



# Legislative Assembly of Manitoba

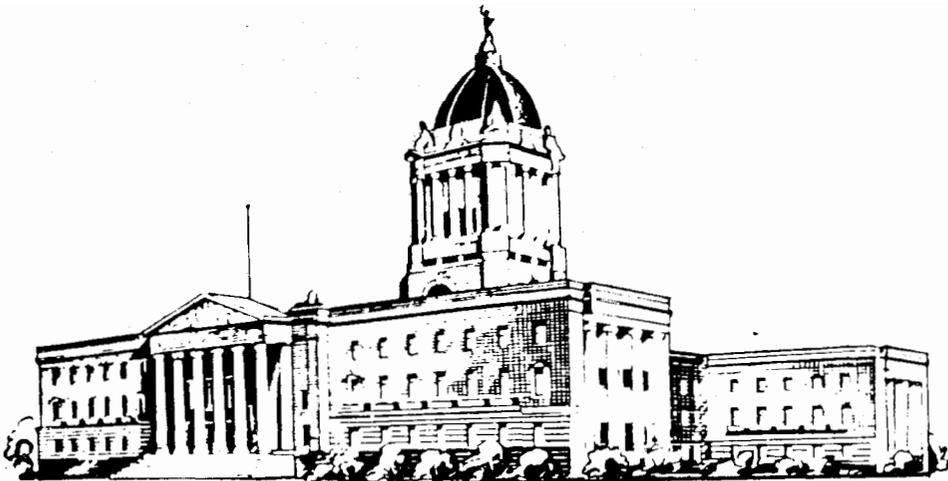
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HEARINGS OF THE STANDING COMMITTEE

ON

STATUTORY REGULATIONS AND ORDERS

Chairman  
Mr. P.M. Petursson, M.L.A.  
Constituency of Wellington



10:00 A.M. Monday, January 12, 1976

STANDING COMMITTEE ON STATUTORY REGULATIONS AND ORDERS  
10:00 a.m. Monday, January 12, 1976

CHAIRMAN: Mr. P. M. Petursson  
CLERK: Mr. J. R. Reeves

MR. CLERK: Gentlemen, if I may have your attention. It is now past 10; I think it well that the meeting come to order. Hearing no objections I take it that you consent. The first item of business then would be the election of a Chairman. Are there any nominations? Nominations for Chairman.

HON. LEONARD S. EVANS: I move Mr. Petursson.

MR. CLERK: Mr. Petursson. Are there any further nominations?

MR. HARRY J. ENNS: I move nominations cease.

MR. CLERK: That being the case I would ask Mr. Petursson to take the Chair.

MR. CHAIRMAN: I call the meeting to order and the first item of business is to establish a quorum. There are 12 members on the committee. What is your wish? The quorum was set at seven last time.

MR. RENE TOUPIN: I so move, Mr. Chairman.

MR. CHAIRMAN: If there are no other motions then I accept it as moved.

We have only one name listed as wishing to make a presentation in connection with this bill, H. W. B. Manning, Confederation Life Association. Are there any others present that would wish to make any presentation? If not, then . . . .

HON. RUSSELL PAULLEY: I wonder, Mr. Chairman, if before hearing Mr. Manning or any others that are desirous of being heard whether it may be appropriate for me to say a few words in connection with the meeting and in connection with the establishment of the pension commission. In accordance with Bill 57, I believe the number of the bill was, it was passed previously in the Legislature.

When the bill was before the Assembly it stood in the name of the First Minister, the Honourable Ed Schreyer, and Mr. Schreyer piloted the bill through the Assembly. I do not think it would be unfair of me to say that the general principle behind the bill was broadly accepted by all members of the Legislative Assembly.

About two months ago Premier Schreyer asked me if I would agree, under the Executive Administration Act if I would agree to be named as the Minister responsible for this particular Act. And being a good servant, of course, I was unable to put up a sufficient argument to dissuade the Premier from naming me as the Minister responsible, and that is the reason that I am here with you this morning - of course apart from a general interest in the subject matter of pensions, extension of pensions and preserving of pension rights. Since accepting the Ministerial responsibility I proposed, and Cabinet agreed, to the establishment of a pensions commission, and I am pleased that the Pensions Commission is with us this morning and the members of which will be introduced to you.

As of this morning we have not as yet received applications for the very important position of Superintendent of Pensions. It will be the obligation of the government in co-operation with the Pension Commission to cause to be appointed a superintendent of pensions. We have gone through the preliminary ground rules so far as applications are concerned. The position has been established through management, a Committee of Cabinet or Treasury Board, and I am anticipating that formal notice will be given to the effect that applications will be received; I am anticipating that very very shortly.

This, Mr. Chairman, is just a brief run-down of where we stand. I do want to inform the members of the committee that the Pensions Commission have been meeting quite frequently - two days per week most weeks - and report to me periodically as to their deliberations. And without attempting to butter up the commission I do want to say that if the type of co-operation and information that we are receiving from the Commission augurs well for the establishment in Manitoba of a commission and the operation of a pension commission, that it should augur well for all those concerned in our province; and then further to that of course co-operation with other provinces that have established a pension plan.

I think, Mr. Chairman, without further ado I should introduce to the members of

(MR. PAULLEY cont'd) . . . . the committee and the members of the public present this morning Professor E. Vogt of the University of Manitoba, the Chairman of the Pensions Commission; and I'd ask you Professor Vogt if you would kindly then introduce members of your commission, indicating their background, and I think gentlemen of the committee you will find that we have been able to gather together in the commission men of expertise in their respective fields of endeavour.

In saying that, of course, I need not say to you that there were others that may have desired to be on the commission and made application to me personally, and prior to that to the First Minister, for inclusion but we're limited by a number, I believe nine, and there are seven members on the commission at the present time and we felt that we would start out with seven rather than nine, giving us a little leeway if in the pursuit of the investigations into the matter of pensions others would be drawn in. Of course this does not preclude the commission or the Minister or the government from requesting expertise of particular natures to be brought in as back-up personnel to the commission.

So Professor Vogt, members of the Committee, Professor Vogt the Chairman of the Pensions Committee.

PROFESSOR VOGT: Thank you very much, Mr. Minister. If I may start at the other end with our Vice-Chairman, Mr. Jim Goodison who is the Grand Lodge representative of the International Association of Machinists and Aerospace Workers, and who has quite a bit of experience in multi-employer pension plan negotiations.

Next to him is Mr. Gordon Holland who is the Chairman and General Manager of the Manitoba Telephone System and former Secretary of Management Committee of Cabinet.

Next to him we have Mr. Larry Giffin, Director of Staff Relations, Management Committee of Cabinet.

Next to him we have Mr. Harvey Bob James, Manager of the Winnipeg Branch of the Canada Trust.

Next to him we have Mr. Ted Jacobs who is listed as a retired manufacturer but is very active in many things as well as being on the Age and Opportunity Centre Incorporated.

Mr. Albert Edgar is retired manager of Estate Planning from Montreal Trust.

And then myself. I'm a Professor of Actuarial Science at the University of Manitoba. Thank you very much.

MR. PAULLEY: Then, Mr. Chairman, may I formally throw the ball back in your court.

MR. EDWARD MCGILL: Mr. Chairman, I believe it's customary at the commencement of our Standing Committee meetings to deal with that matter of recording and transcription, so if it's in order I would move that the proceedings of this meeting be recorded and transcribed.

MR. CHAIRMAN: You've already been recorded. That's accepted as being and everybody is in agreement, so we have dealt to that portion.

Now the meeting is open to discussion and the only member of the public that has come forward to make a statement is Mr. Manning. If there be any others then they are welcome to submit their names. Otherwise we proceed with Mr. Manning's statement.

MR. H. W. B. MANNING: Thank you, Mr. Chairman. I am H. W. B. Manning. I am counsel for the Great West Life Assurance Company and Mr. G. R. McDonald, our group pension officer is with me. We are here this morning, Mr. Chairman, on behalf of the Canadian Life Insurance Association which filed a brief with the Clerk of the Legislative Assembly in September of last year in respect to the legislation, Mr. Chairman, and with your permission I will read it. It is not long and it deals with one primary point.

It's a brief to the Standing Committee on Statutory Regulations and Orders on the Canadian Life Insurance Association regarding the Pension Benefits Act.

#### Purpose of This Submission

1. We have noted from the "Votes and Proceedings" of the Thirtieth Legislature that your Committee will be considering Part II of the above Bill and will be reporting to the House at the next session with any recommendations in respect thereto as are deemed necessary. We would like to put forward a recommendation for change in the Act for your consideration.

(MR. MANNING cont'd)

Who Are We?

2. The Canadian Life Insurance Association is a voluntary trade association of 130 life insurance companies doing business in Canada. Member companies have on their books approximately 99 percent of the life insurance in force in Canada.

3. Life insurance companies have been chosen as the funding agency for approximately 70 percent of the private pension plans in Canada. Such plans range in size from very small to very large but the great majority have been established for employers of modest size.

4. The Association believes that it is in a position to perform a substantial service for this large group of employers and employees who may not have the resources themselves to remain abreast of current developments in the pension field.

