



**Second Session — Thirty-Second Legislature**  
of the  
**Legislative Assembly of Manitoba**

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**STANDING COMMITTEE**

on

**INDUSTRIAL RELATIONS**

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**31-32 Elizabeth II**

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*Chairman*  
*Mr. C. Santos*  
*Constituency of Burrows*



MG-8048

**VOL. XXXI No. 10 - 8:00 p.m., WEDNESDAY, 17 AUGUST, 1983.**

**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Second Legislature**

**Members, Constituencies and Political Affiliation**

Name	Constituency	Party
<b>ADAM, Hon. A.R. (Pete)</b>	Ste. Rose	NDP
<b>ANSTETT, Andy</b>	Springfield	NDP
<b>ASHTON, Steve</b>	Thompson	NDP
<b>BANMAN, Robert (Bob)</b>	La Verendrye	PC
<b>BLAKE, David R. (Dave)</b>	Minnedosa	PC
<b>BROWN, Arnold</b>	Rhineland	PC
<b>BUCKLASCHUK, Hon. John M.</b>	Gimli	NDP
<b>CARROLL, Q.C., Henry N.</b>	Brandon West	IND
<b>CORRIN, Brian</b>	Ellice	NDP
<b>COWAN, Hon. Jay</b>	Churchill	NDP
<b>DESJARDINS, Hon. Laurent</b>	St. Boniface	NDP
<b>DODICK, Doreen</b>	Riel	NDP
<b>DOERN, Russell</b>	Elmwood	NDP
<b>DOLIN, Hon. Mary Beth</b>	Kildonan	NDP
<b>DOWNEY, James E.</b>	Arthur	PC
<b>DRIEDGER, Albert</b>	Emerson	PC
<b>ENNS, Harry</b>	Lakeside	PC
<b>EVANS, Hon. Leonard S.</b>	Brandon East	NDP
<b>EYLER, Phil</b>	River East	NDP
<b>FILMON, Gary</b>	Tuxedo	PC
<b>FOX, Peter</b>	Concordia	NDP
<b>GOURLAY, D.M. (Doug)</b>	Swan River	PC
<b>GRAHAM, Harry</b>	Virden	PC
<b>HAMMOND, Gerrie</b>	Kirkfield Park	PC
<b>HARAPIAK, Harry M.</b>	The Pas	NDP
<b>HARPER, Elijah</b>	Rupertsland	NDP
<b>HEMPHILL, Hon. Maureen</b>	Logan	NDP
<b>HYDE, Lloyd</b>	Portage la Prairie	PC
<b>JOHNSTON, J. Frank</b>	Sturgeon Creek	PC
<b>KOSTYRA, Hon. Eugene</b>	Seven Oaks	NDP
<b>KOVNATS, Abe</b>	Niakwa	PC
<b>LECUYER, Gérard</b>	Radisson	NDP
<b>LYON, Q.C., Hon. Sterling</b>	Charleswood	PC
<b>MACKLING, Q.C., Hon. Al</b>	St. James	NDP
<b>MALINOWSKI, Donald M.</b>	St. Johns	NDP
<b>MANNES, Clayton</b>	Morris	PC
<b>McKENZIE, J. Wally</b>	Roblin-Russell	PC
<b>MERCIER, Q.C., G.W.J. (Gerry)</b>	St. Norbert	PC
<b>NORDMAN, Rurik (Ric)</b>	Assiniboia	PC
<b>OLESON, Charlotte</b>	Gladstone	PC
<b>ORCHARD, Donald</b>	Pembina	PC
<b>PAWLEY, Q.C., Hon. Howard R.</b>	Selkirk	NDP
<b>PARASIUK, Hon. Wilson</b>	Transcona	NDP
<b>PENNER, Q.C., Hon. Roland</b>	Fort Rouge	NDP
<b>PHILLIPS, Myrna A.</b>	Wolseley	NDP
<b>PLOHMAN, Hon. John</b>	Dauphin	NDP
<b>RANSOM, A. Brian</b>	Turtle Mountain	PC
<b>SANTOS, Conrad</b>	Burrows	NDP
<b>SCHROEDER, Hon. Vic</b>	Rossmere	NDP
<b>SCOTT, Don</b>	Inkster	NDP
<b>SHERMAN, L.R. (Bud)</b>	Fort Garry	PC
<b>SMITH, Hon. Muriel</b>	Osborne	NDP
<b>STEEN, Warren</b>	River Heights	PC
<b>STORIE, Hon. Jerry T.</b>	Flin Flon	NDP
<b>URUSKI, Hon. Bill</b>	Interlake	NDP
<b>USKIW, Hon. Samuel</b>	Lac du Bonnet	NDP
<b>WALDING, Hon. D. James</b>	St. Vital	NDP

**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON INDUSTRIAL RELATIONS**  
**Wednesday, 17 August, 1983**

**TIME — 8:00 p.m.**

**LOCATION — Winnipeg**

**CHAIRMAN — Mr. C. Santos (Burrows)**

**ATTENDANCE — QUORUM - 6**

*Members of the committee present:*

Hon. Ms. Dolin, Hon. Mrs. Smith, Hon. Mr. Storie

Messrs. Harper, Johnston, Mercier, Nordman, Scott, Santos

**WITNESSES:** Representations were made to the committee with respect to Bill No. 95 as follows:

Mr. John Green, Great-West Life

Mr. Andrew J. Dawson, Director of Employee Benefits, Manitoba Health Organizations, Inc.

Mr. Ted Paterson, Chairman, United Way Agencies Employees Benefits Plan

Mr. Norman Bergman, Executive Director, Manitoba Chamber of Commerce

Mr. John Turnbull, Turnbull and Turnbull Consulting Actuaries

Mr. W. Templin, MacLeod-Stedman Inc.

**MATTERS UNDER DISCUSSION:**

Bill No. 95 - An Act to amend The Pension Benefits Act - passed with certain amendments, on division.

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**MR. CHAIRMAN:** Committee, please come to order. Can we call upon Mr. A.J. Dawson, representing the Manitoba Health Organizations?

Before we proceed, Mr. Dawson, we would like to ask Mr. Green if he has anything more to say. Otherwise, the committee wishes to thank him.

**MR. J. GREEN:** No, thank you very much. If anybody else has any questions, I'd be pleased to answer them.

**MR. CHAIRMAN:** Excuse me, Mr. Dawson, we have some more questions for Mr. Green.

The Member for St. Norbert.

**MR. G. MERCIER:** Thank you, Mr. Chairman. There was one question - I and a number of the other members of the committee had an opportunity to speak informally to Mr. Green when the committee ended at 5:30, but I think it's important enough that I would like to get it on the record.

Mr. Green said that yesterday he contacted some seven organizations who didn't know about the

committee meeting today to consider Bill No. 95 and that they indicated, I think in general, they did not have enough time to analyze the bill and to make comment. For the record, I simply want to ask him whether or not, if he can't name the organizations, whether he can indicate what types of organizations they are and what their interest would be in this bill.

**MR. CHAIRMAN:** Mr. Green.

**MR. J. GREEN:** I'd be pleased to do so. I don't have my briefcase with me tonight. The types of organizations were both national organizations interested in the pension reform movement that is going on today as well as local employers. Let me see how many I can recall. Investors Group was one. They were not aware of today's meeting and felt that they would not be prepared to attend the meeting today. The Manitoba Chamber of Commerce was another.

**MR. CHAIRMAN:** They appeared here.

**MR. J. GREEN:** Pardon me?

**MR. CHAIRMAN:** They appeared here.

**MR. J. GREEN:** Yes, I know that. But when I called yesterday afternoon, the fellow that's appearing here today would not have otherwise known of today's meeting. He may confirm that later if he wishes.

I may apologize too, for myself, in my own ignorance, it was laid on me earlier that being Senior Vice-President for Canada of Great-West Life, I should be familiar with these political processes, and by all means I should, but I was not. And I can't explain why, but I'm not politically inclined - and I was not.

The Canadian Pension Conference was the third. Versafood Services, an employer, was the fourth. I called, I don't know anybody with the company, but it was just a small company that I thought I'd call. It was on the list of companies that had apparently presented written presentations to the Pension Commission, and I'm reading from the list that was sent to the Minister.

I can't recall the others without notes, but I'd be willing to provide the same tomorrow if you wish.

**MR. CHAIRMAN:** The Member for St. Norbert had some more questions?

**MR. G. MERCIER:** Yes. You're familiar, and I think you referred to it, Mr. Green, with the letter of May 9, 1983, from the Pension Commission of Manitoba to the Minister containing the proposals for amendments to The Pension Benefits Act and in that letter on Page 2, they divided the proposed amendments up into three groups: one for immediate implementation; one for the 1984 Session of the Legislature in order to provide, as they say, an opportunity for discussion at the federal-

provincial level; and a third group which will require more extensive discussion at the federal-provincial level.

Do you have any concerns with the recommendations for immediate implementation?

**MR. J. GREEN:** As I recall, the letter and the contents of the attachments, I believe that I had a major concern with respect to the compulsory participation and eligibility conditions that were recommended for immediate implementation. I believe they were recommended for immediate implementation and I expressed those concerns earlier today.

**MR. G. MERCIER:** I have no further questions.

**MR. CHAIRMAN:** The Minister of Labour.

**HON. M.B. DOLIN:** Mr. Green, were the organizations that you mentioned among those 79 who presented briefs to the widely-publicized public hearings of the commission?

**MR. J. GREEN:** Yes, and the only reason I know that is because they're listed in the letter just referred to by Mr. Mercier.

**HON. M.B. DOLIN:** So it's not that they have not been heard, but that they have not been heard at this committee.

**MR. J. GREEN:** They didn't know about the meeting. That's the only point I wish to make.

**HON. M.B. DOLIN:** Are you aware also that committee hearings are sometimes scheduled almost immediately before they take place, particularly in the waning days of a Session?

**MR. J. GREEN:** Yes, I was made aware of that in the last few days. As of two weeks ago, no, I was not aware of that process.

**HON. M.B. DOLIN:** I would just like to assure you that I heard the timing for this morning's meeting at about 9:15 last night, so it isn't that we exclude the public from these committee meetings in any way or quickly schedule them to exclude the public . . .

**MR. J. GREEN:** That's not the point I wish to make at all. How did I hear about it early in the day yesterday?

**HON. M.B. DOLIN:** Well, I was on government business out of the city. But I would like to assure you that contact with the Clerk's Office, not necessarily with either the government or the opposition, but with the Clerk's Office is a good way to keep track of committee hearings.

**MR. J. GREEN:** I appreciate that now, and being with a large company I have others that are there to advise me and tell me of this sort of thing. I didn't learn this all by myself, or reading the newspaper; somebody else told me. But you'll notice that there are no small employers appearing before your committee today. And I'll guarantee you that they don't know about this

meeting; they don't know about the opportunity to appear before this committee.

**HON. M.B. DOLIN:** My understanding from the Retail Council was that they were representative of numerous small employers, that's what they presented to us earlier today, as well as the Chambers of Commerce, both of them.

**MR. J. GREEN:** Yes, they are. But . . .

**HON. M.B. DOLIN:** And I have no idea whether those small employers were in touch with their umbrella groups or not beforehand. I guess you would have to ask them that, but I can only assume that if they say they are speaking for small employers, they were.

**MR. J. GREEN:** If you read through the list of those that appeared before the Manitoba Pension Commission, you'll find that there were many that were less sophisticated than I and had less sources of information than I do on this sort of thing. And they don't know about it.

**HON. M.B. DOLIN:** Well, as I said earlier, I believe I can assure you that those people were sent the information.

**MR. J. GREEN:** Bill 95.

**HON. M.B. DOLIN:** Yes, and the explanation that went along with it and so on, the whole package of information.

**MR. J. GREEN:** Do you have a copy of that?

**HON. M.B. DOLIN:** I'm pleased that - do I have a copy of the list?

**MR. J. GREEN:** No, no, of the form letter that went to those, together with Bill 95.

**HON. M.B. DOLIN:** Surely. Do you wish to have another copy sent to you?

**MR. J. GREEN:** It didn't come to me, so I haven't seen it.

**HON. M.B. DOLIN:** To your firm? We'd be happy to supply you with it.

**MR. J. GREEN:** No, I'm just wondering what went out in the covering letter, together with Bill 95, whether there was mention of this meeting. If so, then those that aren't here have no excuse.

