

OCT 13 2010

The Honourable / L'honorable  
Tony Clement, P.C., M.P. / C.P., député  
Minister of Industry / Ministre de l'Industrie

Ms. Shirley-Ann George  
Senior Vice-President, Policy  
The Canadian Chamber of Commerce  
420-360 Albert Street  
Ottawa, Ontario K1R 7X7

Dear Ms. George:

Thank you for your correspondence regarding pension protection.

The Government of Canada is committed to exploring ways to better protect workers when their employers go bankrupt. To date, the government has taken several steps to accomplish this goal. For example, in July 2008, the Wage Earner Protection Program was implemented to guarantee the timely payment of unpaid wages, including severance and termination pay, of up to approximately \$3,330, in a receivership or a bankruptcy.

In October 2009, the federal government announced an important pension reform plan which includes measures that will benefit pension plan sponsors, plan members and retirees. These measures are intended to: enhance protections for plan members; reduce funding volatility for defined benefit plans; make it easier for participants to negotiate changes to their pension arrangements; improve the framework for defined contribution plans and for negotiated contribution plans; and modernize the rules for investments made by pension funds. Chapter 12 of the Statutes of Canada 2010, which received Royal Assent on July 12, 2010, incorporates a number of the announced pension proposals. Additional legislative and regulatory changes will also be required in order to implement all of the announced proposals.

Furthermore, the government has undertaken a very serious and public discussion with Canadians on retirement income adequacy and security. Recognizing that retirement income issues have federal, provincial and territorial (FPT) dimensions, finance ministers set up a joint FPT

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research working group to conduct an in-depth examination of retirement income adequacy. The findings of this group were presented at the Finance Ministers Meeting in December 2009.

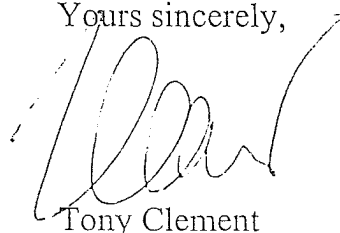
Based on the working group's findings, the finance ministers agreed to proceed with the analysis of options to improve Canada's retirement income system. To support this work, federal consultations, which included online consultations and a series of cross-country round table discussions, speaking engagements and town hall meetings, were launched on March 24, 2010, to gather input from Canadians on how to further build on the strength of Canada's retirement income system.

These efforts, as well as consultations undertaken by provincial and territorial governments, informed discussions at the June 14, 2010 meeting of FPT finance ministers. During this meeting, ministers agreed to explore specific system improvements, such as pension regulation and tax changes to encourage more retirement savings by allowing broad-based, defined contribution pension arrangements for multiple employers, employees and the self-employed; promote financial literacy to empower individuals to make the best decisions and take more responsibility for their own retirement; and consider a modest phased-in and fully funded enhancement to the Canada Pension Plan.

Ministers are seeking to create a strong private and public balance, acknowledging the importance of both effective government support and personal responsibility. Currently, no final decisions have been made. Detailed options for each of these proposals are under study and development for further review by FPT finance ministers at the end of 2010.

Thank you for bringing your concerns to the government of Canada's attention. Please accept my best wishes.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tony Clement', written over a light blue horizontal line.

Tony Clement