General Comment

5. We welcome the adoption by the Province of Manitoba of legislation of this type, that is, legislation which seeks to ensure that all persons who are eligible for membership in a pension plan receive a clear explanation of their rights under the plan and that those rights, once acquired, will be protected. Experience in other jurisdictions having similar legislation suggests that pension plan funding ratios will improve and that more benefits will emerge in the form of pension benefits to retired employees.

6. Of course, Manitoba employees of many multi-provincial or national employers already benefit from the existence of this type of legislation in other jurisdictions. The reason is that such employers generally wish to provide the same pension plan coverage for all their employees, wherever situated in Canada.

Uniformity of Legislation

7. In our view uniformity of legislation, and uniform administration of the legislation, in the various jurisdictions is extremely important. Not only does it allow an employer to provide the same pension plan coverage for all employees wherever situated in Canada but it also helps to minimize the administrative costs of the plan, thereby permitting the available funds to be used to the greatest advantage of the participating employees.

8. Fortunately there has been an exemplary degree of uniformity in legislation and co-operation among administrators in the various jurisdictions. The recent formation of the Canadian Association of Pension Supervisory Authorities (CAPSA) attests to the importance which the participating authorities place on the need for consultation and co-operation.

9. Our concern with the Manitoba Legislation relates to its lack of uniformity with other similar legislation in Canada, in one respect in particular.

Vesting

10. The area of divergence in the Manitoba legislation from the legislation in other jurisdictions which concerns us the most is the requirement for vesting after 10 years service. Legislation in the other jurisdictions provides for vesting after 10 years service and attainment of age 45.

11. Our Association is in fact in favor of an earlier vesting requirement than the current 10 years service, age 45 rule. In our submission to the CAPSA Conference in June of this year we urged that the rule be changed to require vesting after five years service and attainment of age 40. It is our understanding that the question of changing the present rule is currently under study by that Association.

12. In the circumstances we suggest that it would not be desirable for Manitoba to break from the existing pattern and unilaterally establish a different vesting requirement than is provided by other authorities. In the absence of a uniform vesting requirement national employers will have to consider whether their employees should participate in a national plan or in a special plan created for them. If a special plan is created, employees transferred to or from Manitoba could be at a disadvantage unless the benefits for service under one plan were fully preserved upon transfer to the other.

Summary

13. We urge you to recommend that the Manitoba Pension Benefits Act be brought into conformity with comparable legislation in other jurisdictions, at least in the area of vesting. Discussions might then be entered into with the other authorities, possibly through the medium of CAPSA, with a view to effecting on a uniform basis any changes which are felt desirable.

(MR. MANNING cont'd)

That is the brief, Mr. Chairman. If there are any questions I'm sure that Mr. McDonald or myself will be able to try to help you.

MR. CHAIRMAN: Thank you, Mr. Manning. There may be questions and some discussion. You'd be prepared to . . . Any of the members have comments? Mr. G. Johnston.

MR. GORDON JOHNSTON: Mr. Manning with respect to pension plans of the companies you represent, administer for small private companies, or any size for that matter, are there not some companies who ask to have written into their plans various vesting periods. In other words you do not, your companies do not administer one type of plan only. Do you not make them suited to the requirements of your client?

MR. MANNING: That's correct, Mr. Johnston.

MR. G. JOHNSTON: So do you not then have quite a variety of plans whether they're in Manitoba or elsewhere with various vesting periods?

MR. MANNING: I believe so. I'd ask Mr. McDonald if he'd come. He's the pension expert so he can be more knowledgeable in this particular field.

MR. PAULLEY: I wonder, Mr. Chairman, whether I might interject to just reply to you, Mr. Manning, insofar as CAPSA is concerned, it is our intention to become part and parcel of the organization and our chairman informs me that that will be done in the not too distant future, so there is that interrelationship that you spoke of.

MR. G. JOHNSTON: . . . to ask another question then relating to vesting periods. If your request were not acceded to, and I don't know that much about it really, but would it make that great a difference to the insuring firms in Manitoba?

MR. McDONALD: Yes, it could. I think in answer to your first and second question together, the problem isn't so much that different types of plans exist for different types of employers, but in many cases companies do business in more than one province, and if the minimum requirements in one province differ from that of another then employees who work in Manitoba would be required to comply with the Manitoba legislation and the international or national firm would be required either to change its entire plan or to set up a special plan just for the people in Manitoba, so that if individuals then transferred from one province to another there could be administrative costs and inequities concerned.

MR. G. JOHNSTON: Thank you, Mr. Chairman.

MR. CHAIRMAN: Mr. McGill.

MR. MCGILL: Mr. Chairman, to either Mr. Manning or Mr. McDonald in connection with this Canadian Life Insurance Association brief you make the point, and I think it is a good one, that there should be some conformity in various statutes covering pensions across the country. How many provincial jurisdictions to your knowledge have a plan or an act which includes vesting after 10 years service and the attainment of age 45?

MR. McDONALD: All the others.

MR. MCGILL: All the others, and do they all have 100 percent vesting after 10 years?

MR. McDONALD: And age 45?

MR. MCGILL: Yes.

MR. McDONALD: Yes.

MR. MCGILL: I see. Yes. Well, Mr. Chairman, I think that was the essential point that has been made by this brief that we should be looking for some uniformity.

MR. McDONALD, in the matter of vesting do any of the acts cover the possibility of termination and refund of contributions, including those of the employer to an employee who leaves after 10 years, or is there some provision to guard against that kind of thing happening?

MR. McDONALD: Mr. McGill, if I understand your question, whether or not there is some provision preventing the drain of funds.

MR. MCGILL: Yes, the option of terminating and taking cash settlement.

MR. McDONALD: There are provisions which will allow up to 25 percent of the employer's portion to be elected in cash in lieu of taking a paid-up vested benefit for the full amount; so there is a small cash provision.

MR. MCGILL: So the employee who terminates could get 100 percent return of his own contribution, plus 25 percent if he chose a cash settlement rather than a portable pension.

MR. McDONALD: Yes.

MR. MCGILL: Thank you.

MR. CHAIRMAN: Any further questions, discussion? Mr. Enns.

MR. ENNS: Just one question while we have the gentlemen from the industry before us. The Act provides - I don't know whether the Act specifically does but certainly the first Minister's introduction of the Act to the legislature last year indicated a loose five year interim period for pension schemes and plans generally to be able to fall into line with provisions of the Act. Is it your consideration that that is a reasonable time limit to work under, and do you have any concerns from the industry's point of view about being able to have sufficient flexibility to bring the plans, various different kinds of plans you administer into, you know, the hoped for kind of conformity that this Act seeks within that five year interim period that the First Minister talked about when he introduced this Act?

MR. McDONALD: Mr. Enns, there may be some differing opinion, my personal opinion is that five years is reasonable. The major requirement is of course not to unduly burden primarily small employers who have tight budgets and a fixed amount which they perhaps have been contributing to the pension plan, and to be required all at once to perhaps triple or quadruple the money that is channeled into pension plans within one year could be an onerous financial burden, but I think five years is quite adequate to bring it into line.

MR. CHAIRMAN: Mr. Sherman.

MR. L. R. (BUD) SHERMAN: Mr. Chairman, I would just like to ask Mr. McDonald or perhaps Mr. Manning who presented the brief for a comment with respect to Clause No. 10 of the brief on vesting. In the brief Mr. Manning says that the area of divergence in the Manitoba Legislation which concerns us the most is the requirement for vesting after 10 years service. The brief doesn't state that that is the only area which concerns the association but specifically points out that that concerns you the most, and I would appreciate a comment as to whether there is something else in the legislation that might concern you the second most, or are you saying by implication that everything else with respect to the legislation is satisfactory from the association's point of view.

MR. McDONALD: Mr. Sherman, the four areas which primarily differ from the other legislation as set out in Professor Vogt's memorandum, which was sent out to various industry people and associations, the primary one, and I think the one that is of most importance is vesting; the other three that differ have to do with winding up of pension plan retroactively and there is certainly no problem with that kind of change. The other two, is one allowing more discretion to the Pension Commission to vary the requirements of the Act; and the last one has to do with particular financial information which must be supplied to participants. I think both of those in general are supported by the Canadian Life Insurance Association and the industry. The only concern or possible concern we could have depends on the actual regulations which come down, and if it ever turned out that the requirements were so onerous that the amount of record-keeping and financial reporting were more expensive than the value to the participants then I guess we would have cause for some concern, but to answer your question specifically, vesting is the thing we are most concerned with; the other two, the reporting requirements and the Pension Commission's discretion, I think, are important aspects as long as the regulations follow up in the spirit that seems to be intended in the law.

MR. SHERMAN: Thank you, Mr. McDonald. Mr. Chairman, one more question, to either Mr. McDonald or Mr. Manning. Would the indication from the Minister responsible, the Honourable Mr. Paulley, a few moments ago that it is the intention here to become associated with the Canadian Association of Pension Supervisory Authorities through the Pension Board and Pension Commission in Manitoba, does that eliminate or - perhaps I had better put it another way - would that, from your point of view, satisfactorily answer your concerns and your qualms about this area of vesting? Would you be satisfied that that association would eliminate any problem on vesting because of the communication and joint participation that would naturally ensue?