**HON. M.B. DOLIN:** Like I said, it would be impossible to tell when this meeting would be scheduled. This is the only province that does this.

**MR. J. GREEN:** Just whether or not there was going to be a meeting and how to find out when it would be and come to attend the meeting, that's all. I haven't seen the letter, myself. It didn't come to my attention at Great-West Life. Bill 95 came to me . . .

**MR. CHAIRMAN:** I don't think it will facilitate the work of this committee to quarrel on trifles on this point. Any more questions of a substantive nature?

Thank you, Mr. Green, for your presentation and time.

**MR. J. GREEN:** Thank you very much.

**MR. CHAIRMAN:** Mr. Dawson, representing the Manitoba Health Organizations.

**MR. A. DAWSON:** May I ask, Mr. Chairman, has the Clerk distributed the submission?

**MR. CHAIRMAN:** She is just about to distribute the submission.

**MR. A. DAWSON:** While it is being distributed, Mr. Chairman, if I may comment on what I witnessed in the last few minutes. It reminded me very much - and I, by the way, am a pension plan administrator - of the dilemma that is faced in educating pension plan members about their rights and responsibilities under pension plans, because I have to admit that even though I come from an organization which has an awful lot of dealings in this building, I was not aware of the committee process either. I was one of the people who found out by a phone call from somebody else at 4:00 p.m. yesterday.

Now, when I reviewed that process with my boss, who comes down to these sittings many many times, he said, "Well, of course, didn't you know that?" No, I didn't, but I do now.

The dilemma, of course, in educating people about pension plans is exactly the same thing. The information can be there, but how they find out their specific information is a very difficult one, and it's one of the items that I would cover briefly in my submission.

Mr. Chairman, honourable members, before addressing Bill 95, I would like to provide background on the perspective of my submission.

As Director of Employee Benefits for the Manitoba Health Organizations, Incorporated, I have responsibility for the administration of what is known as "The MHO Pension Plan." Its full title is the Pension Plan for Employees of Participating Health Care Facilities in Manitoba. The plan has a membership of 10,000 from Altona to Churchill, both rural and urban, 80 percent of which are female, and approximately 30 percent to 35 percent of which are part time.

There is one other pension plan serving six health care facilities in Winnipeg including the two largest in the province, and for which I hold no administrative responsibility. I provide this detail so that it may be noted that I do not speak for the health care field as such. Rather, I wish to raise a concern of Bill 95 from the perspective of the MHO Pension Plan alone.

The MHO plan has a fine record of being progressive in its own evolution or "reform." For example, Bill 95 calls for participation of part-time employees; the MHO plan has had this since inception 20 years ago. It calls for five year vesting. Our plan adopted full vesting after five years of service, seven years ago.

The Green Paper leading to Bill 95 dealt with cost-of-living protection. We have, just last month, granted our 11th annual cost-of-living increase to both pensions

in payment and those in deferred status. We already have a joint employer-employee committee which has three representatives of unionized employees, one non-unionized employee, one pensioner, along with three health care facility trustees and two health administrators.

We have also, for two years, been paying a refund rate of interest reflecting market rates which is 10 percent in 1983.

Thus, many of the items covered in Bill 95 will have less dramatic cost/administrative impact for ourselves than for many other plans in Manitoba. Having an obvious interest in pension reform, we certainly do not disagree with the general philosophies behind Bill 95.

My purpose today is to draw your attention to a substantial concern we have about those clauses which call for calculation of commuted values. Dr. Asper, in her remarks this afternoon, mentioned, we are not sure how transfers are best achieved using commuted values. She agreed with the principle of transfer, but she indicated she was not sure. And it's this lack of assurance that is my concern also. Only it goes beyond a lack of assurance. I am sure that I can see some very major problems with it.

The commuted value of a pension under a money purchase plan is essentially the accumulation of contributions, both employee and employer accumulated with interest, and as such it is readily calculated.

Under a formula benefit plan, however, the amount of pension earned at termination may change significantly to the good by the date of pension receipt. The determination of a commuted value of this pension at termination date is full of guesses about the nature of the plan, the economy in the future, and causes significant concern for the manner in which it is utilized throughout this bill.

I am speaking here from the perspective of the MHO Pension Plan, which traditionally has utilized any actuarially-declared surpluses for the improvement of the benefits within the plan itself.

My first and major concern deals with the issue of portability. The Member for Wolseley this morning referred to the concern of ensuring that Manitoba workers would accumulate an appropriate pension by retirement time. If I may extend this, it would seem to me that the fundamental purpose of this legislation is to assure every Manitoba plan member that he or she is getting a good deal, a fair deal from their pension plan; and that Manitoba society can rest assured that in 20, 30 or 40 years time, the workers of today will be able to afford an appropriate lifestyle relative to their active earning years.

If the legislation is successful in that goal, why then is it necessary to allow plan members to withdraw assets from the funds where they are indeed getting "a good deal"? This afternoon, Mr. Martin commented that all annuities were purchased through life insurers and hence this legislation was a boost in the arm to the life insurance industry. I would like to point out that is not necessarily correct, none of the annuities paid through the Manitoba Health Organization's pension plan are purchased from the life insurance industry. It is a self-trusteed, self-administered plan, and they are paid directly from a fund, so that any overpayments from the plan do not come from some big corporation

pocketbook, they come from the pockets of the other members of the plan.

Let me examine the specific wording of the various documents. In the Green Paper the section on portability was referred to as having minimal cost. Certainly the principle of portability sounds harmless and indeed positive. It is, however, in conjunction with Recommendation 21 on vesting and locking-in that my concerns develop.

The recommendation on portability called for portability of "pension credits" (without defining that term) to a locked in RRSP. The proposals for amendment go one step further to refer to the "value of pension credits" but now Bill 95 refers to the word "commuted value."

When I'm expressing concerns about portability, I am referring here solely to the issue of transference to a locked-in RRSP.

Let me try and give you an example of my concerns. I have mentioned that MHO grants a COLA and has done so for the last 11 years.

We have also within our plan earmarked certain funds that the priority use on them is to be used for future cost-of-living increases. Now when an actuary sits down to determine the commuted value of a person's pension right, in a plan that does pay future cost-of-living increases compared to one that does not, should the commuted value be larger? The debate can rage on forever, and certainly I think I can make points on both sides of the debate. If I were the employee, I would say darn right, and I'd make some good points I think. If I were in the pension plan, I would take the other side.

It is, therefore, a substantial concern to a pension plan that does have surplus monies that are earmarked for special purposes, such as for future COLA. Also within our plan, as I've mentioned, actuarially determined surpluses are used to improve benefits and when we do this, we retroactively - I shouldn't say retroactively - from the date of the amendment to the plan, all future pension payments, whether that is for retroactive service or not, receive the enhancement. So that when it comes time to perform a commutation of value on this, it gets very very difficult and I think probably impossible to do in a fair manner.

Let me continue and I'll come to another example in a minute. In continuing, I look at also the possibility that in future legislation drafted across Canada, by agreement amongst all the provinces, we may have cost-of-living increases mandated.

Now, in the other provinces where they do not have commuted value rules, the cost to the pension plans of such a change would be significantly less than they would in Manitoba where this commuted value situation arises so that Manitobans would suddenly have a compounded cost factor thrust upon them by this additional change. That is really what I'm getting at in the last paragraph on Page 3.

Looking at this example of COLA, surely the portability clause when applied to a formula benefit plan will have a retrogressive effect on pension security. Certainly, it would be incumbent upon myself as a plan administrator to recommend to my committee that we never make any commitment to future COLA's which under any potential regulations could cause us to suddenly face increased commuted value pay outs.

Hence, I see this particular situation as not being in the same spirit of progressive legislation as the rest of it is.

How is the commuted value to be determined? By regulation. Well, I'm not satisfied that reasonable, fair and just regulations can be developed and I certainly feel that the legislation should wait for a clear definition on this point, if indeed it is necessary at all. We have at least two actuaries and maybe more in the audience tonight, and I have a hunch that we would not get agreement from them on how to handle the commuted value in my pension plan. I have a hunch if you bring in six more, you might get six more different opinions.

Let me use the example of interest rates. In determining a present value or a commuted value, interest rates must be utilized. If you were to use the interest rate utilized for the previous actuarial evaluation, which is fine for evaluation purposes because you are using the average case, which of course never exists, you're doing it for everybody and you're doing it in the aggregate.

Let us say the actuarial evaluation rate is some 8 percent. Now that means that if the person has earned a pension of, say, \$500 a month, in 20 years time the actuary discounts that for mortality and for interest at some percentage, if we're using that 8 percent figure. But if this happened to be September of 1981 when the man could take his money and go to a locked-in RRSP, and he might even use the voluntary RRSP vehicle provided through MHO, which in September of 1981 paid 18.2 percent for a 10 year certificate, that person, if he is astute, is not going to have any decision to make. It's going to be there in front of him in black and white. He will have to, to protect himself properly, ask for the transfer.

On the other hand, in order to protect the pension plan, the actuary is likely to say therefore we have to use market rates in determining these commuted values. Well, as you're aware from 1981 to today, those market rates have gone topsy-turvy all over the place and very very rapidly. So if indeed an 18 percent valuation rate was used in September of '81 to determine the man's commuted value, and he happened to wait a month or two to make his decision or to do his research, or maybe he was not astute enough to do any research at all and put it into a savings-type account, today his interest rate might be down around the 7 percent level, and he would have lost out by being forced into making that decision.

The issue here is obviously that we don't want, from the pension plan, to pay out more than a member's fair share. On the other hand, we don't particularly want to pay out any less. The dilemma is how do we calculate the member's fair share? My concern is that in saying that it will be handled in regulation I'm not sure that it is physically possible to do it in a fair way for the members of the pension plans.

The second concern I have with commuted value has to do with the requirement for 50 percent employer funding. The terminating employee's contributions accumulated with interest must not exceed one-half of the commuted value. Now, I don't have any particular concern with the concept of the employer paying half the cost of the pension. I do have substantial concern with the date on which it is valued. The principle of a pension plan has, I believe, always been based on a

commitment for future regular flow of money. The problem develops in that for younger employees their contributions accumulated with interest usually will be greater than one-half of the commuted value, yet for the older employees it will be substantially less. But in the overall or "average" case, it will be equal.

Therefore, the problem here is that such pension is valued at different ages for each different employee depending on how old he was when he quite his job. If evaluation process were to occur at a standard age for all members, such as the date of commencement of pension, it would be much more fair.

Since we have presumably made the pension plan a "good deal," surely the employee should stay in the plan and receive the same benefit and historical development of the plan as his/her co-workers who do stay with the one employer.

The provision in Bill 95 will, I believe, make it advantageous for employees to change jobs every five or 10 years, or more frequently. There is no question that I laud the direction of this legislation to be sure that workers do not suffer due to job change. At the same time they should not benefit at the expense of the ongoing employee. Some may add, oh, but it won't be at the expense of the ongoing employee, it'll be at the expense of the employer. I think I have to reply to that, if that is so, the employer will have less money and be less willing to enhance pension benefits or remuneration for the ongoing employee. So it is still the ongoing employee who will suffer.

Again, if I can make specific reference to the MHO Pension Plan, which utilizes actuarially declared surplus to enhance benefits, it would definitely be the ongoing employee who would suffer.

The sections dealing with benefits on death and transfer of value on marriage breakdown also refer to commuted values and I would apply the same concerns and logic to them, but I won't go into them.

Any area of actuarial valuation is a complicated one for a layman to follow, be he or she a plan administrator or an MLA. I hope I've been able to develop the concern adequately for this committee.

I do have a recommendation as to how to accomplish in the main the goals of the legislative reform encompassed in Bill 95 while avoiding these pitfalls. With respect to employee funding of 50 percent of the commuted value, I suggest that this be done but at the date of commencement of actual pension payment, not on date of termination of employment. This would involve changing the words on Page 7, Section 21(5.5) Line 6: "a member of a pension plan becomes entitled to" to read "payment commences of"; and at Line 8, add after the word "interest," the phrase, "to the date of commencement of payment." It would then read, and where payment commences of a deferred life annuity under Clause 1, etc., if the value of his contributions and accumulated interest to the date of commencement of payment thereon exceeds, etc.

With respect to marriage breakdown and death of the contributor, the wording should be changed to reflect rights to share pension income rather than commuted value.

