



**International
Brotherhood of
Boilermakers**

Working in Partnership



**Boilermaker
Contractors'
Association**

Mr. Bob Christie
CEO & Superintendent of Financial Services
5160 Yonge Street, 17th Floor
North York, ON M2N 6L9

January 8, 2009

Dear Mr. Christie:

As you will have noticed from our letterhead, we represent Boilermaker Contractors and members of the Boilermakers Union across Canada. The Union members are participants in defined contribution pension plans that provides defined benefits; often referred to as a multi-employer pension plan.

Specified multi-employer pension plans, or multi-employer pension plans, are plans that are funded pursuant to collective agreements. The Boilermaker Contractors bound by the collective agreements remit contributions, based upon the hours worked by the Union members.

Because of the crisis in world financial markets, many multi employer pension plans are underfunded, as measured by the standards imposed by current pension legislation. As a result, the trustees of those plans are faced with reducing benefits or asking the contributing employers and/or plan members to make higher contributions. Given the downturn in our economy, it is uncertain if higher contributions will be the answer as some plans are faced with declining employment due to the recession. Employers are already under pressure due to the recession. Benefit reductions for plan members will have a strong, and negative, ripple effect on the economy as pensioners are given less disposable income.

Is it appropriate or even necessary, that pensioners and potential pensioners be adversely affected due to the funding requirements of the current pension regimes? We assert not. Recent reviews of some Canadian pension legislation agree that it is overdue that pension law be updated to reflect the reality of the structure of our pension plans.

The Ontario Expert Commission on Pensions concludes in Recommendation 4 – 10:

- Multi-employer pension plans should be required to fund only according to going concern valuations, but should continue to provide solvency valuations for the information of the regulator as well as their active and retired members.

The Ontario Expert Commission has been criticized for having overlooked the events of 2008. The Alberta/BC report considered 2008's meltdown among its recommendations.

The Report on the Joint Expert Panel on Pension Standards (Alberta/BC) concludes:

- That the Plan's funded status, subject to a sufficient cushion, would be measured and any adjustments made on a going-concern basis and not on a solvency basis.

Recent events in the economy demonstrate that the government should continue to use their power to provide temporary relief by easing funding standards in exceptional circumstances affecting all pension plans.

Recommendation 8.3-A of the Report of the Joint Expert Panel on Pension Standards (Alberta/BC) was:

The legislatures should continue to delegate to the Lieutenant Governors in Council the power to exempt plans or those responsible for them from the normally applicable standards, and impose alternate standards. Governments should continue to use their power to provide temporary relief in exceptional circumstances broadly affecting all pension plans.

The Position Paper issued by the Nova Scotia Pension Review Panel (page 13) said:

- We agree that the solvency test is inappropriate for all plans; and
- The present solvency funding and going concern measurements should not be required for regulatory purposes.

We believe it is time for legislation to acknowledge that the current funding rules set out in our pension benefits legislation are inadequate because they do not address the impact of the global financial meltdown. The current funding rules for multi employer pension plans must therefore be set aside so that these plans can continue to provide a stable level of benefits to their members. Legislators can provide needed confidence in our pension system, and stability to the incomes of our pensioners, by:

- a) immediately extending the amortization period for going concern unfunded liabilities to 20 years, or the expected average remaining service life of the pension plan's members, whichever is greater; and
- b) immediately abolishing the need for multi employer pension plans to fund on the basis of solvency.

Please note that we are not asking for a "bail out" - only for more time to allow our pension plans to recover from the losses incurred in the financial markets. This time will be used to protect our pension plans and the members who rely on the incomes from these pension plans for support in their retirement.

Sincerely yours,

Joseph Maloney
Joseph Maloney, I.V.P.
Boilermakers International

David Galvin
David Galvin, President
Boilermaker Contractors' Association

Edward Power
Edward Power, I.V.P.
Boilermakers International

Roy Kendall
Roy Kendall, Chairman
Boilermaker Contractors Association

Please see attached Endorsements

Boilermaker Lodge 359 (*British Columbia*)
Boilermaker Lodge 146 (*Alberta & Northwest Territories and District of Mackenzie*)
Boilermaker Lodge 555 (*Saskatchewan, Manitoba and Nunavut*)
Boilermaker Lodge 128 (*Ontario*)
Boilermaker Lodge 73 (*New Brunswick, Nova Scotia and P.E.I.*)
Boilermaker Lodge 203 (*Newfoundland & Labrador*)