MR. McDONALD: Provided that the bill as it exists now were amended to read 45 and 10 currently, which would bring it into uniformity with the other legislation. The view of the Canadian Life Insurance Association is that if that were done, then we would

(MR. McDONALD cont'd) . . . . have all of the pension authorities in complete uniformity and then they could work together, whether it was this year or next year, to improve the minimum requirements as deemed necessary by all of the provinces and such changes could be implemented uniformly across all provinces and this would allow all the plans to be brought into line in a much easier manner. The suggestion I think that's being made in the CLIA brief is that if Manitoba proceeds now to break with it, it could result in a lot of administrative hardship for many people and costs, with the result that maybe two or three years down the road all of the provinces might be making changes themselves and we might find ourselves in a uniform position two or three years from now. So the suggestion is that Manitoba conform with the other provinces today, then become involved with the Canadian Association of Supervisory Authorities and work with them to effect the changes on a uniform basis that Manitoba sees as desirable which might be the current provisions that are in the bill now.

MR. SHERMAN: So that Manitoba could join CAPSA without necessarily going to 45 and 10.

MR. McDONALD: Yes.

MR. SHERMAN: Thank you, Mr. Chairman.

MR. PAULLEY: If I may, and I hope I am not appearing to dominate the hearings this morning, say to you, Mr. Chairman, and also Mr. McDonald, that this anomaly has been pointed out to me I believe under Section 21 of the Act that we have before us - I think that's where this is contained - and the suggestion has been made that that requires legislation which is under active consideration to bring about, the type of uniformity that is desired.

MR. CHAIRMAN: It has been indicated to me that a Mr. Martin, Dick Martin from Thompson, Manitoba, wishes to present a verbal brief on behalf of Local 6166 of the United Steelworkers of America, and after he has presented his brief we can continue with questions if so desired or discussion. Mr. Martin.

MR. DICK MARTIN: Thank you, Mr. Chairman. Members of the Committee, Mr. Chairman, Ladies and Gentlemen, my name is Dick Martin and I appear before this committee on behalf of Local 6166 of the United Steelworkers of America in Thompson.

I wish to make representation on behalf of our members in Thompson to air our concerns regarding pensions in all areas and make our thoughts known and to engage in, listen to more than engage in, some constructive dialogue with the committee. If I, in making this brief, describe concerns that in fact have already been legislated or recommended for legislation to what we wish to see, then please accept my apologies because my local union and I pretend not to be actuaries or economists or even legislative experts.

I begin with one of our concerns, but not necessarily No. 1.

#### Portability:

I am sure that all of the members of the committee here are aware of the increasing mobility of the Canadian work force which has all indications of becoming less and less settled in terms of long-time employment with one employer. This causes us the utmost concern with the pension plan. We are concerned because of the lack of portability, because the hundreds of types of different pension plans, and in the end when retirement age does come for our members, and the total work force, they receive only a pittance, if any, of the pensions due to them.

We wish to point out that we are concerned that by retirement age, when workers should be receiving full pension and are not, they in the main have been paying taxes, contributing to the economy and the cultural and the social wealth of the country.

It is also our view that in many instances when we have attained what we considered to be a good or adequate pension through the collective bargaining process with a company that we have helped tie many of our members to that company. It is no intention of ours to do that but, nevertheless because we have got a good pension plan that is what we do, and I think that anybody here would agree that through entrapment of any individual it does no one any good, including the employer.

Our attitude is this, that pension plans must be made portable and universal as far as this committee and government's jurisdiction exists. We wish to see some sort of

(MR. MARTIN cont'd) . . . . pension plan that once a worker enters the labour force they are automatically enrolled in a pension plan in which they will lose no benefits whatsoever by changing vocation, or employer, no matter how many times. We will I can assure you continue as a local union in a national union to lobby for a nation-wide completely portable pension plan of this sort, but in the meantime we consider a move establishing one in Manitoba as a first positive step.

The Regulation of Pension Plans:

Our understanding is that the regulation of pension plans is the responsibility of the province. Facts obtained from regulation of private pension plans historical background state.

(a) If all employees in Canada are considered, approximately 40 percent of them are enrolled as members of private plans; 20 percent work for employers who have plans but their employees are not members; and another 40 percent work for employers who do not have any plan whatsoever.

(b) Amongst employees who do participate in pension plans, the proportion who do receive pensions in respect of all service is relatively small.

Because of these disconcerting statistics we believe that a mandatory pension plan should be incorporated in the Province of Manitoba obliging all employers to join and contribute on behalf of their employees on their payroll. We are not prepared to see some sectors of the economy subsidize other sectors of the province. With that statement it should be clear that we are advocating one pension plan under a province-wide code.

We believe that this pension plan should be owned and operated by the workers themselves who it is established for in the first place.

We likewise believe that pension plans and funds should be established to provide just that, pensions, and not an immense pool of capital, which in our view is used by private financial institutions for private gain.

We are concerned that the large pool of funds generated by the type of pension plan we are advocating should be used to maximize pension benefits and at the same time contribute to the local and provincial economies which in turn will directly benefit and affect the workers who contributed to the plan.

Age Requirement:

While unions fought all the way to secure the right for a person to retire at an adequate pension at a certain age, it came about that both union and management were forcing an employee out of the work force at a certain mandatory age, whether they wanted to retire or not. In many instances that employee was more than capable of continuing to do the job that he was doing and even move on to further new challenges, but through forced retirement the country lost a valuable contributor.

It is our opinion that pension schemes must be worked out in which people may retire at an early age at possibly reduced pensions if they so wish; however, that they may continue working until a much later age if they are able to, at substantially increased pensions as they would contribute more to it.

As a general guideline we believe that thirty years and out; thirty years of working a person should be able to retire somewhere around the maximum pension benefits.

Benefits:

If inflation has underlined more than anything it is the fact that workers should not become locked into a pension scheme that only guarantees them "X" number of dollars at the end of it.

We first believe that a general guideline, employees upon full retirement should receive somewhere around 75 percent of their maximum earnings - of their highest earnings of five years.

Secondly, that all pensioners should be indexed in order to keep in exact step with the increase in the cost of living.

Survivor Benefits:

The surviving spouse and any eligible dependants should continue to receive the full pension of the pensioner, and in the case that the primary breadwinner dies before retirement or before qualifying for full pension, there should be some type of scheme worked out in which the survivors qualify for a major portion of the benefits.

(MR. MARTIN cont'd)

Disability Retirement:

In all too many cases there is overlapping benefits such as workmen's compensation and other protective schemes, but all too often we have seen workers retire at a very early age because of some debilitating disease such as a heart condition, and since they were early retired their pension benefits were slashed by a substantial amount. This all too many times happened when their incomes were reaching a maximum level and their family responsibilities were also reaching that level.

We believe that for whatever reason a worker is forced to retire at an early age because of disabilities that they should qualify for somewhere near the maximum pension benefits that they would have been eligible for.

I finally want to discuss what some of our immediate concerns are.

1. We are not sure, and we wish to know, if in Manitoba, are all pension schemes registered and guaranteed.
2. Are all pension schemes audited by government inspectors to ensure that proper fiscal management of the schemes is being complied with.
3. What about plant shutdowns which result in the loss of pension benefits for employees.
4. Does legislation exist making pension funds the property of employees with full vesting rights.

On my fourth point, this does cause us much concern for in the collective bargaining process we consider pension schemes and payments made by the company on our behalf to be part of our wage package that we bargain for. However, it is our understanding that no legislation exists giving us any rights to the pension fund except benefits upon retirement; the complete pension portfolio is left with the company and its agents. We wish legislation introduced that will change this.

I have expressed a desire to dramatically alter the pension schemes now in effect in Manitoba; to change them from private plans to co-operative republic plans; to make them completely portable and to alter their investments and secure full vesting rights.

I now wish to point out a problem area. The present pension scheme of the company I am employed by, International Nickel, has in all likelihood - and I say all likelihood because I haven't got the facts with me - but in all likelihood it has amassed millions.

The pension scheme that we have in Manitoba is invested with the pension scheme in Sudbury and possibly with that of other subsidiaries in other countries. What I am pointing out is that firstly, funds generated in Manitoba do not necessarily stay in Manitoba nor necessarily stay in Canada.

And secondly, if a province-wide, co-operative, republic pension scheme were introduced the large amount of funds in our pension scheme would possibly go towards subsidizing much of the rest of the plan. We do not wish to bring anybody down, but everyone up. But I am sure a problem such as this could be worked out.

One other area of pension concerns that concerns us. It is our understanding that in many cases employees with pension plans upon retirement cannot receive their full private pensions and the Canada Pension Plan; when they receive Canada Pension Plan it is then deducted from their private pension plan. This is not only unfair to the pensioner, but in my opinion, and my local's opinion, it is a public plan subsidizing a private one.

In summing up this brief, I again want to underline that because the multitudes of different pension plans in force in this province and on the market; because so many working people are not covered by sufficient pension schemes; because of the ongoing mobility of the work force; because many pension schemes are developed not for producing maximum pensions but for producing maximum funds for private corporations; because pension funds in private corporations are being used to invest and develop in other areas, not only out of the province but out of the country, thus not necessarily improving the life in Manitoba; because many private schemes, if not most, have not, in all probability will not keep pace with inflation; and finally that because pensions in our society are viewed as a privilege and not as a right, I, nor my union can reach any other conclusion than to strongly recommend that a province-wide pension scheme with mandatory employer

(MR. MARTIN cont'd). . . .contributions for all employees be instituted under the direction of the provincial governments and that it be operated and managed under a co-operative or public plan. Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you, Mr. Martin. If there are questions you would be prepared . . . Are there any? Mr. McGill.

