



JAN 09 2017

MR. RJ SIMPSON
MLA, HAY RIVER NORTH

**Oral Question 349-18(2) Northern Transportation Company Limited
Employee Pension Plan and Severance Payments**

This letter is in follow-up to the Oral Question you raised on October 18, 2016 regarding Northern Transportation Company Limited (NTCL) Employee Pension Plan and Severance Payments.

When a company goes bankrupt, it is always an unfortunate event. Bankruptcy imposes losses on many different people. Simply, there are not enough assets to pay off the liabilities. There exist many creditors who have a claim on the company's limited assets, including members of the pension plan, but also employees, usually through wages, suppliers, banks and the government through unpaid taxes. Courts determine, through established procedures, the allocation of claims on the bankrupt entity's assets among its various creditors. Inevitably, some creditors get less than they are owed and sometimes nothing at all.

With the exception of Northern Employee Benefits Services, the GNWT does not have pension legislation and is not involved in regulating private pension plans. Instead, most pension plans in the NWT are under federal jurisdiction and governed under the federal *Pension Benefits Standards Act, 1985*. Federally regulated pension plans are not protected by a guarantee fund, nor are most provincially regulated plans. It is pension plan sponsors who are responsible for the management of their plans, including appropriate contributions and a suitable investment policy.

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As you may know, on December 16, 2016, the Court granted a settlement order that orders priority to the NTCL pension plan deficiency payment. The terms of the settlement order were negotiated between a number of parties, including the Pensions and Unions. As a result of the Settlement Order, the matter is considered resolved.



Robert C. McLeod
Minister, Finance

- c. Clerk of the Legislative Assembly
Legislative Coordinator, Executive