

The Honourable Bill Morneau
Minister of Finance
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Prime Minister,

After a lifetime of hard work, nobody should have to struggle to make ends meet in retirement. Workers and pensioners should not be written off as expendable in insolvency proceedings. It is important that your government change bankruptcy laws so that pensioners are first in line, not last, when it comes to paying creditors.

Companies that have the money to fund their pension plans must be required to do so before applying for bankruptcy protection, instead of using that money to give rich dividends and share buy-backs to executives and shareholders. The government must pay attention to what companies are doing before they get to restructuring and bankruptcy proceedings.

The recent case of Sears Canada illustrates the consequences when companies are not required to make up those deficits. Instead of making up the pension shortfall, Sears extracted as much money for the company as possible for shareholders, which ended up driving the company into bankruptcy.

Your government needs to change the rules so this kind of practice is no longer possible. Bill C-384, a Private Members Bill introduced by the NDP, will do just that. Their bill will amend bankruptcy and insolvency laws to prevent employers from cutting benefits and avoiding their obligation to fully fund their pensions. It also stops companies from changing or cancelling life insurance and benefits plans. Maybe most importantly, it changes the law to give super-priority status to these claims during any bankruptcy or re-organization process.

I understand your government put language in the latest budget to gather “feedback” about this issue. This is not good enough! It would be a shame if more people are affected by another Sears like situation while you and your government sit idly by waiting for “feedback”. Canadian workers and their families need you to act and to change the laws now.

Sincerely,