

The Pre-Halloween Election

As we must all know by now, a federal election will be held in late October - - remarkably close to Halloween. Why do we care about this timing? Because these two dates could have something in common - the return from the dead.

By now, everyone must have seen at least one iteration of the “Friday the 13th” horror series featuring slasher Freddie Kruger and some pretty young girl being terrified out of her mind. Freddie is eventually killed off but somehow he keeps returning year after year to terrify more innocent young girls.

So it is with Bill C-27, the piece of legislation introduced by Finance Minister Bill Morneau which would add Target Benefit Pension Plans to the list of available options for employers in the Federal arena. In our view, the bill does more than make these plans available - it openly encourages employers to convert their existing Defined Benefit Plans to Target Benefit Plans and thereby significantly reduce their financial obligations. This concept was originally introduced by the Conservatives under Prime Minister Stephen Harper but it generated such a significant backlash from plan members and retirees, as well as fair-minded voters, that they withdrew the proposed legislation in the run-up to the election - thus, the first time it died. Sadly, the Liberals picked up on the idea and introduced it in the form of Bill C-27.

[If you wish to be reminded of the history of the concept of Target Benefit Plans, go to our web site under “newsletters” and find the November 2018 issue of Contact. In it you will see an article entitled “An Election is Coming” which describes our opposition to this concept and our involvement with the Canadian Coalition for Retirement Security.]

So what is the relationship between Bill C-27 and Freddie Kruger?

Since being picked up by the Liberals and introduced as legislation, Bill C-27 has barely made it past first reading. It languished at first reading longer than any previous piece of legislation in history. When it finally made it to second reading, widespread protests, particularly from organized labour groups, prompted the government to withdraw the bill for “further consultation”. The rules of Parliamentary procedure indicate that when the writ is dropped announcing the end of the current session of Parliament and the calling of an election, any bills remaining unpassed, die on the order paper. Thus we have been eagerly awaiting the (second) death of Bill C-27.

But Hark! We have now learned that while the bill may die (there is almost certainly no time to get it passed before the dissolution of Parliament), its spirit may live on and come back to haunt us in another form.

As has been previously reported, the PNA is a member of the Canadian Coalition for Retirement Security (CCRS) - a group representing several million retirees - that has been fighting against the introduction of Target Benefit Plans for years. Through research conducted by some of the major unions in the coalition, as well as staff supporting the National Association of Federal Retirees, we have learned of some ‘behind the scenes’ activity which does not bode well for retirees in the federal domain. Apparently the evil genius, Bill Morneau, has come up with a plan which the coalition has labelled ‘C-27 through the back door’. It goes as follows:

Pension plans in the Federal domain are monitored by OSFI - the Office of the Superintendent of Financial Institutions. OSFI is an independent agency of the federal government that reports to Parliament through the Minister of Finance. It assures the application of the relevant pieces of legislation governing pension plans and, more importantly, rigorously interprets and applies the regulations that flow from the legislation. Apparently the Ministry of Finance is pressuring OSFI to modify those regulations to allow an employer, if it wished, to “amend” its Defined Benefit Pension Plan so that it behaves more like a Target Benefit Pension Plan. As explained previously this would remove the employer’s responsibility to ensure that the defined benefit is completely funded, allowing the employer to reduce the benefits temporarily or permanently to a level that the funding can afford. The “defined” or guaranteed benefit would, thus, become a “target” - sometimes we hit it and sometimes we don’t - with the employees and pensioners in the plan assuming all the risk.

The Liberals must have learned that reducing the security of retirees is a very unpopular thing to do in Canada. And even though the Liberals introduced Bill C-27 early in their term, they did very little to advance it through the approval process. Most politically sensitive Liberals probably don’t wish to be associated with such activity. Surely the newly minted Minister for Seniors could hardly be seen to approve of such action. Bill Morneau continues to push Target Benefit Plans but has probably been told to do it quietly or through the back door.

So what can we do?

Make it public. Let them know that we know what they are up to. Challenge them.

One obvious candidate for such treatment is Filomena Tassi, the Minister for Seniors. She represents the riding of Hamilton West-Ancaster-Dundas. The third specific task in her mandate letter of August 28, 2018 begins with the following statement:

“With the Ministers of Finance and Families, Children and Social Development, bring forward options to improve financial security for Canada’s seniors.”

Does Ms. Tassi understand, or even know what Bill Morneau and the Finance Department are up to? How does she square the downgrading of defined benefit pensions through subtle “modifications” as improving financial security for seniors?

This would be an excellent issue to raise at any candidates’ meetings or town halls that you have the opportunity to attend. The NDP and Green candidates would love to have such an unpopular issue to tar the Liberals with. Even the Conservatives would likely pile on, hoping that people would have forgotten that the Target Benefit idea was originally theirs. If there are no such meetings in your area, candidates will probably be knocking on doors; talk to them all. If they are Liberal - shame them; if from other parties, inform them and encourage them to support retirement security and condemn Morneau’s apparent plans.

Take the time to write to your Member of Parliament. Research has shown that individual letters carry far more weight than form letters and signed petitions. Remember, we only get this opportunity to influence the law-makers once every four years - so get involved!