

Trustees of the Pile Drivers, Divers, Bridge, Dock & Wharf Builders Pension and Health & Welfare Plans

c/o Pacific Blue Cross*

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June 15, 2012

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

Dear Mr. Desforges:

Re: Objection to Bill C-377

We are writing on behalf of the active and retired members and participating employers of the Pile Drivers, Divers, Bridge, Dock & Wharf Builders Pension Plan and the Pile Drivers, Divers, Bridge, Dock & Wharf Builders Health & Welfare Plan, to express our opposition to Bill C-377. The members of the Plans include employees of companies providing jobs and contributing to the British Columbia economy.

Our submission is prompted by the adverse impact of the Bill on plans captured by the definition of "labour trusts", including the plans 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, it appears 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, there appears to be a fundamental misunderstanding, since our pension and benefit plans are funded, not by union dues paid by members, but by collectively bargained remittances paid by employers.

We have witnessed over the years a continual increase in the cost of providing pensions as interest rates and investment returns have decreased, while life expectancy and regulatory requirements have increased. Government programs have also been impacted by these factors, as evidenced by the increase in the eligibility age for receiving Old Age Security benefits. Similarly, the cost of providing life and health benefits has increased, due to health cost inflation cost-shifting from governments to the private sector.

The proposed legislation and corresponding regulations will increase compliance costs. This additional administrative burden will distract attention from the plans' goal of delivering benefits to members in an efficient manner, and either increase the cost borne by participating employers, or reduce the benefits which can be provided.

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 \$5,000, 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. Perhaps the Honourable Member was unaware that, the phrase "labour trust" captures trust funds providing pension benefits and health & welfare benefits. These benefits are provided by employer, and in some cases employee 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.

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.

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

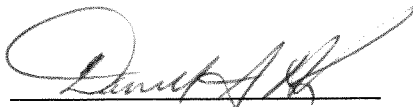
³ In British Columbia, the *Personal Information Protection Act*, SBC 2003, c. 6, in particular, s. 6(1).

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 chair and administrator of a pension plan and a health & welfare plan, we know that the cost will not be "quite minimal". We expect our Trusts will be required to file most of the "included" statements listed in the Bill, none of which are presently prepared in the form described. Doing so will be an onerous and, in our respectful view, unnecessary expense which will divert substantial funds from payment of employee benefits.

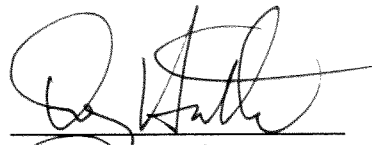
Like other plans, ours are already subject to extensive disclosure requirements under other provincial and federal legislation, including annual filings with CRA. When the CRA or the provincial and federal Financial Institutions Commissions and Pension branches believe there is a need for additional specific information to be disclosed to them, or to the plans' members and beneficiaries, to address specific concerns, they amend their reporting requirements accordingly. The present bill seems to go beyond any needed disclosure, imposing a burden of red tape for the sake of red tape.

Please reject Bill C-377.

Yours sincerely,



Darrell Hawk
Chair, Boards of Trustees



Doug Hatlelid
Plan Administrator

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c: Darrell Hawk, Local 2404