



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

STANDING COMMITTEE

on

INDUSTRIAL RELATIONS

31-32 Elizabeth II

Chairman
Mr. C. Santos
Constituency of Burrows



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Second Legislature

Members, Constituencies and Political Affiliation

Name	Constituency	Party
ADAM, Hon. A.R. (Pete)	Ste. Rose	NDP
ANSTETT, Andy	Springfield	NDP
ASHTON, Steve	Thompson	NDP
BANMAN, Robert (Bob)	La Verendrye	PC
BLAKE, David R. (Dave)	Minnedosa	PC
BROWN, Arnold	Rhineland	PC
BUCKLASCHUK, Hon. John M.	Gimli	NDP
CARROLL, Q.C., Henry N.	Brandon West	IND
CORRIN, Brian	Ellice	NDP
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DOLIN, Hon. Mary Beth	Kildonan	NDP
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DRIEDGER, Albert	Emerson	PC
ENNS, Harry	Lakeside	PC
EVANS, Hon. Leonard S.	Brandon East	NDP
EYLER, Phil	River East	NDP
FILMON, Gary	Tuxedo	PC
FOX, Peter	Concordia	NDP
GOURLAY, D.M. (Doug)	Swan River	PC
GRAHAM, Harry	Virten	PC
HAMMOND, Gerrie	Kirkfield Park	PC
HARAPIAK, Harry M.	The Pas	NDP
HARPER, Elijah	Rupertsland	NDP
HEMPHILL, Hon. Maureen	Logan	NDP
HYDE, Lloyd	Portage la Prairie	PC
JOHNSTON, J. Frank	Sturgeon Creek	PC
KOSTYRA, Hon. Eugene	Seven Oaks	NDP
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LYON, Q.C., Hon. Sterling	Charleswood	PC
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MALINOWSKI, Donald M.	St. Johns	NDP
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McKENZIE, J. Wally	Roblin-Russell	PC
MERCIER, Q.C., G.W.J. (Gerry)	St. Norbert	PC
NORDMAN, Rurik (Ric)	Assiniboia	PC
OLESON, Charlotte	Gladstone	PC
ORCHARD, Donald	Pembina	PC
PAWLEY, Q.C., Hon. Howard R.	Selkirk	NDP
PARASIUK, Hon. Wilson	Transcona	NDP
PENNER, Q.C., Hon. Roland	Fort Rouge	NDP
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PLOHMAN, Hon. John	Dauphin	NDP
RANSOM, A. Brian	Turtle Mountain	PC
SANTOS, Conrad	Burrows	NDP
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SMITH, Hon. Muriel	Osborne	NDP
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STORIE, Hon. Jerry T.	Flin Flon	NDP
URUSKI, Hon. Bill	Interlake	NDP
USKIW, Hon. Samuel	Lac du Bonnet	NDP
WALDING, Hon. D. James	St. Vital	NDP

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON INDUSTRIAL RELATIONS

Wednesday, 17 August, 1983

TIME — 3:00 p.m.

LOCATION — Winnipeg

CHAIRMAN — Mr. C. Santos (Burrows)

ATTENDANCE — QUORUM - 6

Members of the Committee present:

Hon. Ms. Dolin, Hon. Mrs. Smith

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

WITNESSES: Representations were made to the Committee with respect to Bill No. 95 - An Act to amend The Pension Benefits Act, as follows:

Mr. Dick Martin, Manitoba Federation of Labour

Mr. John Walsh, Manitoba Federation of Labour

Dr. Linda Asper, Manitoba Teachers' Society

Mr. David Lerner, Manitoba Teachers' Society

Mr. Strang, Manitoba Teachers' Society

Mr. John Green, Great West Life

MATTERS UNDER DISCUSSION:

Bill No. 95 - An Act to amend The Pension Benefits Act.

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**BILL 95 - AN ACT TO AMEND THE
PENSION BENEFITS ACT**

MR. CHAIRMAN: Committee come to order.

The next presentation will be made by a representative from the Manitoba Federation of Labour, Mr. John Walsh.

MR. D. MARTIN: We would like to request that the committee allow us to use the table because we are using a number of documents including The Act, the regulations, the report from the Commission and so forth, if we could use the table to present our brief; is that agreeable?

MR. CHAIRMAN: Is that agreeable to the committee? (Agreed)

MR. D. MARTIN: Mr. Chairman, and members of the committee, my name is Dick Martin. I'm President of the Manitoba Federation of Labour. With me is the executive secretary of the Manitoba Federation of Labour, Mr. John Walsh. I think I'm going to be joined shortly by the Chairperson of the Manitoba Federation of Labour Pension Committee, Mr. Marcel Painchaud.

