in the forest industry in British Columbia. These companies provide thousands of jobs and contribute significantly to the Canadian economy.

Our submission is prompted by the adverse impact of the Bill on all of the plans captured by the definition of "labour trusts", including the pension plan we represent.

After considering both the text of the Bill and the comments of the Honourable Member for South Surrey-White Rock-Cloverdale, CPC on his introduction at Second Reading, we consider there may be a lack of understanding of the effects of the Bill including what entities will be captured by the definition of labour trusts, the invasion of privacy of their members that will result and the funds' cost of compliance. Further, we believe there is a fundamental misunderstanding that all pension plans are funded by union dues paid by members.

We have witnessed over the years a continual increase in the cost of providing pensions as interest rates and investment returns have decreased. Additionally, costs have increased due to improved life expectancy and increased regulatory compliance. Government programs have also been impacted by these factors, as most recently evidenced by the increase in the eligibility age for receiving Old Age Security benefits. Our members, employees and participating employers do not need more legislation that takes money away from providing benefits and duplicates existing disclosure requirements or results in an invasion of personal privacy.

As a registered pension plan, we already file annual information returns and audited pension fund financial statements with the Financial Institutions Commission of British Columbia, pursuant to the requirements of the *Pension Benefits Standards Act*, B.C., and the regulations.



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The additional costs of compliance with this legislation will ultimately be borne by plan members and contributing employers, diverting funds that would otherwise be available for the payment of benefits.

We hope the following explanation of those matters will be helpful to the Committee and its consideration of the Bill.

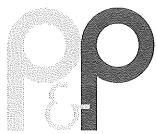
The passage of Bill C-377 will result in the Plans potentially having to disclose members' personal information¹ which, but for the passage of this Bill, we are responsible to protect both as a consequence of our fiduciary responsibility and also as required by federal² and provincial³ privacy laws. The compelled disclosure of names, addresses and amounts paid by a pension plan to its members of amounts over \$5000, such as retroactive pension and disability pension payments, death benefits and commuted value transfers will be a gross violation of their privacy. The implications of disclosure of payments from health and welfare plans is arguably even more serious as it certainly includes acutely sensitive financial information and may also result in disclosure of personal health information.

In his speech on the introduction of the Bill at second reading, the Honourable Member for South Surrey-White Rock-Cloverdale, CPC began his introduction by describing the value of union dues deductibility as "a substantial public benefit" and continued "I believe it is only right for the public to know how that money is being spent. Therefore, my bill would require the public disclosure of the finances of labour organizations." He omitted any mention of labour trusts. It appears to us that the Honourable Member was unaware that, with very few exceptions, the phrase "labour trust" captures all funds (not just trust funds) providing primarily, but not exclusively, pension benefits, health and welfare benefits and education relevant to employment. These benefits are provided by employee and employer contributions, not union dues. Indeed, "labour trust" is so broad that it clearly captures the many corporate-sponsored funds which cover both union and non-union employees, without any union involvement in their administration.

¹ S. 149.01(3)(b) "...statements for the fiscal period setting up the aggregate amount of all transactions and all disbursements...over \$5000 shown as separate entries along with the name and address of the payer and payee, the purpose and description of the transaction and the specific amount that has been paid or received..."

² *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, in particular Schedule 1, s. 4.3

³ In British Columbia, the *Personal Information Protection Act*, SBC 2003, c. 6, in particular, s. 6(1).



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We also note that towards the end of his remarks the Honourable Member claimed the costs imposed on labour organizations would be minimal:

As I mentioned, using tax software and electronic filing, the costs to labour organizations would be quite minimal. Filing is not a new activity for unions. Unions already file tax returns each year. Much of the information proposed to be collected under this bill is already required.

We will leave the affected labour organizations to respond to the accuracy of those remarks as they apply to them. But the omission of any reference to the accounting and reporting costs of labour trusts demands vehement response. With respect, as trustees of a large pension plan, we know that the cost will not be "quite minimal". We expect our Trust will be required to file 13 of the "included" statements listed in the Bill, none of which are presently prepared in the form described and, obviously, therefore not filed with the Government. Doing so will be an onerous and, in our respectful view, unnecessary expense which will divert substantial funds from payment of employee benefits.

Please reject Bill C-377.

Sincerely,
**on behalf of the Board of Trustees
Pulp and Paper Industry Pension Plan**

Orla Cousineau

OC/sw

Copy:
Board of Trustees, Pulp and Paper Industry Pension Plan
D. Blair, VSLO
D. Lee, SISS
N. Ramsden, PBI Actuarial Services