With respect to portability, which is of course my major concern, it could be accomplished by clarifying on Page 8, in Section 21(5.7), those situations by inserting after the word "no" in the 2nd line, the words

"money purchase," and in the 4th line striking the word "commuted," so that it would read, no money purchase pension plan shall deny the right, etc., the value of his accrued benefits.

If following such amendment there is still concern that portability to locked-in RRSPs, if I can insert those words because that's the area of my concern, should be an ultimate goal even for formula benefit plans, then the actuarial community should be invited or commissioned to develop a technique before the legislative amendment.

In closing, I reiterate my fundamental guiding principle: if the standards we develop through legislation are sufficient so that every pension plan member in Manitoba can say, "we're getting a good deal," then portability essentially is redundant.

Again, I ask that you consider our background and track record in our own pension plan. We do not speak from the perspective of being opposed to reform, but rather seek to help make it as progressive as possible.

**MR. CHAIRMAN:** Any questions? The Minister of Labour.

**HON. M.B. DOLIN:** I would just like to thank you for your presentation. I have over the past year-and-a-half, two years, learned some of this language and do understand much of what you are saying, and I want to assure you that we are aware that actuaries are going to have to develop tables to deal with much of this. The reason that we have given until January 1, 1985, is exactly for this purpose. Along with that, the reason for putting a date on it is to give it some impetus and to be sure that it actually does happen and is not pushed off into the future.

So, there is a deadline, but we are quite aware of some of the concerns that you raise and the fact that tables have to be developed. We have been assured by the actuaries on the commission that it can be done by them. I don't know if that alleviates any of your concerns, but I wanted to share that with you.

**MR. CHAIRMAN:** Any other questions? Thank you, Mr. Dawson.

**MR. A. DAWSON:** Thank you.

**MR. CHAIRMAN:** Mr. Ted Paterson, the Chairman of the United Way Agency Employees Benefits Plan.

**MR. T. PATERSON:** To the Chair, Ministers, Members of the Committee, I don't intend to take much of your time. I chair a volunteer board of trustees for United Way Agencies Employee Benefits Plans.

Our totally or fully funded pension plan has 720 members including about 150 retired persons and 60 with deferred pensions. It's compulsory now after six months service and on reaching age 30, and those younger than 30 may elect to join at any time.

We believe that participation in group pension plans best assures that individuals can retire with reasonable retirement incomes. Unfortunately, many of us in our society are not great managers of our discretionary income and down the road we find we have problems.

We took over management of our Retirement Plan 11 years ago. Those who were participating at the time,

retired or who had elected a deferred pension, have had their benefits increased by 82 percent, and as a result of our most recent three-year experience, they will have their benefits increased substantially again. Additionally, we increased the base amount from 46 to 50 percent of the employee's contribution and reduced the retirement age without incurring a penalty to age 62.

We have possibly the best protection provided in the county. Pensions are protected after a pension of \$10 has been earned. This usually only takes three to four months after participation in the plan.

We have incorporated many of the changes the bill proposes. For example, we have no discriminatory clauses in our plan. I'm here to express concern about two points, both of which we believe will cause considerable costs with little benefit in the overall, unless amended.

21(6.5)(c) proposes that part-time employees with two years service and earning 25 percent of the CPP maximum pensionable earnings shall be members of the plan. In 1983, that amount will be \$4,600 - about one day a week work for a professional who would earn \$25,000 working full time. We suggest another criteria be used: for example, 100 working days a year or possibly two days a week.

21(5.5) means that calculating the commuted value of deferrred pensions is costly to the plan as the same process must be undergone for someone who has only worked for a short period, and there doesn't appear to be any limit to the number of requests that could be made by a former employee. The value must be calculated precisely so that the rights of pensioners and contributors are protected, as well as those of the person who has left the employ, as if those who terminate receive too much, then the rights of others will be affected.

There is a third section that I'd like to check on and it's 21(5.7) and I believe it's stated incorrectly. It now reads: "no pension plan shall deny the right of an employee to transfer the commuted value of this accrued benefit." Now, I believe this is intended to apply only to those who have left employment and I would like to know if I've interpreted that correctly.

Thank you for this opportunity, Mr. Chairman.

**MR. CHAIRMAN:** Any questions?

**MR. G. MERCIER:** If Legislative Counsel could answer Mr. Paterson's concerns . . .

**HON. M.B. DOLIN:** I'm getting the answer for him right now. I was just determining that yes, in fact, we are going to amend the section he referred to, 21(5.7).

**MR. T. PATERSON:** It will only apply to those people who have terminated.

**HON. M.B. DOLIN:** That's right. I wonder if I could ask - Oh, I'm sorry, were there other questions?

**MR. CHAIRMAN:** Do you have other questions?

**HON. M.B. DOLIN:** I have one question and that is: you referred to Section 21(6.5)(c) and the \$4,600 criteria.

Is there a reason that you would prefer the days of work per year as opposed to the amount earned?

**MR. T. PATERSON:** Well, maybe if the amount earned was increased as well. It seems to me that the point is that with the amount earned, it doesn't take into effect the amount of salary, and as a result you could have one person who was working three days a week part time and they're eligible, and another person only works one day a week and is eligible. It seems to me that that's inconsistent. In other words, I don't think it should be the amount of money that you earned that qualifies you for this. I think it should be the amount of participation in the organization that should count.

**HON. M.B. DOLIN:** Thank you.

**MR. CHAIRMAN:** Thank you. The Member for Sturgeon Creek.

**MR. F. JOHNSTON:** In your brief, right at the beginning, you mentioned your total funded Pension Plan was 720 members including 150 retired persons and 60 with deferred pensions, but you added something there that you said that - I believe and I just made some notes - they qualify for the pension plan at 30?

**MR. T. PATERSON:** They can join earlier, sir, but it's compulsory at age 30.

**MR. F. JOHNSTON:** It's compulsory at age 30?

**MR. T. PATERSON:** That's right.

**MR. F. JOHNSTON:** And you mentioned six months. Just to follow that through, what is it?

**MR. T. PATERSON:** It's compulsory after six month's service and on reaching age 30.

**MR. F. JOHNSTON:** At age 30. Then you say, I believe you said, those under 30 may elect to join at any time?

**MR. T. PATERSON:** That's correct.

**MR. F. JOHNSTON:** In your experience, you must have that in there for a reason, that age 30 is the time when they must join after six months. What is their experience with people under 30? Do you find that they don't want to join, they want the money in their pockets, or they don't want to be in a pension plan, or what is the reasoning for that?

You obviously give the opportunity, and you give the opportunity for a reason, but you also give the opportunity not to.

**MR. T. PATERSON:** Correct, sir. Many of our agencies employ younger people, those under 30, and our experience has been that very few of them elect to join under 30. We encourage them to do so, but very few of them are interested in doing so at present.

**MR. F. JOHNSTON:** Just the point the Minister brought up earlier today, and it has been brought up here that



there has to be encouragement for people to join to take care of their later years.

What type of a program do you have to encourage them or do you present them the benefits available to them? Is that the encouragement you have, or do you have any program for explaining the benefits of joining?

**MR. T. PATERSON:** Yes, in each of our agencies, when people are employed, they get a letter of employment. It states what the conditions are in joining, in addition to which generally the bookkeeper or the accountant in the organization goes through it with the individuals to make certain that they have the opportunity.

**MR. F. JOHNSTON:** Would you see any problems with the legislation saying that they must join? Would it create any problems towards your scheme, or more work, or what would be incurred as far as your scheme is concerned with the legislation that part-time employees under the age of 30 had to join?

**MR. T. PATERSON:** I would believe that it would be a condition of employment and they would simply have to decide whether they wanted the job or not. I guess, you know, it depends on the job market. These days I don't think people would fight that too much; five years ago it's possible that they would have gone somewhere else for a job.

**MR. F. JOHNSTON:** Thank you.

**MR. CHAIRMAN:** Thank you, Mr. Paterson, for your presentation.

**MR. T. PATERSON:** Thank you, Mr. Chairman.

**MR. CHAIRMAN:** Mr. Norman Bergman, Executive Director of the Manitoba Chamber of Commerce.

**MR. N. BERGMAN:** Mr. Chairman and members of the Manitoba Legislative Assembly, I have a very short presentation to make on behalf of the Manitoba Chambers of Commerce, except to tell you, as a matter of statistics that we represent 56 community chambers, which vary from the Winnipeg Chamber down to the Boissevain, and all throughout the province. So we are doing our best to speak on behalf of the rural community, of all the communities, including the few in Greater Winnipeg, but you have already had a presentation from Winnipeg Chamber of Commerce, so you know what their views are directly from them.

In preparation of this, the normal procedure which we followed was, we did receive a letter from you, Madam Minister, in which you enclosed The Pension Act and so on. It is true that when Mr. Green phoned me yesterday, I, and apparently our consultant, did not know of this meeting, today, of the committee, but then I have to take some blame myself in view of the fact I know how the Legislature works, or I should know, and do it.

We referred to our consultant, and the man who looks after our problems, and who joined me in making a rather extensive submission to the Pension Commission when they had their hearings was W. Arthur Johnston, and on receipt of your letter and the act, I sent it over

to Mr. Johnston to help us prepare the submission that was made. The three vice-presidents, or one of them, I would have hoped would have been here tonight, are not available today, so that I am making this presentation.

I have a couple of extra copies if you want to leave any here and have them distributed.

Basically, what I'm reading to you now, so that I don't misinterpret it in anyway, is a memorandum from Arthur Johnston to me outlining our response to the proposed amendments to The Pension Benefits Act, so I would ask you to receive it in that light. It is addressed to me.

Arthur Johnston says, "You have asked me to comment on the above bill as a supplement to our presentation to the Pension Commission of Manitoba on March 29th, 1983.

"In the submission to the Commission we suggested that it was premature to bring forward amendments to the Pension Benefits Act, particularly to our constituents, the small business firm in Manitoba.

"Our reasons were the following:

"90 percent of the business members of the Manitoba Chambers of Commerce consist of firms with less than 10 employees.

"The best statistics we have would indicate that a very large percentage of members would earn incomes of less than \$1,500 a month.

"That the combination of Canada Pension Plan and the Old Age Security Benefits will provide pension income of 60 percent or more depending on their level of income.

"Subsequent to the Pension Commission hearings, the government have proposed amendments to the act, many of which tidy and firm up aspects of pension planning that will be helpful to both employers and employees.

"The amendments would in the main appear to relate to the type of pension plan that is established by the large employer or whose terms would have been negotiated by major unions. We feel any comments on these amendments should emanate from these parties, and as the data has shown they have.

"An amendment that would be of concern to the small employer is the amendment to Section 21(6.5) Compulsory eligibility and membership. Subject to the regulations that will follow this amendment would cause the small employer to deliberate very carefully before he undertook to establish a pension plan for his employees because of the requirements related to part-time and temporary employees.

"It would be hoped that before any regulations are developed in connection with this amendment that the Pension Commission will be requested to carefully study this requirement as it relates to the small employers in the towns and villages of Manitoba."

Our major concern, which is in addition as a postscript to this, is the fact that we are firmly in favour of pensions for as many people as possible. You can't argue against motherhood, I don't think, and so on, but we do sincerely hope there are improvements for it.

The two things that concern us, and which must be left to your wisdom, are the fact that (a) there will be statistics available on pension plans for small business that are cancelled. You will have no trouble monitoring those because you'll know them.

The other matter of concern, which I don't know how you're going to answer, is the fact that there may be a large number of small firms who are contemplating a pension scheme or a pension plan for their employees that do not proceed with it, and how you can establish those statistics, I don't know.

Thank you for providing an opportunity for us to make a small submission. As I say, our major one was to the Pension Commission itself and I trust all that information is available to you.

**MR. CHAIRMAN:** The Minister of Housing.

**HON. J. STORIE:** Thank you, Mr. Chairman. Mr. Bergman, we have heard quite a number of groups here this evening presenting, and I will agree that none of them have argued against motherhood. Quite a few have suggested putting it off. It think that's fundamentally what we are trying not to do by this, and at the same time providing a means of, I suppose, lock-stepping pension reform.

I just have a couple of specific questions with regard to your brief.

**MR. N. BERGMAN:** I wondered, can I dispose of the other. I think you were arguing on that point for pro-choice. Pardon me for interrupting.

**HON. J. STORIE:** Your statistic was that 90 percent of the members of the Manitoba Chamber employ less than 10 people, and that those people can, upon retirement, earn 60 percent of their income by way of Old Age Pension and Canada Pension. Would you not agree that 60 percent of the income figure that you mentioned leaves people in a poverty situation?

