



Unions threaten to pull pension money from RBC over foreign workers issue

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BY VANCOUVER SUN APRIL 12, 2013



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On Thursday, the B.C. Insulators Union, acting for seven construction trades and industrial unions, announced they had sent a letter to RBC saying they had instructed the administrator of the pension plans to begin withdrawing their business if the bank doesn't reverse plans to ship Canadian information technology jobs overseas.

Lee Loftus, the business manager for the B.C. Insulators Union and also president of the B.C. Construction Trades Council, said the unions are under no illusions that Canada's largest bank - with

assets of more than \$830 billion and \$500 billion in deposits - will worry about losing the unions' business.

"A billion dollars is chump change to them, we understand that, but we certainly think that a billion dollars is a substantial amount of money in the B.C. economy and if they are not going to manage our money right, we will find others that will," he said.

"This doesn't jeopardize our fiduciary responsibility on returns, this is about finding partners that are willing to do business that's acceptable to us."

RBC prompted a storm of controversy earlier this week with its plan to eliminate 45 technological jobs by hiring California-based iGate - which specializes in sending jobs offshore - to handle its technology services. The temporary foreign workers were being trained by RBC employees whose work they would take over.

In response to the outcry, RBC president and CEO Gord Nixon released an open apology letter Thursday and agreed to give affected employees new jobs within the company. Nixon pledged to review the "important questions" raised by the outsourcing scandal, but did not commit to backing off its plan to eliminate 45 jobs by transferring services to India, or to stop using the temporary foreign workers, who were admitted to Canada under the Foreign Temporary Workers program.

"First, I want to apologize to the employees affected by this outsourcing arrangement as we should have been more sensitive and helpful to them. All will be offered comparable job opportunities within the bank," he said in the statement.

"Second, we are reviewing our supplier arrangements and policies with a continued focus on Canadian jobs and prosperity, balancing our desire to be both a successful business and a leading corporate citizen."

But Loftus said RBC's use of the foreign workers program was inappropriate.

"This is not a temporary job, this is a foreign worker replacing an existing job and that existing worker is training that foreign worker to replace them - what's temporary about this? That's hogwash."

Loftus said his group, which includes bricklayers, tilers, machinists and two industrial unions, has urged other unions to also consider leaving Royal Bank, potentially magnifying the impact of the loss.

So far the bank has not responded to the group's concerns, he said.

After being asked about the unions' threats, RBC spokeswoman Rina Cortese told The Vancouver Sun in an email late Thursday that "we don't comment on client relationships."

Brian Cochrane, the business manager for the International Union of Operating Engineers Local 115, said he would soon be meeting with his union's trustees and "absolutely we're going to be considering the same thing - anything that's tied to RBC." While the unions may be able to cut ties with RBC, pension expert Kevin Milligan - a University of B.C. economics professor - said it is unlikely

that other pension funds in the public and private sector would follow suit and abandon their fiduciary responsibilities, because RBC is doing nothing illegal.

"(Pension funds) tend to have a hands-off policy for these kinds of political issues, where they say 'We're going to invest based on the business merit and not on a political basis,' " Milligan said. "The reason is, everyone has their own political views and if you start crossing companies off the list because someone doesn't like a particular firm, pretty soon you're left with a pretty small set of investment options."

The investment board in charge of the Canada Pension Plan states in its responsible investing policy that while it recognizes the generally positive long-term effects of environmental, social and governance factors, it doesn't screen stocks or eliminate investments based on such factors. Milligan said many other large pension funds, such as the Ontario Teachers' Pension Plan, operate in a similar fashion.

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