A.B. Mechanical Limited
ABCO Supply & Service Ltd.
Acorn Installations Ltd.
Active Mechanical
Aecon Group Inc.
AG Thermal Energy Inc.
Aker Construction Canada Ltd.
Alberici Constructors, Ltd.
Alberta Exchanger Ltd.
Alberta Piping & Mechanical Inc.
Alloy Cladding
Alstom Canada Inc.
Altex Industries Inc.
Anderson Webb Limited
ANJ Industrial Fabricating Ltd.
Aqua Industrial Ltd.
Atlantic Utility Services Canada Corp.
B & W Bingley Steel Works Inc.
B. Phillips Co. (1987) Limited
Babcock & Wilcox Canada
Bantrel Constructors Co.
Bardel Engineering Limited
Barski Industries (1985) Ltd.
Besomar Mfg. (1984) Ltd.
BFI Constructors Ltd.
Black & McDonald Limited
Brewster's Machine Shop
Brymark Installations (1983) Ltd.
Caldwell Tanks Inc.
Canadian Industrial Mill Services Ltd.
Canadian Structural & Mechanical Ltd.
Cat Tech Canada Company
Cessco Fabrication & Engineering Ltd.
Chemfab Industries Inc.
Clearwater Welding & Fabricating Ltd.
Clow Darling Limited
Coastal Steel Construction
Co-Gen Mechanical Services Ltd.
Commonwealth Construction Company
Comstock Canada Ltd.

ConPac Construction Ltd.
Cooperheat-MQS Canada Inc.
Copper Cliff Mech. & Steel Fab. Ltd.
Coroso Industrial Limited
Cottage Mechanical Services Ltd.
Dacro Industries Inc.
Drummond Welding & Steel Works Ltd.
E.K.T. 90 Inc.
E.S. Fox Limited
Edmonton Exchanger & Refinery Services Ltd.
Entreprises Descimco Inc.
F & M Installations Ltd.
Farr Installations Ltd.
Fluor Constructors Canada Ltd.
Frank Lill & Son Inc.
Ganotec Inc.
Geo-Tech Industries Inc.
Getsco Technical Services Inc.
Gorbern Mechanical Contractors Limited
Great Lakes Fabricating
Guthrie Mechanical Services Ltd.
Hamon Custodis-Cottrell (Canada) Inc.
Hartford Installations Inc.
Hendrickson Mechanical
Horton CBI, Limited
ICS-State, A Div. Of the State Group Inc.
Inter-Kraft Contracting Ltd.
IPC Maintenance, A Div. Of Kamtech Services
Jacobs Industrial Services Ltd.
K.W.H. Constructors Ltd.
Kamtech Services
KBR Canada
Kel-Gor Limited
Laframboise Mechanical Electrical Ltd.
LamSar Mechanical Contractors Ltd.
Landmark Steel Ltd.
Link Steel & Mechanical Inc.
Lloydminster Maint. Ltd.
Lockerbie & Hole Industrial Inc.
Lorneville Mechanical Contractors Ltd.

M & M Engineering Ltd.
M & V Welding Limited
Mackenzie Black Fabricating Co. Ltd.
Mandate Erectors & Welding Ltd.
Maritime Pipe Ltd.
Maritime Stress Contracting Ltd.
Maritime Welding & Rentals
Marque Construction Limited
Matrix Service Inc.
Matrix Service Industrial Contractors ULC
MBB Power Services Inc.
McLean Chimney Co. Ltd.
Melloy Industrial Services Inc.
Midwest Constructors Ltd.
Minto Machine & Welding Ltd.
Montage D'Acier International Inc.
Myco/DRE Services 2005 Ltd.
Natsco Mechanical Contractors Inc.
Nicholson & Hall Corporation
NIWA Crane Ltd.
Norman W. Francis Limited
North York Industries Ltd.
Northern Steel Inc.
Northwest (Thompson) Ltd.
Norwec Specialty Contractors
Ocean Steel & Construction Ltd.
O'Connor Tanks Limited
On Site Mechanical Ltd.
Onyx Industrial Services, Inc.
PCL Industrial Constructors Inc.
Pic Industrial Equipment Ltd.
Plan Energy Services
Platecon Projects Ltd.
Poli Fiberglass International
Process Mechanical Installations
Procrane Western Inc.
Quality Tank Inc.
R. Blais & Fils Inc.
R.J. Cyr Co. Inc.
R.N.R. Mechanical Contractors Inc.
Ran-Kev Maintenance
Reppsco Services Limited
Robell Crane & Rigging Consultants Ltd.
Roso Enterprises
Ruggedair Systems Limited
Sarnia Wolverine Manufacturing Ltd.
Shewfelt Construction Corp.
ST Delta Canda, Inc.

Steeplejack Maintenance Services Ltd.
Stone & Webster Canada LP
Stouffville Tank & Pipe Ltd.
Sunny Corner Enterprises Inc.
T.R.E.L. of Sarnia Ltd.
Taurus Site Services Inc.
Tesc Contracting Ltd.
The State Group Inc.
Thorpe Canada Corporation
TIC Canada ULC
TIW Steel Platework
Tommy's Welding Ltd.
Trent Industrial Contractors Ltd.
Triple M Fiberglass Manufacturing
Twin Wire Arc Inc.
Universal Industries Corp.
Venshore Mechanical Ltd.
Vidal Construction Inc. (V.C.I.)
W.S. Nicholls
Walbridge State
Westcoast Industrial Welding Ltd.
Zanron Fabrication & Machine Co. Ltd.