MR. MCGILL: Mr. Chairman, I'd just like to ask Mr. Martin about one part of his brief, in that he summed it up in the final statements that his union is in favour of a mandatory pension plan obliging all employers in Manitoba . . .

MR. MARTIN: Right.

MR. MCGILL: . . . to cover all employees. Do you make any exceptions to that, Mr. Martin? Are there any instances that you can see where this would not be a reasonable kind of situation to . . . ?

MR. MARTIN: Well, I suppose that people that came under a federal jurisdiction, for example, under a federal plan, but outside of that, no.

MR. MCGILL: What about seasonal employees, or employers who have a very seasonal kind of operation, do you still think that it would be reasonable or practical to have a mandatory pension plan to cover them?

MR. MARTIN: Well, I see no reason. They at the time contribute towards Workmen's Compensation and things like that, even for a seasonal worker.

MR. MCGILL: Then we have, I suppose, quite a number of employers who employ young people in their operations. What about newsboys, if they were on the staff, would you suggest there should be a pension plan for them?

MR. MARTIN: Well, for example, on a newsboy, that is part-time and in many cases they haven't entered the regular work force. Our main thrust is that people who have entered the work force on a permanent basis, whether they be revolving from one employer to another, whether it be seasonal, that they be registered under a pension plan.

MR. MCGILL: So there might be considered to be groups in our work force that it would be rather impractical to cover under the kind of blanket proposal that you make.

MR. MARTIN: Well, I can only see one that you mentioned so far, and that's news-boys.

MR. MCGILL: Do you think I mentioned the only one?

MR. MARTIN: Well, so far, yes.

MR. MCGILL: Thank you then.

MR. CHAIRMAN: Any further . . . Mr. Graham.

MR. HARRY E. GRAHAM: Thank you, Mr. Chairman. Through you to Mr. Martin. Mr. Martin, you have expressed a concern about the funds that have been generated through pension deductions going to the head office or maybe even outside the country, and yet you've also expressed a concern about the full portability of pensions. If you had full portability and yet you attempted to retain all the funds generated on a pension check-off system, how would you envisage the machinery that would be used to transfer out of the province to cover the full portability part of the pension?

MR. MARTIN: Well, first of all, that we're advocating an institution of a pension scheme in Manitoba, which I gather that everyone who's sitting here wants to talk about, but we do want to lobby for a pension scheme under the Federal Government so that members, no matter what part of the country they're going to be working in, will be contributing to that and have portability, and of course then that comes out of the province, that comes into a federal scheme.

But I'm addressing myself to a local situation, but we will be addressing ourselves to a federal situation when that time comes about. But we do want to see those funds stay; if it's going to be a Manitoba scheme and if only in Manitoba portability, we want to see the funds stay in Manitoba. If it's going to be a Canadian scheme, we want the funds in Canada.

MR. GRAHAM: Then I would assume that you are concerned only about portability only as far as the Province of Manitoba is concerned, that if a worker leaves the province that it's tough luck - well, he's lost what he's contributed.

MR. MARTIN: No. I wouldn't say that. I would say that in that portability that he would have access to that. For example, even under some of the private pension schemes it's my understanding that after ten years I can come back to an employer - that

(MR. MARTIN cont'd) . . . I contributed to a pension scheme - and ask him upon retirement for my pension, or a cash settlement.

MR. GRAHAM: And a second question, Mr. Martin. You're concerned about indexing and I am sure there are many others that are concerned about indexing. If you were setting up a contributory pension plan, how much would you suggest should be set aside to cover the cost of indexing - a 10 percent factor, 15 percent, or . . .

MR. MARTIN: I wouldn't answer it right. I can't answer it, I'm not an actuary, and to figure this out, it would have to be worked out. I don't know. I don't even pretend to know, come close to it.

MR. GRAHAM: Okay, thank you.

MR. CHAIRMAN: Any further questions, discussions? Are there any further representations to be made? Mr. Coulter? Are there any others? Mr. Coulter, you might come forward.

MR. ART COULTER: Thank you, Mr. Chairman. I'm Art Coulter, representing the Manitoba Federation of Labour and about 80,000 affiliated members in this province.

Bill 57, introduced at last year's session of the legislature, was royally welcomed by the labour movement. Here it was, Pension Benefits Act, finally returning after an absence of some ten years, having previously been launched by the former government. Regretfully, it was shelved at that time so that as a result this province is now ten years behind the times.

Legislation federally and as enacted in a number of other provinces in the sixties has remained relatively unchanged since the implementation and today does not reflect the improved state of pension plans generally or of modern day thinking regarding pensions.

It is recognized that Bill 57 does break some new ground over other existing legislation. However, it shall be our purpose to urge some further improvement. It is a shame that these ten years have been lost. Some considerable retroactivity therefore is surely warranted. We urge that this be placed uppermost in your considerations and passed on to the newly appointed pension commission for their considerations in administering the Act and in preparing regulations.

The Act provides for a qualification date. This, we suggest, be so applied as to vest retroactively benefits which were earned by an employee prior to the coming into force of the Act.

There is no valid reason that this not be done. Deferred wages, including employer contributions as they are a part of wage costs that have been accumulating in past years, are in fact earnings that must be protected in the right of the employee and we hold firm to this principle. Retroactivity is therefore warranted to make it meaningful.

The ten years of continuous employment before an employee has a right to vesting is totally unacceptable today. While our principles suggest there should be full and immediate vesting of all benefits, we do realize that in application there are some problems that would arise. These areas are pretty well confined to younger employees and for those of short-term employment which provide potential administrative problems. These can be largely avoided by minimal age and/or service requirements. Anything more than a five-year service requirement though will be of little real value to today's highly mobile work force and particularly for employees covered by non-contributory plans.

The existing benefit levels in private plans make it important that an employee start accumulating pension credits on a continuous basis no later than age 30 if he is to receive a significant percentage of his final earnings as a pension. On this basis we seriously urge that the provisions of the bill be amended to provide for full vesting after five years of service or age 30. The vesting becomes a matter of portability and the means of administering same. If a working person who has served several changes of employment before retirement does not make successive transfers of either funds or benefits he will be forced to deal with the difficulties of collecting pension from several different sources.

If the transfers are to be made between private pension funds problems arise because actuarial assumptions differ between plans. The assumed cost of a unit of benefit may be higher for the new employer than for the previous employer. If a fund

(MR. COULTER cont'd) . . . . were transferred instead of benefits it might not accumulate at the rate anticipated in a previous employer's plan.

To deal with these problems the government must establish the pension agency at an early date as provided for under the Act from which deferred annuities would be purchased either on a lump sum basis or on an amortized basis. The benefits should be insured and made available on the basis of the most preferred rates possible. A central pool would relieve individual pension plans of the administrative burden of handling large numbers of terminated employees vested benefits and would result in a single source of private pension benefits even for those who change jobs several times during their working lifetime.

This agency could also serve as a vehicle for ensuring private pension funds against an employer's bankruptcy or plant shutdown, an approach that should be taken.

While other provinces have had enabling legislation for this, we understand this aspect has so far not been introduced. The new American legislation makes a strong point on insuring benefits and we urge that serious consideration for early implementation here in this province be given. The Act does not make any specific provision for funding requirements with this being left to the commission. We would expect that the requirements in other provinces should form a basis of their regulations and exceptions should only be allowed where there are compelling arguments in their favour. In the overall there is a great deal being left to regulations. It will be our purpose to observe developments in this regard and to make further representations as the need is seen.

Employee participation in the administration of private pension plans could do much to ensure the security of the benefits and to increase understanding of employer and employee rights and obligations.

Full disclosure of costs, benefits, and funding arrangements would do much to increase covered employee awareness of the need to plan effectively for retirement and ensure that their plan is making adequate provision for their needs. This process of education would be further facilitated if the employees could turn to one among themselves who is regularly involved with the administration of the plan and familiar with its various aspects.

Legislation should require the establishment of pension committees equally representative of employees and employer to administer each registered plan and provide that any issues which cannot be resolved by the committee be referred to an independent arbitrator. This committee would of course need to have all the relevant actuarial financial and personnel information available to it.

Legislation does require an annual statement to each employee outlining his own accumulated benefits and contributions, the employer's contribution, and the status of the fund established to provide the benefits. We trust that this will be meaningful and that there be a right to the obtaining of all information filed as a requirement by the commission with respect to a plan, that is, information that a company must present to the commission. More awareness on the part of employees of their pension rights and greater understanding of how the pension plan works can only help to ensure that more working people obtain the full benefits of private pension plans in which they participate. Such committees should be encouraged if not made mandatory.

The remarks of the Premier on the introduction of this legislation indicating the improved features contained therein over existing legislation were appreciated and that of breaking of some new ground would be accomplished. We do expect that there will be some resistance to this on the basis of maintaining uniformity with other jurisdictions. All we can say to that is that it would be too great a price to pay. Their legislation, that's the existing legislation, as we indicated initially is now out of date and behind the times. We urge that Part II of the Act with the inclusion of amendments, we urge here be passed and brought into effect.