**MR. N. BERGMAN:** I think on those statistics, yes, and the other thing is that some of the start of that presentation was on the basis of some 1965 figures that were filed with the Pension Commission.

**HON. J. STORIE:** I would still suggest that the many many workers who are earning minimum wage, many of the workers who are employed by small businesses find that their pension income - whether it's through Canada Pension, through Old Age Security - still leaves them in dire straits upon retirement. I think that the overriding social concern that we've heard expressed by virtually all of the people that presented was to see that not happen. I suppose the question is at what point do you say we can no longer afford to wait for the sake of those people who are going to have such limited incomes when they retire.

**MR. N. BERGMAN:** You mean wait for the amendments that you propose?

**HON. J. STORIE:** We can.

**MR. N. BERGMAN:** The point that I'm trying to make is this: that there are a number of firms, the caution that I extend to you is the fact that we are advised by many people that there will be a number of people who cancel their pension plans. Secondly, there be a number that may not proceed with plans they already have. We

want to encourage people not to cancel. We want to encourage people to proceed with pension plans, where they don't have any, and that's the criterion for them to decide because every firm is different. They've been going through a very difficult period of time where the structure upward seems to be improving a little bit, so the argument in favour of some of your amendments, therefore, is improving.

**HON. J. STORIE:** Thank you, Mr. Chairman.

**MR. CHAIRMAN:** Any other question? Thank you, Mr. Bergman.

**MR. N. BERGMAN:** Would you like me to leave a copy of this with you, Mr. Chairman, and you can distribute it?

**MR. CHAIRMAN:** The Chair wishes to call up on John Turnbull, Turnbull and Turnbull Consulting Actuaries.

**MR. J. TURNBULL:** Committee Chairman, we did provide some information for distribution to the committee, and we would like to go through that information with you at this time.

I am John Turnbull of Turnbull and Turnbull Consulting Actuaries.

I'm a fully qualified actuary with 30 years of experience. I'm senior partner of a firm of consulting actuaries, and we look after benefit programs that involve about 300,000 Canadians. Our principal office is in Winnipeg, and we have 52 employees in that office.

We are naturally interested in what is being done in regard to pensions in Manitoba. We made a very detailed and thorough submission to the Pension Commission. The Pension Commission was interested in concepts, and, consequently, our submission to the Commission discussed those concepts.

We thank you, Madam Minister, for sending us a copy of the bill, and your comments in presenting the bill to the Legislature.

The bill is naturally concerned with concepts and methods of implementation, and because you know our thoughts in regard to the concepts, tonight I intend to concentrate on one characteristic of the method of implementation.

The objective of pension legislation is to enable more employees to qualify for a pension on the completion of the working part of life.

In looking at the proposed amendments, we find that there are a number of innovative ideas, and we identified them on the first page of our submission.

First, is to reduce the number of years of service which must be completed before the right to a pension is protected; provide protection to the member's spouse on marriage breakdown; require each plan to have a normal retirement age; require each plan to permit early retirement; prevent pensions from being commuted.

I'd like you to consider the special characteristics of a pension plan: Benefits are promised to participants who fulfill age and service requirements; benefits are earned only as a result of service; service occurs over a period of time.

The typical employee retiring in 1983 has 20 to 25 years of service. On average, such an employee entered

service in 1958. He/she probably entered the pension plan after one year of service.

The typical plan in Manitoba is fully funded. This means that the plan sponsor financed the benefits through contributions made as service is provided. The sponsor included these contributions as part of the cost of doing business in that year.

Some of the proposed changes are likely to have a significant effect on the financial position of the pension plans.

Other changes do not have a financial effect (e.g. establishment of an Advisory Committee).

In Manitoba, the first legislation regulating pensions became effective in July, 1976.

In 1976, the legislation made a distinction between the changes which had a significant effect on the financial position of pension plans.

In 1976, legislation established minimum requirements which had to be fulfilled by a pension plan.

The legislation required each plan sponsor to protect pension rights after the employee has been in service for 10 years. Protection of pension rights was made voluntary if termination occurred before age 45. The protection of pension rights was made compulsory if termination occurred after age 45. Both of these changes in requirements were made applicable only to service after July 1, 1976.

This principle appears to have been used in regard to some of the amendments being proposed in Bill No. 95. It has not been used in regard to all changes that are being proposed. This principle has been used in regard to the proposed reduction in the period of service which must be completed before pension rights are protected. The change in requirements is applicable only to service as an employee after January 1, 1985. Similarly, the restriction on the right of an employee to withdraw contributions has been made applicable only to service after January 1, 1985. The change in the requirement to become a member of a pension plan is made applicable only to employees who are hired after January 1st, 1984.

In looking at the legislation, we find that this principle is not used in the following proposed amendments to the plan, and each of these proposed amendments does have a significant financial effect on the financial position of some pension plans:

- (a) The proposal to eliminate the reduction in pension and recognition of a pension provided under Old Age Security.
- (b) The requirement that at least half of the value of the deferred annuity be financed by employer contributions.
- (c) The requirement that interest be added, at prescribed rates of interest, to contributions of members.
- (d) Benefits provided on the death of a member or former member of the plan who is entitled to a deferred life annuity.

In these proposals, the four proposals, (a) to (d), no distinction is made between pension earned and contributions made for service before January 1st of 1984 or 1985, and the pensions earned and contributions made for service after these dates.

The proposal to require employers to finance at least half of the value of the deferred annuity appears to be

applicable only to service after July 1, 1976, but could be construed as being applicable to all service. The proposal to credit interest at a prescribed rate on contributions made by employees does not make a distinction between contributions made by employees for service prior to January 1, 1984, and contributions made for service after that date.

Each of these proposed amendments will have a significant effect on the financial position of some pension plans. The amount of the effect depends upon the circumstances in the individual plan and the proportion of members located in Manitoba. For example, the proposal to credit interest at a prescribed rate will have the greatest effect on those pension plans which currently do not credit interest or credit interest at a relatively low rate, and which have all of their members located in Manitoba.

The method of describing each proposed amendment indicates that the amendment is applicable to all service, unless the legislation indicates specifically that the amendment being proposed is applicable only to service after the date the legislation becomes effective.

Each plan sponsor has a duty to ensure that the plan fulfills requirements of the legislation which are applicable to that pension plan. The amount of the benefits which are promised are normally determined on the basis of the contributions expected to be available to finance these benefits. If legislation contains requirements which are applicable to particular benefits, then part of the amount available is used to satisfy these requirements. The balance is then available to produce benefits which are not subject to legislation.

It is, therefore, desirable for each plan sponsor to know the rules which are applicable to service in a particular year or particular period of time. If requirements are changed in respect to service in the future, it is possible for the plan sponsor to offset part or all of the increase in contributions that are needed to fulfill the additional requirements. This can be done by reducing the benefits promised for service in the future. This privilege is most important in circumstances where the employees and the employer have agreed upon the rate of contribution, and all of the contributions have been used to finance the benefits that have been promised. A plan sponsor does not have this privilege in respect to pensions that have been accrued as a result of service that has already been completed. The legislation prohibits a plan sponsor from reducing pensions which have already been accrued.

As a result, we suggest that you consider restricting the application of those amendments which have a significant financial effect. We suggest that these amendments be made applicable only to service to be completed in and after the date specified in the future, such as January 1st, 1984.

We will be pleased to answer any questions which you may have in this regard.

**MR. CHAIRMAN:** The Member for St. Norbert.

**MR. G. MERCIER:** Mr. Turnbull, I thank you for your presentation, sir. I wonder if you can, with your experience in this field - I believe you've been here most of the time, and a number of people who have made representations have attempted to estimate the

cost to employers of implementing the amendments to the act, the amendments that are before us. Are you able, in any way, sir, to estimate the cost of implementation of these amendments to employers, for example, as a percentage of payroll? I appreciate it's going to vary from . . .

**MR. J. TURNBULL:** It is not possible to estimate cost. I think it's fair to say that the pension plans in Manitoba are as different as books on the shelf of any library in the Province of Manitoba. It would be just as wise for me to estimate the size of any book on a bookshelf in the Winnipeg Public Library as it would be to estimate the financial effect.

I want to tell you why. Each pension plan has its own individuality. For example, the employees and the employer working together will oftentimes emphasize pensions, and the pension formula would be very generous. It may mean, though, that the protection of pension rights that's provided in that plan is the minimum that is required under legislation. Another group of employees and employers working together may say we want to emphasize pension rights, we'll provide the maximum.

You heard from the Chairman of the Board of Trustees of the Retirement Plan for employees of the United Way and participating affiliated agencies. In that program, there has been a total emphasis on the protection of pension rights. So after you earn \$10 of monthly pension, the pension is fully protected. The pension provided by that plan is much smaller, because more of the money has been allocated to protect pension rights.

Now the second plan that I refer to would be less affected by the increase in the requirements for the protection of pension rights than the first plan that I mentioned that has only done what it had to do under legislation.

The second significance is the degree to which the pension plan has members located in Manitoba. For example, a pension plan may have 10 members located in Manitoba, but have a total of 1,000 members. The financial effect on that particular plan is not as significant as a pension plan that has all 1,000 members located in the Province of Manitoba.

The third factor is the effect of extending participation in the plan to all employees in the organization. In some pension plans, such as the teachers pension plan, every teacher in Manitoba participates in the plan. The extension of participation would have no effect at all on the number of teachers who participate in the program. In other pension plans, only full-time employees participate. As you have heard today, maybe 35 percent to 60 percent of the employees of the organization are part-time employees. So in that particular circumstance, the effect would be very significant.

So I think the right thing to say is that the cost could go from zero to several times the rate currently being contributed.

**MR. G. MERCIER:** Mr. Turnbull, would you, in your experience - and I take it you deal with pension plans across the country - recommend to a province, any province, that they proceed unilaterally and without

uniformity with other pension legislation in other provinces?

**MR. J. TURNBULL:** There's a conundrum that if nobody goes ahead, nothing will go ahead. There is a problem when someone goes ahead and others don't go ahead. The ideal is to have some schedule by which all go ahead and those that aren't prepared to go ahead by a certain date, then those who are prepared to go ahead should go ahead. That would be the ideal solution because unfortunately there has been very little development take place in the real process of improving the quality of protection of pension rights in Canada since 1976 when Manitoba introduced the present legislation.

It seems necessary in our system for somebody to proceed but to proceed in a way that others can also proceed along similar lines if they have any interest in doing so. So, it really has to be the two balanced. You can't wait forever for other people to start, but you should give the other people a chance to start and work co-operatively together to produce the best arrangement.

Obviously for those organizations that have pension plans which have employees in every jurisdiction, there is a real fundamental problem created. The typical plan charges the same contribution rate to all employees participating in the program where the typical employer pays the same amount for all employees participating in the program. But the benefits are now different. An employee in Saskatchewan may have full protection of pension rights. If that employee were in Ontario, it's possible for the benefits to be zero. So, the benefit can go from the full protection of pension rights for that same employee with that service in Saskatchewan, it may be zero protection of pension rights in Ontario.

I'll give you an example. An employee who starts service in Saskatchewan, let's say at age 47, after one year has full protection of pension rights, in Ontario has no protection of pension rights until they become age 57. So there's now becoming a very significant difference in the quality of the protection provided, but generally the contribution rate is the same.

Now, the ultimate result is going to be that if the provinces can't agree, is that we're going to end up with a far worse situation, we're going to end up with many subdivisions of the pension program because some of the requirements that the provinces have are incompatible with one another. For example, Quebec says if your normal retirement age is 65, your pension must be actuarially increased if you continue to be employed after age 65. Other jurisdictions don't have any requirement, so it's a very difficult process. The ideal would be for everybody to go ahead in some orderly way over time to produce the full protection, because obviously what is really needed is that when an employee gets in a pension plan, or she gets in a pension plan, there could be a real possibility that that person will get a pension at the end of their working lifetime from that pension plan and each other pension plan in which the employee has participated during the whole of their working lifetime. That's what everybody wants. It's just the way to get at it that has to be resolved by capable people like yourselves.

**MR. CHAIRMAN:** The Minister of Labour.

**HON. M.B. DOLIN:** Thank you for your presentation, John. I'm pleased to see you here and I would like to assure you that even though I guess our intent was to try to keep the legislation as simple as possible, this is not a simple matter when it comes to wording. We will be proposing amendments as we go clause-by-clause through this to clarify that there is no retroactivity intended in the bill. I think that will cover your . . .

