

November 21, 2016

BY MAIL AND EMAIL

The Honourable Bill Morneau, P.C., M.P.
Minister of Finance
House of Commons
Ottawa, Ontario K1A 0A6

Dear Minister:

I am writing on behalf of the 50,000 members of the Canadian Union of Postal Workers to urge you to abandon Bill C-27, *An Act to amend the Pension Benefits Standards Act, 1985*, which represents a dangerous and immediate attack on future and current retirees and Defined Benefit (DB) pension plans in the federal private sector and at Crown corporations such as Canada Post.

Bill C-27 was introduced without notice or consultation with Canadians, pensioners, or unions and proposes measures that directly contradict election promises to improve retirement security for Canadians. If enacted, it will have negative implications for private and public-sector DB plans in every jurisdiction in Canada.

As employees of Canada Post, a Crown corporation, we have always taken a clear position in favour of DB pension plans. And as you certainly know, our DB pension plan was at the center of the last negotiations round with Canada Post. We succeeded to maintain it, we cherish it and we want to keep it.

Our struggle to maintain a DB pension plan is not something new. It started years ago when big corporations, supported by the Harper government, decided to improve their profits or revenues on the backs of middle class workers. CUPW opposed the Harper government's plan in 2014 to amend the legislation to allow employers to change DB pension plans into target benefit pension plans in the federal sector. We were adamant that we would not accept these plans and launched a petition and worked with the labour movement to defeat them. CUPW hopes your government will not pick up where the Harper government left off.

As you may know, the federal government is looking at the future of Canada Post, including its pension, and recommendations will be issued shortly by the Standing Committee on Government Operations and Estimates (OGGO). In our presentations to this Committee, we showed that the financial situation of our DB pension plan is improving based on an examination of the *2015 Canada Post Pension Plan Report to Members* and argued that solvency relief is appropriate and necessary. We made the following recommendation to the Committee:

That the Standing Committee recommend that the Canada Post Pension Plan receive a permanent exemption from the requirement to make solvency funding payments.

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It is the position of CUPW that, in the case of Canada Post, the solvency funding rules under the *Pension Benefits Standards Act* are unnecessary and counter-productive. The solvency funding rules were introduced in the 1980s in part to respond to insolvencies of private sector employers. We believe that, like many other public and broader public sector entities, there is a very low risk Canada Post will be wound up at any time soon. Indeed the federal government has specifically excluded privatization from the mandate of the Canada Post Review. This reflects the intention of the government to keep Canada Post within the federal public sector for the foreseeable future.

Requiring Canada Post to fund the plan to the solvency measure (and during a period of historically low interest rates) would be counterproductive. It would divert resources away from other priorities for Canada Post unnecessarily. Forcing large and unsustainable payments from Canada Post to the plan to protect against a remote risk would actually serve to undermine the continuance of the defined benefit plan itself – the very thing the solvency funding rules were introduced to protect.

Furthermore, it should be noted that the going-concern pension surplus was \$1.6 billion, as of Canada Post's 2016 Q2 report.

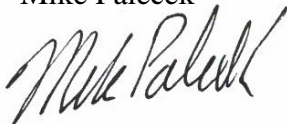
For CUPW, there is no need for Bill C-27 to address a so-called pension plan crisis. And our solution can be applied to all federal Crown corporations.

We have reviewed Bill C-27 and fully endorse the analysis the Canadian Labour Congress (CLC) presented to you in a letter dated November 13, 2016

We join our voice to all the workers who are fighting daily to maintain their working conditions and their right to a secure and fair retirement. CUPW urges you to withdraw Bill C-27.

Yours sincerely,

Mike Palecek



National President.

c.c. National Executive Committee, Regional Executive Committees,
National Union Representatives, Regional Union Representatives
Specialists, Campaign Coordinators
Judy Foote, Minister of Public Services and Procurement
Gianluca Cairo, Chief of Staff, Office of the Honourable Judy M. Foote
Karine Trudel, MP, Erin Weir, MP, Louis Plamondon, MP, Alupa Clarke, MP
Elizabeth May, Green Party Leader
Hassan Yussuff, President, Canadian Labour Congress

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