Mr. Chairman, while I'm before you this is a presentation with respect to Bill 57 only. The labour movement and the Manitoba Federation of Labour have been endeavouring to have the Canada Pension Plan extended beyond 25 percent of earnings to that of 75 percent of earnings and retirement at 60. We still think that is feasible but in any case if that were to be approved tomorrow there would be the necessity of maintaining some order and protection of rights and the vesting of individual workers in private pension plans to match with the growing development of the Canada Pension Plan. That's

(MR. COULTER cont'd) . . . . just aside and I might also say that with respect to this whole question of broader pension plans that we have and do agree that . . . and we've made representations as a matter of fact to the government asking for their support in having the Canada Pension Plan extended as I've mentioned.

That's just aside, Mr. Chairman, but we do appreciate the piece of legislation you have before you. We are asking for some improvements, particularly in the question of vesting. We see no reason why you still have to stick to 10 years before vesting applies and using the age of 45 for retention of employees contributions.

I think it's two years or more the Ontario Pension Commission, after studying their operation, have been in business for eight years or so, made recommendations to their government that the vesting period be reduced to five years and age 40, and the government of that day in Ontario haven't brought that provision in. We understand that there is discussions between the provinces and representatives of the provinces. The Canadian Labour Congress has made representation to the organization of the administrators of these plans in the various provinces and there has been some general feeling that considerable improvement here should be brought into being, and we're only suggesting that you be the leader and we're satisfied that if that does take place that the others will move ahead as well. It would be wrong completely to sit on the 10 year vesting principle at this time when others have been thinking about it for so long and question of uniformity is always the excuse for not proceeding with it. We suggest that that be thrown out of the considerations at this point and move ahead with at least a five year vesting provision. Any questions?

MR. CHAIRMAN: The meeting is open to questions for anyone who wishes, or discussions, further elaboration. If not, thank you, Mr. Coulter.

MR. JAMES H. BILTON: Mr. Chairman, would it be possible for us to have a copy of that brief that's just been submitted.

MR. PAULLEY: I might say, too, Mr. Chairman, that I've just arranged with the Clerk that because of the fact of verbal representation we'll try to get the recorded proceedings of the committee to the members, and incidentally also to the members of the commission as quickly as possible for consideration.

MR. CHAIRMAN: Mr. Dillen.

MR. KEN DILLEN: Yes, Mr. Chairman, I want the clarification first of all, I am not a member of the standing committee. Does that prevent me from asking questions?

MR. PAULLEY: I'm not either, Ken, so we're in the same boat.

MR. DILLEN: All right. We just heard a brief from Mr. Martin and now one from Mr. Coulter of the Manitoba Federation of Labour, and one thing that I didn't pick out of either of those two briefs was the fact that some prospective employees once they have reached age 30-35 are not accepted by some companies who have a pension plan in effect, and I'm wondering if the Manitoba Federation of Labour have any comments to make on, or suggested improvements to plans that would not discriminate against employees who have reached that age, that age group. It could be somewhere between 30 and 45 where they are not accepted for employment simply because they do not qualify for entry into the pension plan.

MR. CHAIRMAN: Mr. Coulter.

MR. COULTER: If you want a response from me, obviously we don't think any type of discrimination should be applied and I'm pretty sure that there's a lot being done in this respect with the Human Rights Commission, particularly with sex and this type of thing, and age as a matter of fact. If there are plans that do discriminate, I think that if that's a concern, and it would be a concern to me if I thought it was very prevalent, that the legislation could provide for that type of protection.

MR. CHAIRMAN: Anything further? If not, thank you, Mr. Coulter.

MR. COULTER: Thank you very much.

MR. CHAIRMAN: Are there further submissions?

MR. PAULLEY: Mr. Chairman, it appears as though there are not any further formal representations to be made to the committee this morning. I have discussed with the Chairman of the Standing Committee and also the Chairman of the Pension Committee, and as the Minister responsible I am prepared, subject of course to the decision of the committee of which I indicated to Mr. Dillen at the present time, I am not a member

(MR. PAULLEY cont'd). . . . therefore have no right of proposing a vote if one was required, but I am prepared to recommend to the committee that a slight deviation from the norm in committee procedures to the effect that if any of the members of the committee, and I restrict this to the committee or members of the Assembly, would like to ask of Professor Vogt or his colleagues any questions dealing with what they have done up to now without impinging on the policy considerations or the like that would seek information from the commission and their bent. If it is acceptable, Mr. Chairman, to you and to the committee, I have the assurance of Professor Vogt and his members that they have no objections to this. I would like just of course to put a caveat and I think it's necessary to place a minor caveat that answers and questions would not be construed as being governmental policy but rather to disseminate information in this new venture for Manitoba to the members of the committee. I don't know if that suggestion meets with the approval of the committee . . .

MR. G. JOHNSTON: Mr. Chairman, I have a suggestion . . . and if the committee were agreeable I'd also like to ask Professor Vogt to give an opinion on some of the briefs that we've heard.

MR. PAULLEY: I wonder, Mr. Chairman, through you to Mr. Johnston, whether that should not have a caveat on it because I feel, and I can be corrected by Professor Vogt, that this might be something that the commission members themselves would wish to consider at a commission meeting rather than, so quickly after receiving briefs, be placed under an obligation, or at least under a position of having to reply at this time. And I think, Mr. Johnston, I can appreciate that a man of your calibre would not be asking questions of ulterior motivation, but I do think in fairness to the commission that direct response from them this morning to the suggestions of the people who have made representations could conceivably be embarrassing and as the Minister responsible I would suggest that it not be done.

A MEMBER: That would be terrible.

MR. CHAIRMAN: Mr. Enns.

MR. ENNS: Mr. Chairman, through you to the Minister, prior to his last few words I wanted to certainly on behalf of our group express appreciation of meeting the commission and its chairman and welcome the attendance of the commission here. We trust that as their work proceeds that that will continue, which isn't always the case with bodies that from time to time come under the scrutiny of committees of this kind.

The question that I had in mind was pre-empted by you, sir. I was going to ask precisely that point. Will it be the practice of you, as the Acting Minister, to allow the Chairman of the Pensions Committee to, from time to time, appear before this committee and address us directly. I think we can all appreciate that at this particular point in their history they have formed themselves and the workload is undoubtedly just commencing, and certainly we're not aware as committee members of the different decisions that they are faced with. We suspect that they are just getting into their work and the bulk of their work will commence as they get into administering the responsibilities that they have under the Act. So at this point I think it's just a question of being happy and pleased that they are with us and showing their willingness to meet with us. Will it be the intention, through you I ask this question to the Acting Minister . . .

A MEMBER: The Minister.

MR. ENNS: . . . will it be the intention of allowing the Chairman of the Pensions Committee to address and make representations and make reports directly to this committee charged with the responsibility of hearing annual reports from time to time?

MR. PAULLEY: Were I a political person, Mr. Chairman, I would reply to the effect that we are open government in Manitoba at the present time, but being non-political, and giving my honourable friend from Lakeside a direct answer to his question, I would say that it would be my intention as the Minister responsible for the commission to request the attendance of the commissioner, and any or all of his fellow commissioners, when we discuss in the committee matters pertaining to the role that the commission is playing, because in my opinion this is such an important matter to everyone in Manitoba, that I would not want to debar a reasonable interchange between members of the committee and of course through the committee to public hearings, public involvement in our procedures. The only caveat that I would place on that, matters that would require policy

(MR. PAULLEY cont'd) . . . . decisions by a cabinet or government or the Assembly would not come under scrutiny by this committee through questioning to the commission until such time as in accordance with democratic and legislative procedures those policy decisions are arrived at either by Cabinet or by the Assembly. I think that would be agreeable. If I understand, Mr. Enns, your point I would say that subject to the confidentiality and the policy aspect of the question I . . .

MR. ENNS: Mr. Chairman, through you we thank the Honourable Minister for what I would deem to be somewhat of a departure and indeed a greater inclination to openness in government. There have been time to time when particularly the Opposition members, who have asked for the direct testimony or recommendations from various senior administrators, chairmen of the boards, I can think of a few utility chairmen from time to time, that we haven't always been able to have appear before us at our will and call, and I now read, Mr. Chairman, through the kind words of the Minister this morning that that certainly will not be the case with the Pensions Commissions Board and that we will in fact have the benefit of the advice straight from the horse's mouth so to say . . .

MR. PAULLEY: Well, straight from the horse's mouth, if the Honourable Member for Lakeside is referring to some of the incidents or occurrences that have taken place that I've observed from outside of the committee room, in some committee hearings on the inside I think that I would have to take the position that I wouldn't tolerate the cross-examination of a member of the commission who is performing a public service on behalf of the commission, I would not want the professor or any members of his committee to be subjected to any possible verbiage abuse or other types of abuse by members of the committee. I do understand, as I say, as a casual observer of some of the proceedings in some of our committees that I would do my utmost as a Minister responsible to dissuade any member of the committee to conducting themselves similarly on this committee.

MR. CHAIRMAN: Mr. Patrick.

MR. STEVE PATRICK: Mr. Chairman, I believe the Minister indicated he's giving us an opportunity to question some of the members, or at least a chairman of the Pension Commission. I think if we didn't ask them any questions I'm sure they'd be slighted. They're all here this morning, so I can't see why we shouldn't ask them some questions, and I have a couple. I know that the commission has now been in existence for some time -- (Interjection) -- two months, so I believe they have had an opportunity to gather some information from other jurisdictions, other provinces, so I'm sure they have the information.