**MR. J. TURNBULL:** I think that is a very big improvement in the situation because I hope that that will really help.

**HON. M.B. DOLIN:** It was not intended and obviously we have to state it because the date of enactment is different than the date of commuted value and so on. The one exception I might clarify, although I suppose it doesn't probably need it for you, is that the section under marriage breakdown, of course, the value of the pension during the life of the marriage is what we're talking about or about the life of the relationship.

**MR. J. TURNBULL:** But that really is dividing up, Madam Minister, what the plan already provides between those persons who should share, and society has agreed that there should be sharing process of what the plan has already promised to provide.

**HON. M.B. DOLIN:** That's for future marriage breakdowns, not . . .

**MR. J. TURNBULL:** That's right.

**MR. CHAIRMAN:** The Minister of Economic Development.

**HON. M. SMITH:** Yes, Mr. Turnbull, I'm glad that the retroactivity issue is to be looked at because I think there can be a problem with that issue.

The question I wanted to ask relates more to the funding of a plan and when the employer portion of a plan is paid and whether you would agree that when a plan operates so that the employer puts in their contribution as they go and interest accumulates on it and then the employer pays out at the time of demand, they would never have had their contribution in earning interest over time. If it's a long-service employee or the plan has been in a long time, it may be that the employer's net contribution in current income terms would be quite low. Also it could be irregular in the sense that it might be more difficult for the employer to predict just what the cost of doing business in a particular year was because of the uneven way that pensioners might be retiring and requiring monies.

Would you not agree that a plan that is set up from the beginning and funded by 50/50 contributions both of which build up interest over time and both of which are thought of as a package of deferred wages which, in a sense, the employee foregoes the use of in the interest of having some retirement income and in a sense the employer pays out as part of a wage package and then does not have any further claim to is perhaps a more rational and fair way to fund a plan?

**MR. J. TURNBULL:** I think the concept of an equal sharing of the cost is a very fair one. I think the important

thing though, and I think Mr. Dawson of the Manitoba Health Organization has brought it out, is that in being fair to those members who terminate, we must not be unfair to those members that continue to participate in the program. I think the two sets of interests have to be protected and Mr. Paterson, for example, mentioned that there's 170-odd pensioners participating in that program, there are only 478 actual contributors, but in protecting the interest of the 478 contributors it's important not to adversely affect the interests of the 150-odd pensioners and the 130-odd persons with paid up deferred pensions.

What I think is really important along with this sharing of contribution that you mention is that the legislation reflects the differences in interest between those who continue to participate in the program and those that at different points in time may want to terminate their participation in the program. I think in the past not enough fairness has been given to those who terminate. I think in the process you must make sure that we don't go too far the other way and be too generous to those that quit and adversely affect those that continue to participate in the program.

I think the whole question of the commuted value is very essential to this, that the essence of commuted value is your fair share of the fund and what is it. I hope that the process will allow the fairest test to be applied, and I would hope that the Commission would be allowed individual plans but wish to do so, the opportunity to be creative in this regard so that they can reflect the interests of those who continue to participate in a plan as well as those who cease their participation, so that the element of fairness both for those that leave, and those that stay will be preserved.

**MR. CHAIRMAN:** Any other questions?

**MR. J. TURNBULL:** Thank you very much.

**MR. CHAIRMAN:** The Member for Inkster.

**MR. D. SCOTT:** I'd like to thank Mr. Turnbull for coming in with a very concise presentation to us. When we get presentations like this it helps us understand our own bills better too.

**MR. J. TURNBULL:** Thank you very much.

**MR. D. SCOTT:** Thank you, Sir.

**MR. CHAIRMAN:** Thank you, Mr. Turnbull.  
Mr. Templin representing MacLeod-Stedman.

**MR. W. TEMPLIN:** Thank you, Mr. Chairperson.  
I'm here representing one employer - one company. I do not pretend to know very much about the pension industry but I do know that when I read this bill I was shocked.

Our pension plan was established in 1946, which was 20 years before the Canadian Government showed any concerns about pensions, and 30 years before the Province of Manitoba showed any concerns about pensions. Our pension plan has never, ever, been a form of deferred wages.

Our wage programs and policies have always been established on very specific criteria. Our salary scales

have to depend on the volumes of sales produced at our stores. If we were to discontinue our pension plan tomorrow there would be absolutely no change in our salary schedules.

Our pension plan has never been contributory. It is a non-contributory plan. It provides a 45 percent pension of the highest five year salary, out of the last ten consecutive years of employment offset by one-half of CPP and one-half of OAS.

When I read Section 21(6.3) which said that we were not going to be permitted to offset OAS and I looked at the number of people in our employment who had piled up many years of service, and consulted our actuary and discovered that the bill that we would be faced with, under that particular section of your bill, was \$1.4 million, I said good-bye pension plan.

Now, I hope that what I just heard in Mr. Turnbull's announcement, that section is being subjected to some amendment because our problem today is trying to earn money. We have a very decent pension plan. But as with any private employer, the pension plan is only as good as we can afford to make it. I think this committee should understand that quite clearly.

I have no particular quarrel with other sections of the bill. We have been faced with problems. As I say, when we started our plan there was no such thing as legislation in Canada. We started a pension plan to provide for people who were going to be with us till retirement age who could live in some dignity when they finished work.

We are concerned about the rapid escalation of uncoordinated provincial demands that are being made on our time and our efforts. This produces nothing for us in the way of profit. However, we are cynical enough to recognize that we are not going to be able to correct that situation, we're going to have to live with it.

But I'd like you to appreciate this one fact - that we can only afford to pay so much for pensions, and that any extra cost that is forced on us, by governmental intervention, is going to come out of only one place, and that's reduced pensions for our people.

I have one concern with the rights of terminating employees to withdraw the commuted value of their pension funds because, as I say, in no way have we ever considered our pension plan as deferred wages. The money is put in there by the company for the benefit of employees who will eventually get it on either a full retirement pension, or a deferred pension at age 65. To the extent that money is withdrawn by terminating employees, it leaves the remaining people in our fund with lesser advantage than they would have otherwise. In other words it makes it more difficult for us to increase, or enhance, the benefits of our plan which we have tried to do.

Up until 1975 we had a money purchase plan. We revised it in 1975. The OAS offset came at that time because we were a United States subsidiary. We were following the parent company's plan which offset their pension by 50 percent of US Social Security. There was nothing equivalent in Canada in one piece other than Canada Pension Plan and Old Age Security, as a combined sort of package of goods so that was why we chose to offset by half of each one of those programs. It seemed reasonably fair to us, and fair to the people, and we've never had any problem with it.

If the plan went through the way I read it, we would be faced with this situation - that a gentlemen retiring,

or a lady retiring December 31, 1983, who had averaged a \$2,000 salary for the last five years, would end up with a combined benefit of \$1,180 from our plan, and from CPP and OAS. If this offset was no longer permitted someone retiring 31st January, 1984, under exactly the same circumstances would be receiving a pension of \$1,320 a month, or \$140 over a 10 percent difference. I see no good reason for that to happen.

I've heard a couple of other things today. Those were my only two concerns but there were some other things today that I started to put some numbers together. This is in no particular order. People were asking and commenting on part-time employees. We classify our people as regular employees, or non-regular. A regular employee is anyone that works 25 hours a week or more. Now it may surprise you to know that we got that definition from the various provincial labour legislation itself. That seemed to be the most eminently satisfactory way to resolve that problem.

We have a staff right now of about 2,200 people. It varies up and down. About 800 of those are non-regular, the other 1,400 are in our plan. Because our basic non-contributory plan - it's really not a top hat plan - we have another section to the plan which we call a profit-sharing portion in which after one year's service - our people come into our plan after one years service and reaching age 30, and that again was dictated principally by the income tax legislation which was spoken about earlier today, the 35 years service is maximum.

But in the profit-sharing section anyone with one year's service can elect to join, and they can contribute for matching purposes up to 6 percent of their salary. If they contribute up to 6 percent of their salary the company guarantees to match 25 percent of their contribution. Now that is an incentive to contribute. That can start at any age as long as they've completed one year's service.

The vesting in the company contributions on that part of the plan arrive after five years. They're fully vested in company contributions after five years service which means that if they leave they take their own contributions, and the company contributions with whatever interest has been earned on the fund. It may interest you to know that even with that incentive of an immediate 25 percent return on their money we only have 35 percent of the 1,400 people in our plan participating.

On costs - someone was asking about costs - again it's very difficult. The 35 percent of our people who are non-regular, and that's not in the plan, not eligible to join, represent about 20 percent of our payroll. Our payroll last year was about 26 million, and 21 million of that was attributed to the 1,400 people who are members of the plan. The other 5 million to these 800 that aren't. Now there are very round numbers. I have not been at the office recently so I'm pulling them out of my head. My estimate is that to bring our part-timers in would cost, I would guess, somewhere between 10 percent and 15 percent because not all of our part-timers would come to the two year service requirement. But I would say it would increase the cost to us about 10 to 15 percent in perhaps the first year. From there on it would probably break even. That would represent maybe another 2 to 3 percent on our total payroll cost.

We have learned to live with Saskatchewan. We're not particularly happy about the interest. It doesn't

affect us except in the money purchase part of our plan. We suggested to the Province of Saskatchewan that because we only have 80 people in that province that we thought the computer cost, and the hassle of trying to cope with that interest requirement that they laid down wouldn't be worth it, and that we would probably discontinue the profit sharing section of our plan for residents in Saskatchewan. Mr. Crozier advised us just to hold off and wait awhile, that he would consider it, and he's still considering it. So I trust that somewhat the same practical approach may be arrived at in Manitoba.

Again as I say, I speak for one plan, and one plan only. It's been a good plan. We have no quarrels with anything. I'm a firm believer in earlier vesting. I'm a firm believer in some better pension deals for women although I think the tragic mistake is that we are looking at women who are 70 and 75 years of age today who didn't enter the labour market until the early '30s, that environment, and I'm sure it is going to change.

I think all in all this is not bad legislation but again I would prefer to get it a little better co-ordinated because it does give us an awful hassle in administering the thing. That just adds to the cost and reduces the possible pensions.

Thank you very much.

**MR. CHAIRMAN:** Any questions for Mr. Templin.  
The Member for St. Norbert.

**MR. G. MERCIER:** Mr. Templin, thank you for expressing your concerns.

You indicated at one point during your presentation that you, under some circumstances, would cancel your pension plan. Could you clarify that for me?

**MR. W. TEMPLIN:** Well, yes. We are just in no position at all if Section 21(6.3) means what it says, it's going to cost us \$1.4 million to eliminate that OAS offset - we're dead. We haven't got \$1.4 million to do that with. I don't know that it would be worth the risk.

There are other ways, as one of the earlier speakers today mentioned, to cope with the problems of sharing profits with people and assisting them to provide for their own retirement years. It is getting more and more difficult to administer these programs with this continual intervention and interference that is non-co-ordinated. We have people in every province in Canada, other than Newfoundland and the Territories, and it is not easy.

**MR. G. MERCIER:** Mr. Templin, when you refer to this non-co-ordination, are you referring to the fact that Manitoba's legislation will be different than other provinces or are you referring to other Provincial Government activity?

**MR. W. TEMPLIN:** No, that's basically it. The legislation, when it started off, it was pretty good. Ontario is the first, then Alberta, then Saskatchewan, and they were all pretty well the same basic legislation as Manitoba had when it came in in '76.

Then Saskatchewan changed theirs a little bit; there are a few different wrinkles coming down in Quebec now; New Brunswick is looking towards the

Saskatchewan legislation, I understand. These things don't make it any easier for you. Our business is not running pension plans, our business is running retail stores and we're trying desperately to make money in that business.

**MR. G. MERCIER:** Good luck.

**MR. CHAIRMAN:** The Minister of Economic Development.

**HON. M. SMITH:** Mr. Templin, I really enjoyed hearing your report, of the history really, of pensions, because in a short form you gave that to us. It's a good reminder for many of us that are struggling with pension questions today to remember that there's been a lot of variations over the years, and I think you and your firm showed a great deal of leadership and innovativeness over the years in developing your plan. I can see, as it's moved along, that the philosophy of the plan, that it wasn't considered deferred wages, that it was something that the company set aside for people rather than requiring equal contribution was based on different assumptions, ones that were more current in those days perhaps than they are now.

