



Pension Investment  
Association of Canada

Association canadienne des  
gestionnaires de caisses de retraite

April 1, 2008

The Honourable James M. Flaherty  
Minister of Finance  
Department of Finance Canada  
140 O'Connor Street  
Ottawa, Ontario  
K1A 0G

Senator W. David Angus  
Chair, Banking, Trade and Commerce Committee  
The Senate of Canada  
Ottawa, Ontario  
K1A 0A4

Dear Minister Flaherty and Senator Angus:

The Pension Investment Association of Canada (PIAC) has been the national voice for Canadian pension funds since 1977. Senior investment professionals employed by PIAC's member funds are responsible for the oversight and management of over \$910 billion in assets on behalf of millions of Canadians. PIAC's mission is to promote sound investment practices and good governance for the benefit of pension plan sponsors and beneficiaries.

On December 11, 2007, PIAC wrote to the Minister of Finance, the House of Commons Finance Committee, and the Senate Banking, Trade and Commerce Committee, setting out our strong view that the non-resident trust (NRT) tax provisions of Bill C-10 should be amended so that those provisions would not apply to registered pension funds and government pension funds.

As explained in our December submission, there is no sound policy rationale for applying the NRT regime to registered pension funds and government pension funds, and it would result in significant and unnecessary costs for Canadian pension funds. This is a matter of great importance to PIAC's member pension funds.

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We understand that at its January 30, 2008 meeting, the Senate Committee indicated that further deliberations on Bill C-10 (including consideration of the concerns strongly voiced by PIAC and other pension industry participants) would be delayed, in anticipation of further analysis being done by Department of Finance officials. Indications were that a very short delay would take place before these further deliberations, and that the Minister's office had been consulted in respect of the potential delay.

We ask that this issue be addressed with a sense of urgency, as two months have now transpired since the January 30 meeting, without any further indications about how the matter may be handled. PIAC would be pleased to work with the Minister's office, the Senate Committee or the Department of Finance to provide further information and input about this very important topic from the pension fund perspective. Also, should the Committee wish, we would be pleased to appear before the Committee at any further hearings addressing the topic of the impact of the proposed NRT provisions on registered pension funds and government pension funds.

This continued delay and uncertainty about the potential application of the proposed NRT provisions to registered pension funds and government pension funds is having a direct negative impact on the investment programs of PIAC's member pension funds. Because of the delay and uncertainty, they are put in an unjustifiable position of having to avoid investing in mainstream investment products that they believe would provide them with low cost solutions that provide the best possible returns at appropriate levels of risk.

Please let us know if PIAC can be of assistance in moving this important matter ahead, hopefully with a view to rapidly relieving pension funds of the inappropriate burden that is otherwise placed on them by the NRT regime.

Yours truly,



Roger Robineau  
Chair