We've heard the speakers and there was some discussion in respect to five or ten year vesting. Now, I have a specific question. I'm sure that the commission or the pension chairman would agree with me that there is a great amount of mobility now amongst the workers, and if we go to the ten-year vesting my understanding is, my feeling is that the pension schemes would be very insignificant, that there wouldn't be too many people would have any pension because with the great mobility amongst the people what will happen after the employment is terminated after four or five years, you know, the employee gets his contributions, plus five or six percent whatever the interest on his money, and that's the end of it. So if he has four jobs in a lifetime he ends up with no pension. So I think it only makes sense that we go to something, five years, so then we can get this employee in some kind of a scheme. So that's one question, what information they have and there must have been some advice to the government - in the bill we have, you know, the ten years. So I would like some information or an answer in respect to the reason or the feeling of the chairman between the ten and five years, because the way I see it I think the ten-year would be almost insignificant to most employees, because very few would be locked into a pension scheme. So that's my first question.

The other one is . . .

MR. SHERMAN: Mr. Chairman, just on a point of order, not wishing to interrupt Mr. Patrick in midstream, but it seems to me that it would be helpful to us if we could go back to the original suggestion and have a brief report from the Chairman of the Commission as to what he and the commission have been doing . . .

MR. PATRICK: Okay.

MR. SHERMAN: . . . and then I daresay there may be a number of questions . . .

MR. PAULLEY: May I answer to that question by saying that he's investigating into the possibility of changing any reference to ten years, to five years or to two years. He may answer Mr. Patrick just simply by saying, putting it that way, and then of course nobody's in any difficulty.

MR. SHERMAN: A brief report from the Chairman, Mr. Chairman, as to what the commission is doing.

MR. CHAIRMAN: If you wish to proceed in that way unless Mr. Patrick has . . .

MR. PATRICK: I'm prepared to wait and hear from the Chairman. That's fine. Perhaps I can pose maybe my second question or has he got a report?

MR. PAULLEY: Just a brief synopsis, that's really what you're after, Mr. Sherman . . .

MR. SHERMAN: Yes.

MR. PAULLEY: . . . a relatively brief synopsis of what the committee has been doing and what they've been thinking broadly up until now.

MR. CHAIRMAN: Mr. Vogt.

MR. VOGT: We've been meeting essentially twice weekly since early in November. We have been trying to gather information from the other jurisdictions, there are basically five. Ontario was the first, Quebec next, Alberta and Saskatchewan, and the Federal Government of course came in somewhere in between in '67.

We haven't really developed too much from the Federal Government and from the Quebec Government. We have quite detailed information from Alberta and Saskatchewan and sort of the grand daddy of the commissions and pension regulation groups in Ontario who were first in and administer probably over half of the pension plans now coming under any kind of jurisdiction. They have something like 8,000 plans, with something like 15,500 that are in existence in Canada at the moment in the private field, at least by number of plans. Now in fact we have had a meeting with the Ontario group. We have discussed some of the workings, we have some material on the operations of CAPSA which has had informal workings for quite some time and has begun meeting formally since last June. We have quite a few of the briefs that were presented to CAPSA, not all of which have been studied fully by the commission.

Now the moves within CAPSA on that, the point of vesting, and so on, was a fairly important one when the Manitoba legislation was put in. Our concern was not should we have tenure of vesting, should we stick with that, that was not a concern of a commission, our concern was, what would the administration problem be? And the answer we got there for instance is basically as far as we've explored now, is that we could still sign reciprocal agreements, we could still carry on reasonably, there would be some administrative difficulties distinctly. They would prefer uniformity but there is a question of, can uniformity be, how much leadership do you show? These are the questions that come before you people. We're concerned more, I think, with ultimately where we have administrative problems bringing those to the attention of the Minister, and we have been trying to come to grips with the details of the Manitoba Act so that we can have input to the Minister on that account. And we are trying to become operational - administratively of course until we appoint our superintendent we're only sort of semi-operational. We hope that will come shortly.

Now beyond that I think on items of detail I could make some comments as far as information goes. I'd hoped that I'd avoid making any statements which could be interpreted as policy statements because I know that's not within my jurisdiction. On the other hand, I would like to be as helpful as I could to this committee in terms of points of information that we have gathered.

MR. CHAIRMAN: Thank you, Mr. Vogt. Now, Mr. Patrick, do you wish to proceed?

MR. PATRICK: Well can I ask, will the committee be looking into the five or ten-year vesting and portability?

MR. VOGT: On that account if I may say we are not only looking at it and continuing to look at it, but we have had some, should I say, spirited discussions about these things.

MR. PATRICK: One more question. In the five and ten-year vesting there must be in the pension plans that are in existence now in Canada, there must be many of them with five-year vesting.

MR. VOGT: Yes.

MR. PATRICK: Can the committee, or will the committee be looking into the ones with five-year vesting and the ones with ten-year vesting and then see what the results are of both plans?

MR. VOGT: Initially our studies you see . . . I think the Act will have to, the time element is such, and the moves right now in CAPSA on the federal plane are quite far away from that kind of an achievement, so we'll have to probably play that very cautiously. You see the problem, there is one, and I don't want to try and put it into exact perspective. Even though I am an actuary I haven't addressed myself to the costing of it. The problem is . . . the main persons against vesting would be the employer group, and the reason is quite simple. For some employers it would be prohibitively costly - that would be a minority; for most employers, but for all employers that don't already have a better vesting agreement, it would add to their cost. Vesting does increase costs and does increase the cost of their operations. Everybody else I think, the carriers, the sort of life insurance group, the actuaries, the pension fund groups, and of course the workers, are in favour of earlier vesting, and there's no question that the earlier the vesting, immediate vesting is certainly an ideal to be pursued.

MR. PATRICK: Professor Vogt, the other question I have: Many employees that have retired receiving a pension, and you've mentioned about deferred annuities, what happens that a person at age 65, they say, "Well, I want my annuity to pay me seven or eight hundred dollars a month between 65 and 70, and after 70 I'm satisfied with three hundred because I won't be as active, I won't travel as much, so they want in the first few years of their retirement they want a higher pension. Is that possible because people that are retired that is a problem that they have and that's the question they're asking.

MR. VOGT: To the point that the person has control. You see there's 25 percent of the vested portion may be cashed in and of course that could be put separately to other purposes, to that kind of purpose. To the point that it involves integration where they say retire before the Canada Pension Plan takes effect, to the point that it involves integration, there'll be no problem. Beyond that point there will be some sort of, I suspect, some kind of stays on what they can do, how quick a payout to get that they can take, because basically it must be a life annuity, and a life annuity would be one that I think would allow for now, with the change in federal rules, may shortly allow for some recognition of increases that follow inflation and some planning for it. And of course indexing is a problem, a very very difficult problem that is under very active study right across the country, the problem of indexing, which is basically directed towards maintaining purchasing power of pensions.

MR. PATRICK: Professor Vogt, Mr. Coulter had a very interesting suggestion, and I have no response to it because I don't know, he indicated that the Canada Pension Plan should be 75 percent of the wages. Does that mean if that would take place, if that would happen, that would almost eliminate the private pension plans, or would there be a necessity of private pension plans if the Canada Pension Plan would be 75 percent of your wages? Does that mean if that would take place, if that would happen, that would almost eliminate the private pension plans, or would there be a necessity of private pension plans if the Canada Pension Plan would be 75 percent of your wages?

MR. VOGT: That's . . .

MR. PAULLEY: That's hypothetical.

MR. VOGT: Yes. I could give an answer to that but I don't think it would be very helpful in the present deliberations. It is true that, yes, if they came in early enough.

MR. PATRICK: I see. The other point: Is there a cost to the employer for portability of pensions? Is there a cost to the employer?

MR. VOGT: Well, if they now have a five-year vesting then there's no problem, or ten-year vesting there's no problem, there's no extra cost for them. Those that do not have it now for them, you know, where they have to meet the - and the Act of course tries to set minimum requirements and move from there - for them there will be an increased cost, which in rare instances, I would think could be quite substantial.

MR. SHERMAN: I just have on question of the Chairman of the Commission, Mr.

(MR. SHERMAN cont'd) . . . . Chairman, and that is, the Chairman has made reference to a number of things that the commission is looking into and I just wonder if he could give us some idea of what he means by looking into. Is the commission hearing representations? Is the commission inviting representations? Or is the commission just initiating a series of examinations of different areas by itself and consulting with similar bodies only, or is it inviting and hearing representations from a broad spectrum of the public?

MR. VOGT: I think it is fair to say that we have a mandate and strong direction to be highly receptive to public opinion. Again in our priorities though we are at the moment digging for information trying to become properly operative.

MR. SHERMAN: That's Phase I?

MR. VOGT: Yes. We are still in Stage I. We have gone a little bit beyond that in the letter I sent out in accord with these hearings, you know, to certain people that . . . again for administrative reasons it went out to relatively few people.

MR. PAULLEY: I might say too, Mr. Chairman, to Mr. Sherman, as Professor Vogt just pointed out, that's one of the broad directives that have been forwarded to the commission. And I may say since the announcement was made of my ministerial jurisdiction any question that arises on my desk by way of memo or letter is referred to the Professor and his commission for consideration of the subject matter of the letter. And I would like to recommend, Mr. Chairman, to members of the committee and members of the Assembly that they do not hesitate if they have any questions they would like to direct to the commission, that they so do. I think it would be most helpful for all concerned to have this type of communication.