I've noticed as you've moved along through the years, you do seem to have adapted the plan. For example, when the CPP and the OAS came in, I presume your plan moved into an offset provision there. I guess what I'm wondering is, is it too much to ask that kind of a plan to make the next step whereby the improvements would not be funded solely by the company, but would move into having a contributory portion by the workers. I guess I'm hoping that although I know it's a headache to change something that you will see the long-term benefits of moving along, because I agree it is too much for the employer alone to carry all the burden of the change. Our ideas on pensions are that they're jointly contributed to by employer and employee.

I just wonder if that option and, as you say, you may have no choice and have to go that route, but I'm wondering if there may not be some not too painful ways for you to do that. — (Interjection) — That's hard, I know, to boil down to a question.

**MR. W. TEMPLIN:** Well, I'm vice-president and secretary of the company. I only have a certain amount of input into it. I don't think after all this time we would ever go to a strictly contributory plan. We have a number of long-service people and the plan has been good for them. They may contribute; there is a contributory section to it.

I think if you took the average person that started at age 35, say, and worked for 30 years for the company and contributed his 6 percent, in the lower income brackets he'd be retiring on very close to a 95 percent pension, again depending on the investment earnings. Those in the higher brackets would be looking at close to a 65 or 70 percent pension with the advantage of the profit-sharing part of it.

In all honesty, I believe we have had to computerize the program. We're not a large employer by any means. The fund is about \$23 million, so I can't say it's a small fund, but it's not a large one. We're a medium-sized employer and we're coping. I believe that the

improvements that we make, if we do spend money on extra programming cost to cope with problems, then that is charged against the fund's operations, the earnings are thereby reduced for the year. Again, all those small things add up to an inability to increase or better the pensions.

**MR. CHAIRMAN:** Thank you, Mr. Templin.

**MR. W. TEMPLIN:** Thank you very much.

**MR. CHAIRMAN:** Is there anyone else in the audience who wishes to speak to the bill? Hearing none, the committee will proceed with consideration of the bill.

Clause by clause or page by page? Clause by clause is suggested.

The Member for St. Norbert.

**MR. G. MERCIER:** Mr. Chairman, on the question of whether or not we should consider the bill, I would like to make some comments and then to hear a response from the Minister, because I think in the end it would serve to shorten the debate. We've just heard from one submission who consider themselves to be a medium-sized employer that employs some 2,200 people across Canada, that implementation of this act would cost them \$1.4 million, and they would have to give serious consideration to cancelling their pension plan.

We have heard from the Winnipeg Chamber of Commerce who, being very critical of the process, have expressed concerns about the overall cost implications, and expressed the concern that this bill be held over so that there is ample opportunity to consider the regulations. We have heard from the Canadian Manufacturers Association who have expressed the need for proper timing and for uniformity across Canada. Many of the people are saying to us in their submissions, Mr. Chairman, that the objectives contained in the amendments overall, while there's some concern about the details in some of them, are laudatory, and everyone would like to achieve them, but they're saying Manitoba should not be proceeding unilaterally without uniformity among the provinces.

The Minister has said there is - I believe at the beginning of our meetings in answer to one of the delegations - a meeting to be called of Provincial Ministers very shortly on this whole question. The Canadian Manufacturers Association expressed concerns about the cost. The representative of the Life and Health Insurance Association recommended that consideration of this bill be deferred. He said he didn't receive the bill until July 26th. They hadn't had time to consider the impact of cost and a number of the other matters, and again stressed the concern that Manitoba was moving too quickly and there should be uniformity.

We had, Mr. Chairman, concerns expressed by Mr. Green of the Great-West Life Co., who again told us he had attempted to contact some seven organizations within this city yesterday who weren't aware that this committee was meeting to consider this bill and hadn't had time to properly consider the amendment.

Mr. Chairman, I think we're all agreed that this is a good process, but it is not in the best interest of passing

significant legislation that a bill be considered in the quick manner that this has been.

Mr. Green went on to make some very significant points about this legislation and talked about the 50 new plans that had been established in Manitoba during the last year under their new marketing scheme which he said will probably be terminated as a result of these amendments.

Mr. Chairman, he expressed, I think, the support in principle for what was being done, but stressed again that these amendments have to be done uniformly - significantly, he said. Not only will few small pension plans survive in Manitoba with these amendments to these acts, but he said it is certain that few, if any, new plans would be implemented in the future. Surely, the objective of pension reform is to expand the availability and enhance pensions to the people of Manitoba and to the people of this country.

We have also heard concerns expressed by the Manitoba Chamber of Commerce, Mr. Turnbull, who must be considered by everybody to be a very neutral apolitical person, expressed the concern about uniformity. Now surely he did say that somebody has to step ahead, somebody has to move ahead to get everyone else moving, but this legislation is being brought forward. We're now at the end of August - there's a Ministers' meeting scheduled very shortly - we're going to be into another Session of the Legislature before we know it. He did emphasize that there are serious problems; one province moves ahead of the other provinces.

We have a submission from the Mining Association of Manitoba who expressed a concern about the timing of this whole process and urged the government not to rush into this very complex and serious area of pension reform without adequate consultation. They talk about increased costs. They talk about the matter that Mr. Templin just referred to, disallowing the offset for old-age security would increase pension costs for one of our member companies in the general magnitude of 25 percent. Affected companies would unquestionably be forced to revise their plans to reduce such cost impact and provide a pension that once again bears some reasonable relationship to final employment earnings.

Mr. Chairman, I want to table a letter with the Clerk of this committee so that it is on record, a letter from the Co-operative Superannuation Society, which I referred to in the Legislature while the Minister was away on government business, and asked some questions of the Acting First Minister, the Minister of Economic Development and Tourism.

I want to quote from this letter, because the Co-operative Superannuation Society expressed the concern - first of all, pointed out that they are a registered pension plan covering many co-operatives and credit unions across Canada, and particularly in Western Canada. "We have many Manitoba employers participating in the plan and several thousand employee members from Manitoba. Our plan has been in existence since the early 1940s and has been improved over time to an extent where our provisions exceed most of the legislative requirements by substantial amounts. We are concerned that the proposed amendments to The Pension Benefits Act will be detrimental to our members as opposed to helpful."



They went on to say that it is essential that pension plans in Canada operate under a uniform regulatory environment. "For the most part, this uniformity has existed even though pensions or provincial jurisdiction in the majority of provinces have enacted respective pension benefits legislation. To agree this uniformity was shattered in 1981 when the Province of Saskatchewan under the Allan Blakeney Government deemed it necessary to amend The Saskatchewan Pension Benefits Act.

"The Saskatchewan amendments were such that, although uniformity was altered, it did not impose any major or serious difficulty in existing pension programs. But the proposed changes to the Manitoba act, on the other hand, present a complete break from the principle of uniformity and will make it next to impossible for employers or other groups to offer national programs covering all employees regardless of province of residence.

"This is most unfortunate, considering the mobility of employees, and I believe it will contribute to many organizations and employee groups simply terminating their pension plan in favour of other non-regulated forms of retirement income savings."

He went on in that letter to say, "I have no qualms in stating that I fully expect a number of employers and employee groups will simply terminate their pension plans, preferring to establish other programs." He goes on - and this is indicative. "While I generally support the principle behind the changes, it is my personal feeling they cannot be implemented successfully without a complementary, mandatory pension program covering all employees in various employment settings."

He concluded by saying that, "Unfortunately, the government seems bent on moving forward on this matter in a way which I feel will create a major disservice to Manitobans and Canadians in their quest for retirement income security."

So what we have being said to us, Mr. Chairman, is that, as a result of these changes, there will be a cancellation and termination of existing pension plans and very few, if any, new existing plans created. So surely, even setting aside the argument for a moment that there should be uniformity, that argument alone should be enough that the government should stop for a moment and consider its position and consider some further delay while the Minister attends a meeting of provincial Ministers - I understand it's to take place very shortly. Hopefully, there would be some consensus arising out of that meeting, and at the next Session of the Legislature which is not very far away, there can be some legislation brought in which will improve and enhance pensions in Manitoba and across Canada, and will be done on the basis of some uniformity and consensus among provincial governments.

I ask her to consider that also in view of the fact that this bill is being considered through the last week of July and the first couple of weeks in August, which obviously, as the people who have made submissions to us have indicated, people are away on holidays; people are unaware of the bill; people have not had a full opportunity to analyze this bill and to consider this bill. I think, under those circumstances, the fairest approach, to the Minister, would be for her to agree that this bill should be referred to an intersessional committee to meet after the Minister has attended the

provincial Ministers' meetings on pension reform. Before we proceed with the bill, I would like her to consider that and consider the submissions that are being made, and advise us as to what her position is.

We have also been presented with some full three pages of amendments to this bill to consider at this late stage, which perhaps also is further justification for deferring consideration of this bill.

**HON. M.B. DOLIN:** Let me say at the outset that it is because of the leadership of this government in Manitoba that the provincial Ministers are being called together and other provinces are looking at moving forward with us.

Amendments will clarify the fact that there is no retroactivity, which was a major concern presented by many of the speakers today. That has been stated several times, and I am surprised that the member did not update his remarks to include that information. We have dealt with their concerns. It was always our intent that there be no retroactivity. In order to make it very clear, we will include that information in the legislation.

This was not a bill prepared in haste. It has been given innumerable hours of attention. It has been two years in preparation. It is based on documents that have been published for some time on results of seminars and other gatherings of people interested in improving pension legislation and pension programs. That's from across the country.

I believe, and I believe my colleagues believe with me, that the people of Manitoba are waiting for this legislation and that the people of Canada are watching us. I believe we have a responsibility to enact this legislation. There has been objective consideration. There have been complete well-publicized, well-attended public hearings before the drafting of the legislation. I believe it is our responsibility to enact this legislation in this Session, as we have indicated.

The legislation is phased. It was determined that all actuarial considerations could be taken care of within the time limits of the phasing, so that clear direction is given about our intent. There is no rushing. There will be no excessive costs. The lack of retroactivity confirms that.

I believe that we should now proceed clause by clause with this bill.

**MR. CHAIRMAN:** The Member for Sturgeon Creek.

**MR. F. JOHNSTON:** Mr. Chairman, it's very interesting to listen to the Minister tell us how many seminars have been held and how many hearings have been held; how long the legislation has taken to be ready for presentation to the Manitoba Legislature.

It was presented to the Manitoba Legislature in July, and I think the Minister can probably remember that, when it went to second reading, there was virtually no discussion, if any discussion, on the bill at the present time — (Interjection) — Mr. Chairman, the reason for the bill not being talked to in second reading is because the members of the Legislature generally are not experts in this field.

I might comment that I remember when Mr. Turnbull was making presentation and received the authority to handle the St. James-Assiniboia pension plan when I

was a councillor, I had very high regard for his ability then, as I have now. I can assure you that the subject of pension plans is something that I would say, is above the heads of all of us in the Legislature because of the absolute technical nature of pension plans which is, in many cases, a lifetime of study to be a comparable person in that field.

Mr. Chairman, the opposition certainly felt that it would be the best thing for this legislation to go to committee and have the presentations of knowledgeable people on pension plans come before us and state their position about the legislation. Regardless of what the Minister says, and I've heard Ministers over many years say the same thing, that is was all thoroughly studied, etc., but lo and behold, we have a committee in the Manitoba Legislature, as the Minister has suggested, called the Law Amendments Committee, one of the only ones left in Canada, and I repeat, lo and behold, we have a presentations of, I numbered 13 of them, and most of them have stated that this legislation has very very profound effect on employers and employees and on future employees of this province.

It is interesting for me to note that the Minister of Economic Development states to one of the companies that possibly you'll find a way. I suggest that most of the companies in this province have been finding a way to stay alive in the past couple of years, and any extra costs at the present times, incurred for any reason whatsoever, is something that they are not looking for at the present time. I might say that, although I oppose an \$85,000-a-year advisor to the Minister of Economic Development, I might agree to one for the Minister of Labour on this particular legislation.

Mr. Chairman, all of a sudden, we have all of these people who have spent a lifetime in the pension field, telling us that this legislation is not right; that there are, to but it bluntly on the bottom line, holes in it that have to be corrected for the benefit of the employees of the Province of Manitoba. The Minister states that this meeting is being called because of what Manitoba has done. I suggest the Minister should go to this meeting and say, this is what the Province of Manitoba is going to do or is planning to do, and take the advice of Mr. Turnbull and say to the Federal Government and other provinces that this is what our plans are; this is why we plan to do it; this is when we plan to put it into effect. Certainly we should all sit down together and have them all go into effect at a time which would be uniform across this country.