MR. CHAIRMAN: If there is nothing further I have to bring up a matter of report of this committee meeting. I think it is a requirement that a report be submitted to the Legislature at least, and it's a matter of form of report: What form shall that report take? Is it a simple matter of a copy of the transcribed . . . ?

MR. PAULLEY: How would it be if the Clerk compiles the report and then - it will only be brief and concise what transpired this morning - have that submitted to the representatives of the parties for concurrence so that there is the formal report to the Assembly. It's anticipated now that the Assembly will be starting in around about a month. I personally do not see any real requirement for another meeting of the committee to consider this aspect of the deliberations of the committee at this time. And if that were acceptable then I would suggest the committee may consider not meeting again except for the formalization of the report to the Assembly, which of course you would make as Chairman unless it is the desire of course, and this is up to the committee itself, to have another meeting for the purposes of the Pension Committee before the House meets.

MR. CHAIRMAN: Mr. McGill.

MR. MCGILL: Yes, Mr. Chairman, just before we adjourn I want to be sure that I understand Mr. Paulley correctly. He is telling the committee that prior to the proclamation of this Bill 57 he is going to introduce an amendment into the Legislature and that the bill, I take him to say, in general is going to be brought into conformity with the Acts which now apply in other provincial jurisdictions. Is that essentially correct, Mr. Chairman?

MR. PAULLEY: Well I think, Mr. McGill, if that was the impression, it's not the impression that I wished to indicate that there would not be any changes prior to proclamation. That is why the commission is meeting to make recommendation for changes, and it would be presumptuous on my part to say to the commission that there is going to be changes made. Now I did indicate, I believe to Mr. McDonald, that in reference to - I believe Section 21 dealing with the ten-year vesting and that aspect - that we had noted that, but it's a matter that is under consideration by the commission. I wouldn't take the responsibility of saying that we will not be proceeding insofar as the Act itself is concerned until or unless there are other amendments made, they can follow.

MR. MCGILL: Mr. Chairman, I must have misunderstood Mr. Paulley in an earlier exchange because I got the impression that he concurred generally with the point made by the brief of the Canadian Life Insurance Association, and that his government had in mind at the present time some change in the Act which would occur prior to the proclamation of this Act, which I believe was contemplated to be about July 1st, 1976, was that correct?

MR. PAULLEY: That's the operative effective date that we were hoping to arrive at, Mr. Chairman, it may not be possible to meet that deadline as of now. And if I gave the impression to the committee that I was saying on behalf of the government that we would accept the amendment insofar as Section 21, and I apologize to the committee for not being clear, because of course I'm sure members of the committee will realize that I haven't the ministerial right to make declarations that changes will take place until consultation, and this is the first time we have met. So if I did say that, Mr. McGill, gave you that impression, I apologize. It was not my intent to make it a precise declaration that those changes would be made because I know that this is a matter that the commission has under consideration.

MR. MCGILL: Mr. Chairman, then with that explanation from Mr. Paulley, I ask you what particular purpose was this committee meeting to serve or should we not then make a recommendation in respect to the information we have received and in respect to the bill as it now stands. If we adjourn at the present time without having made any recommendation and without any assurance from Mr. Paulley that any changes are going to be made, then in effect we really have served the function of receiving some information without having discussed it.

MR. PAULLEY: Well, I don't want to get into an argument with a member of the committee. I said at the offset that one of the reasons for the meeting of this committee was to give people an opportunity to come forward and to give us the benefit of their wisdom in this important field and Mr. McDonald and Mr. Manning, Mr. Coulter and Mr. Hunter have so done. -- (Interjection) -- Mr. Martin, excuse me - and they have so done and I thought that it would be to the advantage of the committee to hear them, and also to hear from the Commission what they have been doing up till now. Now, while I can appreciate your feelings, Mr. McGill, it would, in my opinion, be rather unusual, and I would suggest not very desirable, for a committee at its very first inaugural meeting to make recommendations - of course this is all within the confines of the committee itself so to do - of a precise change in legislation without an opportunity for the Commission and all members of the committee to have an opportunity of considering the thing.

MR. CHAIRMAN: Mr. Bilton, did you have something . . .

MR. BILTON: My only comment, Mr. Chairman, is that if we are to adjourn can we have some assurance that each member will have a copy of the transcript of this morning's meeting within ten days?

MR. PAULLEY: Mr. Chairman, I can't have it for the ten days but I've already said that copies of the transcript will be made as soon as possible to the members of the committee, and also that the members of the commission, in the absence of some formal written presentations will have it so that they can study in order to make recommendations.

MR. CHAIRMAN: I have been given the assurance that it's no problem.

MR. BILTON: And if I may go one point further, Mr. Chairman, through you to the Minister, listening to his recent remarks, am I to understand that this committee will be again called together prior to the House opening?

MR. PAULLEY: Well it is normal, Mr. Chairman, that the committee in essence is called together to consider a report, and my suggestion was that the Clerk compile a report, members of the committee be informed as to the contents of that report for its submission by the chairman to the Assembly. Now this is usually done. It doesn't necessarily mean that the committee will be called precisely together for a specific purpose, but it can meet just prior to the opening of the House - and you know as well as I do, over the years, Mr. Bilton, this has been the practice of many committees.

MR. BILTON: Fine. Thank you, Mr. Chairman.

MR. CHAIRMAN: Mr. Sherman.

MR. SHERMAN: Mr. Chairman, I'd appreciate if the Minister would refresh for my benefit the mechanics of what we are faced with here in the House. The Legislature has passed Part I and Part III of this legislation. Part II will be . . . Am I correct. . .

MR. PAULLEY: Subject to proclamation.

MR. SHERMAN: Subject to proclamation. Am I correct in assuming that Part II will be reintroduced at the forthcoming session in its present form or that we are still

(MR. SHERMAN cont'd) . . . . . faced with Part II as it existed in the last session and that it has only been a suspension of proceedings?

MR. PAULLEY: It's conceivable in parliamentary procedures that changes be made to Part II. It's also conceivable that Part II can come into effect on proclamation. And one of the reasons as I understand it for the suggested delay in the proclaiming of Part II was to give us the opportunity, the government the opportunity of establishing the commission, to get the road on the . . . the show on the road rather than the road on the show. I guess here's where I got into trouble with Mr. McGill in interpretation. And it's conceivable either way, Mr. Sherman, that as I've indicated and as you chaps indicated in the House, that this matter is of such importance that we should be sure, or as sure as we can, that where we're treading is down the right road.

MR. SHERMAN: But it's also conceivable that Part II could come back before us in revised form.

MR. PAULLEY: It could conceivably be, yes, Mr. Sherman.

MR. SHERMAN: There's no closed door in that area?

MR. PAULLEY: It's never closed door as far as this Minister or as far as this government is concerned.

MR. SHERMAN: I'd like the assurance in this one particular area for that.

MR. PAULLEY: That's right.

MR. SHERMAN: One assurance in one area would satisfy me, Mr. Chairman.

MR. PAULLEY: It would, eh?

MR. CHAIRMAN: Mr. Johnston.

MR. G. JOHNSTON: Mr. Chairman, to carry a little further what Mr. Sherman has been requesting of the Minister who represents the government in this regard, I think it would be helpful if you, sir, would read to the committee the terms of reference of the setting up of the committee, because if the bill is already an Act then the government are the only ones who can make a change to the Act because it requires the spending of money. If this part is still a bill then it can be considered in committee with recommendations and even amendments in committee. If we could have that clarified then perhaps we could decide whether or not there should be another meeting because . . . First of all could we have the terms of references . . .

MR. PAULLEY: Yes. It's contained in the materials that were submitted to you, Mr. Johnston, the terms of reference, and if you go back to Hansard you will see that my resolution, the subject matter of Bill 57 and the establishing of a pension setup was referred to this committee for its consideration, the broad terms of it.

MR. G. JOHNSTON: I understand the broad terms but the wording of the terms of reference that set up the bill will govern whether or not we can make any recommendations.

MR. PAULLEY: Mr. Chairman, I am not a member of the committee, but I can say the committee can do what it damn well pleases insofar as its recommendations are concerned. It has that right, it has always had that right; even I, when I was in Opposition had that right. Didn't get away with it sometimes I will admit but at the same time I had the right to make proposals.

MR. ENNS: Mr. Chairman, I think the point that some of the Opposition members are trying to make is that if significant amendments are to be proposed to this section of the bill that has yet to be proclaimed - as we rather suspect there well may be, although the Minister has been careful not to give us any indication one way or another - surely the point of the meeting of this committee at this time was to be able to examine those amendments, to discuss those amendments, make recommendations to the government either in support of or opposed to the recommendations with the government's majority in the committee, then have what is normally referred to as a majority and minority report from this committee, but in essence, we have undertaken that worthwhile feature of all these committees, of listening to outside representations, but the very nature of the way the material has been presented before us we have been given no opportunity to deal with what likely will be substantive changes in the Act. With the record of this government, in terms of introducing legislation at late stages of the session with little or no notice, or with many amendments, of little time to note those amendments, we feel a little upset, Mr. Chairman, about the Minister's handling of this particular bill, it may well have been a fine public relations job for us to meet the commission members

(MR. ENNS cont'd) . . . .and to allow members of the public to address us, but the point of the matter is, if substantive changes are being considered and are going to be introduced into this legislation and have already been past your committee, this committee that you have especially called for that purpose of examining this bill has been given no opportunity to view them.