That doesn't seem to be the logical, practical, common-sense attitude that the Minister is taking. The Minister, for some reason or other - and I guess all the Ministers of this government want to have their picture on the wall, and they all want to have the biggest picture as to the one who came first doing something drastic, but unfortunately by doing so they are harming this province.

Mr. Chairman, as my colleague has said, this legislation should be more thoroughly thought-out. It should be more thoroughly thought-out with the experts that have come before us today. We do not have that expertise within the province at the present time. I'll guarantee, you don't have the expertise that you had in front of you today or the past two days of the meetings here. You do not have them within the province, and

I suggest that you should listen to them. I'm sure if they were requested to find a way to phase what you want to do in properly, I'm sure that if you sat down with them, they could accomplish it very very quickly.

So, Mr. Chairman, I, for the life of me, can't understand why this government is wanting to proceed with something that the experts in the field in Canada say is not right at the present time; that the legislation has holes in it. They believe it can be made right. I am sure they would be willing to help you make it right. So why are we moving ahead without having that consultation?

Thank you, Mr. Chairman.

**MR. CHAIRMAN:** Clause by clause? Clause 1(a.1)—pass; Clause 1(a.2).

**HON. M.B. DOLIN:** There is an amendment.

**MR. CHAIRMAN:** Motion to amend.

**MR. D. SCOTT:** Mr. Chairman, I move:

THAT the proposed sub-clause 1(a.2)(ii) of The Pension Benefits Act as set out in Section 1 of Bill 95 be amended by striking out the word "are" in the 1st line thereof and substituting therefor the word "is."

**MR. CHAIRMAN:** Clause, as amended—pass; Section 1—pass; Section 2—pass. Section 3 - amendment.

**HON. M.B. DOLIN:** I move:

THAT the proposed Clause 1(p.1) of The Pension Benefits Act, as set out in Section 3 of Bill 95, be amended by adding thereto, immediately after the word "employer" in the 7th line thereof, the words "except when an actual termination of the employment of the person has occurred."

**MR. CHAIRMAN:** Clause 3, as amended—pass; Clause 4—pass. Clause 5 - the Member for St. Norbert.

**MR. G. MERCIER:** I have a question, Mr. Chairman. I want to point out, the Minister is well aware of the submissions that have been made with respect to all of these items. There was a submission made by the Retail Council of Canada with respect to the common-law relationships. This section refers to the common-law relationship and looking back at the definition in 1(a.2), 1(a.1) clearly refers to a relationship between a man and a woman; 1(a)(2) refers to a common-law spouse as a person represented by the other as the spouse. Could that be interpreted to include a relationship other than between a man and a woman?

**MR. CHAIRMAN:** To the Minister of Labour, can you have a spouse of the same sex?

**HON. M.B. DOLIN:** Well, I wouldn't give my opinion at this point.

**MR. G. MERCIER:** I didn't ask for yours, I asked for Legislative Counsel.

**HON. M.B. DOLIN:** I'm responding to the Chairperson. The definition of spouses as given by the courts of this province, as a person of the opposite sex.

**MR. G. MERCIER:** May I have the opinion of Legislative Counsel.

**MR. R. TALLIN:** Well, I hesitate to be positive about this because there's no telling what the courts will do with this kind of a thing, but in the only case where I think they've dealt with the question of spouse and marriage and what the wording means, I think His Honour Judge Philp, now Mr. Justice Philp, gave a decision that the whole concept of marriage and the meaning of spouse had to do with persons of the opposite sex entering into an arrangement, not persons of the same sex and that's the only thing we can rely on at the moment as far as I'm aware with respect to Manitoba's law.

**MR. G. MERCIER:** You don't feel that the wording in 1(a.2) is ambiguous, it could be clarified?

**MR. R. TALLIN:** I suppose it could be clarified by putting in members of the opposite sex but then I would be a little concerned about what similar wording in other acts would mean such as The Family Maintenance Act and The Child Welfare Act where we have also used common-law spouse type of description.

**MR. CHAIRMAN:** Clause 5—pass; Clause 6—pass. Clause 7 - the Member for St. Norbert.

**MR. G. MERCIER:** Mr. Chairman, referring to this section and it's connected with the sections at the end of the act that refer to Sections 6, 7, 9, etc., come into force January 1, 1985. Would the Minister consider an amendment later on to Sections 23(2) and 23(3) that would say that these amendments come into force upon proclamation so that the Minister would at least have, in keeping with the arguments we've made, would it at least have - the Minister and the government have the discretion in the future depending upon the type of consensus, if any, that is arrived at at the Provincial Ministers' meeting on pension reform to, as a result of those meetings, perhaps bring these amendments in on what might be a more appropriate date rather than committing the government and the Minister to bringing them into effect on these dates?

I'm saying, there might be a consensus that arises out of a national consensus on pension reform that may develop a date earlier or may develop a later date for these kinds of changes to take place. By changing that section later on, it would give the government an opportunity to bring them in on proclamation at the most appropriate time depending upon the consensus and the discussions that take place nationally.

**MR. CHAIRMAN:** There is a motion to be made, a motion to amend.

**HON. M.B. DOLIN:** Yes, there is the motion to amend in this section.

**MR. CHAIRMAN:** Section 7.

**HON. M.B. DOLIN:** I move:

THAT the proposed Clause 21(1.1)(a) of The Pension Benefits Act, as set out in Section 7 of Bill 95 be

amended by striking out the words "the qualification date" where they appear in sub-clause (i), in sub-clause (ii), and sub-clause (iii), and substituting therefor, in each case, the word and figures "January 1, 1985."

By way of explanation this will prevent retrospectivity which is legislative counsel's appropriate word for retroactivity in this . . .

**MR. CHAIRMAN:** Retroactivity.

**HON. M.B. DOLIN:** There is retrospectivity involved.

**MR. CHAIRMAN:** The section, as amended—pass; Section 8—pass; Section 9—pass; Section 10—pass; Section 11—pass. Section 12.

**HON. M.B. DOLIN:** There are several amendments to Section 12. The first:

THAT the proposed subsection 21(5.2) of The Pension Benefits Act as set out in Section 12 of Bill 95 be amended by striking out the word "employer" in the last line thereof and substituting therefor the word "employee."

There's a typographical error in the printing.

**MR. CHAIRMAN:** Motion pass? Pass.

**HON. M.B. DOLIN:** THAT the proposed subsection 21(5.5) of The Pension Benefits Act as set out in Section 12 of Bill 95 be amended by striking out the figure, letter and word "(1)(a) or" where they appear in the 4th line thereof and again in the 7th line thereof.

**MR. CHAIRMAN:** Motion pass? Pass.

**HON. M.B. DOLIN:** THAT the proposed subsection 21(5.6) of The Pension Benefits Act as set out in Section 12 of Bill 95 be amended by adding thereto, immediately after the word "employment" in the 2nd line thereof, the words and figures "after December 31, 1983."

**MR. CHAIRMAN:** Motion pass? Pass.

**HON. M.B. DOLIN:** Again, those two amendments remove the retrospectivity.

THAT the proposed subsection 21(5.7) of The Pension Benefits Act as set out in Section 12 of Bill 95 be struck out and the following subsection substituted therefor: Right to transfer benefits.

21(5.7) Notwithstanding subsections (1), (2) and (5), no pension plan shall deny the right

(a) of an employee, upon termination of employment otherwise than where the termination results in the commencement of payment of a pension forthwith; or

(b) of the surviving spouse of an employee other than the surviving spouse of an employee who has commenced receiving a pension under the pension plan;

to transfer, in a manner prescribed in the regulations, the commuted value of the accrued benefits under the plan.

**MR. CHAIRMAN:** Motion pass? Pass. Section 12, as amended.

**HON. M.B. DOLIN:** No, I believe there is one more. — (Interjection) — Sorry, they are for another section.

**MR. CHAIRMAN:** Section 12, as amended—pass; Section 13—pass. Section 14.

**HON. M.B. DOLIN:** There are amendments. This is one that is not on the list.

THAT the proposed subsection 21(6.3) of The Pension Benefits Act as set out in Section 14 of Bill 95 be amended by adding thereto immediately after the word “plan” in the 3rd line thereof the words and figures “in respect of service after December 31, 1983.”

So that it will begin in 1984.

**MR. CHAIRMAN:** Motion pass?

**MR. G. MERCIER:** No, explain. We don't have the wording, Mr. Chairman, so I'd like an explanation of the amendment.

**HON. M.B. DOLIN:** This is one of the points raised by Mr. Turnbull and it adds in the section the OAS. This is with regard to OAS and I believe it also deals with the concern of some of the other people who spoke, Mr. Templin, the last speaker. It deals with his concern and assures that it is not retrospective.

**MR. G. MERCIER:** Surely it deals with that retrospectively, but doesn't deal with it from the date of the implementation or effectiveness of that section?

**HON. M.B. DOLIN:** December 31, 1983, was the date that I gave you in the motion. January 1, 1984, is the enactment date.

**MR. G. MERCIER:** I appreciate he doesn't have to go back in the plan to make up the difference, but the Minister will acknowledge that that's going to be a cost after December 31, 1983, onwards.

**HON. M.B. DOLIN:** Only to benefits accrued after January 1, 1984.

**MR. G. MERCIER:** Right.

**HON. M.B. DOLIN:** So he can plan or he can change the plan or he seems to be totally in control of his own plan. But it means he will not have to pay for benefits accrued previous to December 31, 1983.

**MR. CHAIRMAN:** Motion pass? Pass.

**HON. M.B. DOLIN:** Another motion.

**MR. CHAIRMAN:** Another motion.

**HON. M.B. DOLIN:** THAT the proposed subsection 21(6.5) of The Pension Benefits Act as set out in Section 14 of Bill 95 be struck out and the following subsection substituted therefor:

Compulsory eligibility and membership.

21(6.5) Subject to subsection (6.6), where a pension plan is in effect for a class of employees of an employer, the pension plan shall provide

(a) that each full-time employee of that class shall be a member of a pension plan subject to any eligibility period which shall not be greater than 2 years;

(b) that each part-time or temporary employee who, if he were a full-time employee, would come within that class, is eligible for membership in the pension plan on the same basis as full-time employees of that class; and

(c) that each part-time or temporary employee who, if he were a full-time employee, would come within that class and who has been so employed by the employer during 2 consecutive numerical years in each of which he has earned not less than one quarter of the maximum pensionable earnings for that numerical year under the Canada Pension Plan (Canada) shall be a member of the pension plan.

**MR. G. MERCIER:** Will the Minister . . .

**HON. M.B. DOLIN:** This motion clarifies class and eligibility.

**MR. G. MERCIER:** How? Where are the changes?

**HON. M.B. DOLIN:** Perhaps Legislative Counsel can explain this.

**MR. R. TALLIN:** If you would look at what is printed in the bill, you will see that there was reference to each full-time employee of the employer or each full-time employee of that class and that sort of thing all the way through. That created some difficulties in interpretation which we were attempting to get rid of. The class that a person may provide a pension plan for maybe a class which includes all of the employees. So we decided we could get rid of the mention of all employees of the employer or class of the employers and only talk about the class. That simplified the language considerably.

Also, it corrected a typographical error in the first line, where it said, “Subsection to subsection (6.6),” where it should be, “subject to.”

The third amendment was an amendment of substance, which is in Clause (a), the words, “subject to any eligibility period which shall not be greater than two years” was added to make it clear that the compulsory feature of a pension plan could be subject to an eligibility period; that is, that the employee had to be an employee for a period of up to two years before he was compelled to be a member of the plan.

**MR. G. MERCIER:** The Minister is rejecting all of the concerns that have been expressed by the Retail Council, by Great-West Life, by Mr. Paterson, by everyone with respect to this section.

**HON. M.B. DOLIN:** There are several ways that this could be calculated or determined, or the criteria could be set. The 100 days that Mr. Paterson suggested could be used, then employees who worked 99 days or 101 days would be on either side of that. If we set an

earnings amount, there will be employees who fall just under and just over it. These are lines that we draw with the best information available, and we have decided that one-quarter of the maximum pensionable earnings through CPP is the appropriate way to go at this point.