MR. PAULLEY: Well, Mr. Chairman, I am very sorry that this is the, as I understand it, the first time this committee has met, the start of a new year, and I must say I regret very much this type of an approach taken in respect of the bill and the amendments. I am sure that all honourable members of this committee have been engaged in governmental and parliamentary procedures long enough to know that if in a committee they have any precise amendments they wish to introduce for the consideration of the committee, they have the right, indeed the obligation so to do. I have not as a bystander, shall I say, at this committee meeting this morning heard of any precise recommendations emanating from any member of the committee for changes.

How can we arrive at any considered changes unless we hear the opinions of the people which I, of course, accept as being open government to give the people an opportunity appearing before us to express their opinions. We've had some of those opinions expressed already. The Chairman of the Pensions Committee, on my invitation and with your agreement, gave an outline of the hopes and aspirations of that committee. We will be meeting in the House, hopefully before too long in order that we may be able to give vent to our individual feelings and political considerations to consider this bill as well as a heck of a lot of other legislation. So I would just like to say to my honourable friend, the Member for Lakeside, be patient, and if it is the desire of this committee to meet prior to the session to go into a detailed consideration of the bill if they have amendments to propose of a - well constructive or otherwise, because I am sure Mr. Enns would agree that quite frequently from members of committee the amendments proposed are not always constructive, it depends, of course, on which side of the fence you are sitting - that can be done. I'm not trying to be dictatorial, I'm trying to be far more open in this committee, at this venture, than has been indicated, and apparently, Mr. Chairman, it appears to me that that type of an approach is not being acceptable by some members of the committee.

MR. CHAIRMAN: Mr. Johnston.

MR. G. JOHNSTON: Mr. Chairman, I thank the Minister for his suggestions but I have one to make through the Chair to him. Because the Pensions Commission has only been in operation for quite a short time, and because I would assume that they are going to take the points raised today by the people who have spoken to the committee, would the Minister consider the following suggestion, that the Pensions Commission report to him their findings on the suggestions that were made today, and he in turn would give the government's recommendations to this committee?

MR. PAULLEY: I am required under the Act, Mr. Chairman, to Mr. Johnston, to make a report to the Assembly annually.

MR. G. JOHNSTON: Well, what I am getting at . . .

MR. PAULLEY: As a submission, and that will get done.

MR. G. JOHNSTON: Well, what I am getting at is that . . .

MR. PAULLEY: I know what you are getting at . . .

MR. G. JOHNSTON: If this committee is required to make a recommendation to the House it would be made based on the recommendations of yourself and the Pension Committee, I would think.

MR. PAULLEY: The Pension Committee is required to make its recommendations to the Minister . . .

MR. G. JOHNSTON: Right.

MR. PAULLEY: It is the Minister's responsibility to consider those recommendations, if they're matters of policy then the decision is made by the government, where it is a matter of policy. The Minister then has to make a report to the Assembly, and it was ever thus, and I have no intention of changing that.

MR. G. JOHNSTON: Well then I ask, through the Chairman to the Minister, this whole committee operation is a pointless operation then, is that right?

MR. PAULLEY: That would be in the eyes of the beholder.

MR. MCGILL: I don't want to extend this debate unnecessarily, but I think the awkward aspect of this committee this morning is that we are dealing with a bill that is already passed, and while Mr. Paulley invites us to submit an amendment that surely would not be the proper function of a standing committee; so we are in effect here dealing with a bill that is already law and lacks only Proclamation. So I think perhaps our problems are related to that situation.

MR. PAULLEY: Well, Mr. Chairman, if it is the desire of the committee and that decision is the committee meet again to go into detailed clause by clause consideration of the bill . . .

MR. ENNS: You can't accept any amendments, it's passed.

MR. PAULLEY: The bill was referred to this standing committee for consideration and it's the responsibility . . . my colleague and your colleague, Mr. Sherman, knows of the parliamentary procedures and he's getting to them now, and . . .

MR. ENNS: Mr. Chairman, then on a point of order. Will the Minister now accept amendment to the bill?

MR. PAULLEY: No.

MR. ENNS: Well, by Gawd, that's what we're talking about. Any other consideration by any standing committee of bills that have yet to be presented to the House for final passage, surely the whole passage through committees like this is the individual clause by clause are argued, amendments are made, sub-amendments are made, they're defeated or accepted.

MR. PAULLEY: Okay. Mr. Chairman, I'm wrong.

MR. ENNS: My question is . . .

MR. PAULLEY: I'm prepared to accept any amendment - at least I shouldn't say this, the committee can. I respectfully suggest to Mr. Enns that he reads the terms of reference to this standing committee by the House.

Therefore be it resolved the Standing Committee appointed be authorized to sit during recess, after prorogation to consider Bill 37, an Act Respecting Disclosure, Part II of Bill 57, the Pensions Act, and to report to the House at the next session any recommendations with respect thereto as are deemed necessary and such other matters as may be referred to it.

MR. ENNS: Mr. Chairman, I raised the issue not, contrary to the Minister's opinion, simply to be argumentative. I am simply suggesting that if substantive changes under Part II of this bill are subsequently brought into the House, then I raise my objection to the fact that I wasn't given an opportunity of looking at those suggested changes or amendments at the committee hearing this morning, which I thought was assembled surely to do just that, in addition to listening to public representation and meeting the pension commissioners and chairman. So I have nothing further to say. I'm prepared to consider amendments which I may well want to make or sub-amendments to amendments that are going to be brought forward under clause 2. I'm only suggesting to you that the committee this morning has had their hands tied behind their back certainly in probably the most important deliberations that standing committees of the Legislature are called, that is to examine under less formal settings than in the House the actual legislation that the government intends to introduce, and in this case we are dealing with legislation that has already been passed and through the House, but we're dealing with, I suggest, changes that the government has in mind - amendments that the government has in mind, none of which have appeared before us this morning in the committee.

MR. PAULLEY: Mr. Chairman, in all due respect to the Member for Lakeside, I just read out the terms of reference to this committee. It dealt with Part II of Bill 57, it didn't deal with the whole of Bill 57, and therefore the point raised by Mr. Enns is invalid. If there are to be amendments to the whole of the bill, Parts I and III, they would be introduced in the normal way in the House for consideration and Mr. Enns or any other member of the Assembly would have ample opportunity of discussing those matters and they would be referred to the committee in accordance with normal parliamentary procedure, which apparently over the weekend Mr. Enns has somewhat cast aside.

I would suggest, Mr. Chairman, that it's now a quarter past twelve, if it would be the desire of the committee to break for lunch and reconvene to consider any points that Mr. Enns or any member of the committee have, that we could reconvene at 2 o'clock.

(MR. PAULLEY cont'd) . . . . Personally, I was of the opinion that the method of procedure here was conducive to good business practices aside from any little technicalities that may be raised. Otherwise I suggest that the committee may consider a motion to adjourn.

MR. EVANS: I move that we adjourn . . .

MR. CHAIRMAN: A motion to adjourn has been proposed. The report be prepared for circulation among the members that the transcribed proceedings be prepared and distributed. That's been agreed upon. Now we have a motion to adjourn.

MR. SHERMAN: Mr. Chairman, has that motion to adjourn been accepted by the Chair or may I . . .

MR. CHAIRMAN: You may . . .

MR. SHERMAN: . . . prior suggestion that I think that our concerns and considerations voiced here on both sides of the committee table would be met by the assurance and the understanding that this committee will meet again, that this committee will meet again when the amendments -- (Interjection) -- well - my colleague suggests to me when the amendments are ready - that this committee will meet again before the Assembly goes into session.

MR. PAULLEY: Well, Mr. Chairman, there's no reason at all, that's within the prerogative of and direction of the committee. I know you know, Mr. Sherman, that when the House prorogues the committee makes its report and that particular committee ceases until re-established by the Assembly. It's one of the rules of the House. But the subject matter does not die. It stands resolved before that committee until it's considered. Now, if it's the desire of the committee to meet once again to consider the part referred, Part II . . .

MR. SHERMAN: That's right.

MR. PAULLEY: Okay. Nothing in the world is stopping it.

MR. CHAIRMAN: Is that a motion?

MR. SHERMAN: Well I would like to amend the motion of the Minister of Industry and Commerce to read, that we adjourn, we adjourn on the understanding that the committee will meet again. -- (Interjection) --

MR. CHAIRMAN: He can withhold his motion.

MR. EVANS: Yes, Mr. Chairman, it was my understanding in an early remark that you as the Minister responsible wanted the committee to convene again to consider the report. If it was a suggestion . . .

MR. PAULLEY: That's a technicality that my honourable friends here want to make a mountain out of, but that doesn't matter a continental. I would suggest, Mr. Chairman, a motion to adjourn to meet at the call of the Chair would be sufficient, and whether the Chair calls a meeting or not is the Chairman's prerogative.

MR. EVANS: Yes, I move therefore that we adjourn, Mr. Chairman.

MR. CHAIRMAN: Motion to adjourn.