**MR. CHAIRMAN:** Motion—pass. Any other motion?

**HON. M.B. DOLIN:** There is one more in Section 14. THAT the proposed Clause 21(6.6)(c) of The Pension Benefits Act as set out in Section 14 of Bill 95 be amended by adding thereto, immediately after the figures "1984" therein, the words, "and who before that date was not a member of the pension plan."

**MR. CHAIRMAN:** Motion—pass?

**HON. M.B. DOLIN:** This motion, if I could explain, clarifies that the exemption for former employees applies only if the employee was a member of the pension plan before January 1, 1984.

**MR. CHAIRMAN:** Section, as amended - the Member for St. Norbert.

**MR. G. MERCIER:** Mr. Chairman, you have to pass the amendment before you pass the section.

**HON. M.B. DOLIN:** He did.

**MR. G. MERCIER:** On (6.6)(b), Mr. Logan made a presentation and asked that, I believe, the words "non-contributory" or "contributory plan" be added. Is the government not prepared to make some amendment along the line that he requested?

**HON. M.B. DOLIN:** I would ask that Legislative Counsel speak to this as well, but it seemed to me that Mr. Logan was speaking strictly for himself. He did give us that information when I questioned him on it, and I think that I would be reluctant to put in an inclusive amendment for one person who felt that it was appropriate. I would have to certainly take a look at that. I would think that Legislative Counsel agrees that it is not truly appropriate.

**MR. CHAIRMAN:** Legislative Counsel.

**MR. R. TALLIN:** In the act, there is a definition of pension plan. Because of the definition of pension plan, it becomes almost - I shouldn't say impossible - it becomes very difficult to conceive of very many plans coming under this act which would not be contributory. So we're talking about pension plan, as defined in the act. That's the kind of pension plan that the person must object to.

I would think that in 99 percent of the cases, that means a contributory pension plan. I don't think there is any other mention in the act of contributory pension plan per se, so that you will have the concern of what is the meaning of a contributory pension plan. I would think, you would have to define it in such a way that contributory pension plan in these circumstances means a pension plan to which the employees make contributions, which is a kind of a lengthy kind of an operation.

Besides that, it might be that the group might have objections to pension plans per se, rather than to the question of whether or not they're contributory.

**MR. CHAIRMAN:** The Member for St. Norbert.

**MR. G. MERCIER:** Mr. Chairman, Mr. Logan, as I recollect, sent a letter probably to the Minister as well as a number of other members of the Legislature with respect to his problem. I think on that basis, I think when he speaks, he's speaking on behalf of a group of people who share the same beliefs. I see no reason why an amendment along the line he has proposed could not be adopted. If it has to include the definition that Legislative Counsel suggests, fine. I think it's not going to hurt anyone else, and it is a way of respecting his personal religious convictions.

**HON. M.B. DOLIN:** In response, unless I can really identify the group that Mr. Logan is speaking for and be sure that is the concern that they have, that those words be in there, I am not sure for whom we are amending this bill.

**MR. F. JOHNSTON:** It's called minorities.

**HON. M.B. DOLIN:** What minority?

**MR. F. JOHNSTON:** The minority that Mr. Logan is a member of, and there are several other members. He lives in my constituency, and I assure you he's very sincere.

**HON. M.B. DOLIN:** I'm sure he is. I asked him very clearly what group it was, and he did indicate that he was speaking for himself' although he thought there were others who believed the same.

**MR. G. MERCIER:** Mr. Chairman, I just want to say for the record, if the Minister is going to not take any action, I know that I received a number of letters worded in exactly the same way; people asking for the same consideration as Mr. Logan. I believe when he speaks, he is speaking on behalf of that group of people. It may not be a very large group of people, but I see no reason why we should not respect his religious convictions. Again' it's not going to hurt anyone else. If it requires a few small amendments, I think his concerns should be addressed.

**MR. CHAIRMAN:** The Minister of Economic Development.

**HON. M. SMITH:** Mr. Chairman, I'm wondering if, since at least the text does permit exemption on the basis of religious belief, that it would be up to the individual to determine what form of pension plan their religious belief permitted them to participate in or not. I think that this does give the freedom of conscience that was the intent' without making the proposed change.

**HON. M.B. DOLIN:** Perhaps I could try to explain again. My concern is that, if we make it specific to Mr. Logan's concern - and he was very happy with Section (b), you will recall, as were the other people who wrote to us

and who appeared before the Pension Commission - but if we make it so specific, we might, in fact, be excluding someone whose religious beliefs would preclude them from being a part of any pension plan, no matter how it was set up, and they may wish to do that. I would want this section to apply to them as well.

I believe that the section as it is written allows for Mr. Logan's concern to not be a part of a contributory pension plan. I believe it also allows for someone else to perhaps - was it Mr. Templin's case - they worked for MacLeods, they may believe that it is wrong for them for religious reasons to be a part of that pension plan, which is a non-contributory pension plan. I would want the amendment to allow for both of those minorities.

I might suggest, if the committee agrees, that a motion be offered that would change in the last line of that section (b), the word "a" to "the" pension plan, which would then make it specific to the workplace, whatever kind of a pension plan it was or is, and that might solve the matter.

**MR. CHAIRMAN:** Are you proposing the motion, Minister of Labour?

**HON. M.B. DOLIN:** I'll move the motion, and see what reaction it gets, yes.

**MR. CHAIRMAN:** By leave?

**HON. M.B. DOLIN:** By leave, I'll make that motion.

**MR. CHAIRMAN:** Motion, as proposed—pass.

**MR. G. MERCIER:** I don't think it satisfies the concern.

**MR. CHAIRMAN:** Section 14, as amended—pass; Section 15—pass. Section 16 - the Minister of Labour.

**HON. M.B. DOLIN:** THAT the proposed subsection 21(12) of The Pension Benefits Act as set out in Section 16 of Bill 95 be amended by striking out the word "of" where it appears for the second time in the 2nd line thereof, and substituting therefor the word "or."

**MR. CHAIRMAN:** Motion—pass.

**HON. M.B. DOLIN:** This is in the same section, and it is the motion that is not printed.

THAT the proposed subsection 21(12) of The Pension Benefits Act, as set out in Section 16 of Bill 95, be amended by adding thereto, immediately after the word "plan" in the 4th line thereof, the words, figures and letter, "provided in compliance with Clause 1.1(a)."

**MR. G. MERCIER:** I would ask you to explain.

**MR. CHAIRMAN:** Explain.

**HON. M.B. DOLIN:** Again this is to deal with retrospectivity in this area.

**MR. CHAIRMAN:** Motion, as proposed—pass. Any other motion on the same section? Section 16, as amended—pass. Section 17 - Minister of Labour.

**HON. M.B. DOLIN:** There are amendments in Section 17.

THAT the proposed subsection 21.2(3) of The Pension Benefits Act as set out in Section 17 of Bill 95 be amended by adding thereto, immediately after the word "commission" in the 5th line thereof, the words "and filed." This is a technical correction.

**MR. CHAIRMAN:** Motion, as proposed—pass.

**HON. M.B. DOLIN:** THAT the proposed subsection 21.4(1) of The Pension Benefits Act as set out in Section 17 of Bill 95 be amended by adding thereto, immediately after the word "contributions" in the 3rd line thereof, the words and figures "made after December 31, 1983."

**MR. CHAIRMAN:** Motion—pass; Section 17, as amended—pass; Section 18—pass. Section 19 - amendment.

**HON. M.B. DOLIN:** THAT the proposed subsection 27(2) of The Pension Benefits Act as set out in Section 19 of Bill 95 be amended by adding thereto, immediately after the word "plan" in the 3rd last line thereof, the words "or any payment due to them."

**MR. CHAIRMAN:** Motion to amend, as proposed—pass.

**HON. M.B. DOLIN:** THAT the proposed subsection 27(3) of The Pension Benefits Act as set out in Section 19 of Bill 95 be amended by adding thereto, immediately after the word "plan" in the 7th line thereof, the words "to receive a portion of the payments payable under The Pension Plan or."

**MR. CHAIRMAN:** Motion to amend, as proposed—pass; Section 19, as amended—pass. Section 20 - Minister of Labour.

**HON. M.B. DOLIN:** Section 20, there are amendments.

THAT the proposed subsection 27.1(1) of The Pension Benefits Act as set out in Section 20 of Bill 95 be amended by adding thereto, immediately after the word "board" in the 6th line thereof, the words "of which."

**MR. CHAIRMAN:** Motion, as proposed—pass.

**HON. M.B. DOLIN:** I move;

THAT the proposed sub-clause 27.1(2)(c)(vii) of The Pension Benefits Act as set out in Section 20 of Bill 95 be amended by striking out the word "complaint" in the 1st line thereof and substituting therefor the word "compliance."

**MR. CHAIRMAN:** Motion to amend, as proposed—pass; Section 20, as amended—pass. Section 21.

**HON. M.B. DOLIN:** I move:

THAT the proposed Clause 32(s) of The Pension Benefits Act as set out in Section 21 of Bill 95 be amended by adding thereto, immediately after the word "pension," where it appears for the first time in the 2nd line thereof, the word "plan."

**MR. CHAIRMAN:** Motion to amend, as proposed—pass; Section 21 as amended—pass. Section 22 - the Legislative Counsel wants to speak.

**MR. R. TALLIN:** Unfortunately, I didn't get an amendment prepared for this, but there was a typographical omission in 22. In the second line at the beginning it says section blank of this act; it should be Section 7 of this act. Could we treat that as a correction?

**MR. CHAIRMAN:** Agreed? (Agreed) The Member for St. Norbert.

**MR. G. MERCIER:** Mr. Chairman, I would move; THAT the proposed Clause 23(2) as set out in section 22 be amended by deleting the words "on January 1, 1984" and substituting the words "on a date fixed by proclamation."

That would give, Mr. Chairman, and if passed, I would propose a similar amendment to section 23(3) would allow the Minister and the government to go to the meeting of Ministers on pension reform shortly, and then proceed with amendments on the basis of a national consensus and avoid some of the pitfalls and problems that will be created for pension plans in Manitoba if the Minister and the government proceed without a uniform position across Canada.

**MR. CHAIRMAN:** Does the Minister wish to speak to the motion?

**HON. M.B. DOLIN:** I think I've made my feelings clear on this. I certainly wouldn't want to let our act sit in limbo while I waited for the likes of the Premier of British Columbia and such. I would think that we might have to wait awhile.

**MR. CHAIRMAN:** The motion before this committee is to change the wording . . .

**MR. F. JOHNSTON:** We'll ask the Premier of the province if he agrees with that statement of the Minister of Labour of Manitoba. That's smart aleck number 3.

**MR. CHAIRMAN:** The motion as is stated by the Member for St. Norbert.

**MR. G. MERCIER:** Thank you, Mr. Chairman.

**MR. CHAIRMAN:** As many as are in favour of the motion, say aye; as many as are against, say nay. The nays have it. I declare the motion lost.

**HON. M.B. DOLIN:** We never did 23(1).

**MR. CHAIRMAN:** Pardon?

**HON. M.B. DOLIN:** We never passed 23(1).

**MR. CHAIRMAN:** We will come back to Section . . . Section 22, as corrected?

**HON. M.B. DOLIN:** 22, as corrected—pass.

**MR. CHAIRMAN:** 23(1)—pass; 23(2) there is an amendment being proposed . . .

**HON. M.B. DOLIN:** On the amendment.

**MR. CHAIRMAN:** . . . on the amendment. Those who are in favour of the amendment, say aye; those are against the amendment say nay. The nays have it.

**MR. G. MERCIER:** On division, Mr. Chairman.

**MR. CHAIRMAN:** On division.

**MR. CHAIRMAN:** 23(2)—pass; 23(3)—pass.

**MR. G. MERCIER:** Nay, on division.

**MR. CHAIRMAN:** On division. 23(4).

**HON. M.B. DOLIN:** There's a motion.

**MR. CHAIRMAN:** There's a motion to amend.

**HON. M.B. DOLIN:** I move;

THAT subsection 23(4) of Bill 95 be amended by striking out the figures "1980" where they appear in Clause (a) thereof, and again in Clause (b), and substituting therefor, in each case, the figures "1990."

**MR. CHAIRMAN:** Motion, as proposed—pass; section, as amended—pass; Preamble—pass; Title—pass. Bill be Reported, on division.

Committee rise.