We do not have a written brief, rather we have decided to make our opinions known to the members of the committee verbally, by going through parts of our submission that were made to the Manitoba Pension Commission and then into the act itself, the proposal to Bill 95, and to make some comments there.

In opening, I would like to reiterate some of the things that we said in our Commission presentation to the Pension Commission, the pension issue is one of the main priorities of the Canadian Labour Movement in terms of pension reform. We plan to participate and put a major brief into the parliamentary Pension Commission when it comes to Manitoba. The Canadian Labour Congress has made a presentation already and we are very pleased, I might say, that the Manitoba Government has shown the initiative to engage in pension reform because it's high time that it took place. We have been waiting a long time for this to take place.

In our submission to the Pension Commission we said that we are committed to a national universal public pension plan that would ensure that all middle and low income earners could maintain their standard of living as they move from work to retirement. This would mean a doubling of Canada Pension Plan benefits to represent 50 percent of the average industrial composite wage on a continuing basis. We said we wish to outline the basic principles of the Canada Pension Plan and our support for the following:

1. Full vesting of all contributions from Day One with the employer contributions being recognized as deferred wages.

I might say that I was presently surprised by some of the comments made by some of the business community that they also recognized that pension contributions are deferred wages. That is in keeping with what the labour movement also believes.

We're also pleased and we will make a particular reference to it in our submission, but we're also pleased that the Manitoba Government has seen fit to also consider that employer contribution on pension plans are deferred wages.

We said

2. We believe that there should be immediate lock-in to ensure a retention for the purposes of providing better pensions and a commitment to this basic principle.

Once again we have seen that through the Pension Commission's recommendations and the government's initiative that they have done a lock-in in recognition that we're talking about pension plans and not savings plans. It is to be provided for pensions.

3. We believe that there should be full portability, which can only be realized if the first two factors are realized so that workers may move from one job to another without loss of benefits.

Of course, we were talking and speaking on the basis of a national program that ultimately we would like to have achieved across the country. Once again, we

believe in, agree and concur with other representations that have been made, that there should be a universality across this country. Unfortunately, it doesn't seem to be coming about in other parts of the country and for the moment, we are pleasantly surprised and happy that there has been some recognition made of trying to achieve portability for workers on their pension plans.

We believe that a central depository or agency to manage vested pension credits to maximize benefits for those who may change jobs.

We believe that there should be assured benefits of guaranteed pensions.

We believe that there should be indexing of pensions to maintain one's purchasing power and related standard of living as a means of coping with inflation.

We believe that there should be a universal system that provides uniform standards with efficiency at the least cost for administration.

In our view, the main criticism and public doubt about the principles and viability of the Canada Pension Plan have been generated by those engaged in the private pension industry.

We believe that the public debate that has now forced the same critics to support modified private pension legislation that would move more closely to meet the general provisions and principles in the Canada Pension Plan.

We will continue to press for major improvements in the Canada Pension Plan as well as for better legislation to govern the private pension plans that do exist and which will probably develop further in years to come.

We believe that in our approach to the regulation of private pension plans, we can sum up our position as follows:

Pension contributions are deferred wages. That has been met.

The right of workers and their collective bargaining agents to complete financial disclosure and participation in the administration and trusteeship of pension plans should be recognized in law.

We believe that the present Bill 95 has not met that requirement which certainly we are going to continue to pursue; that we, as working people, have the right to participate and govern the pension plans that are essentially for our members.

We believe that discrimination on the basis of age, sex or marital status with respect to vesting benefits or benefits entitlement should be prohibited by law. This present Bill 95 has gone a long way to do that, and we are certainly pleased that there has been recognition on the basis, particularly of sex and marital status, that it is looked upon as deferred wages and part of the estate of the family.

It is in the context of our position in the national debate and our approach to the regulation of private pension plans, that we have put our views forward to the Pension Commission and are putting our views forward to this committee of the Legislature.

Finally I might say that we are totally in favour of encouraging the smaller employers, who are unable to achieve or obtain pension plans and the employees to obtain pension plans, and we met with concurrence from the private business, and specifically the Chamber of Commerce, approximately two years ago at this time - a voluntary pension plan provision and that document was signed to an agreement by the Manitoba Federation

of Labour and the Chambers of Commerce in the Province of Manitoba.

I might say that we are a bit unhappy that the government does not seem to proceed on that basis to open up and administer that voluntary pension plan. We would encourage you to proceed with all due haste to encourage employers and employees to participate in that plan, which we think is a very smart thing to do, and would assist all the employees in the province.

With those opening remarks, Mr. Chairman and members of the committee, I'll pass it on to the Executive Secretary, John Walsh.

MR. J. WALSH: What I'd like to do is go through the bill and address some of the major items that are being introduced through the bill and contrast them with our previous presentation to the Commission. In some cases we'll be acknowledging that these are major improvements in the act, but also pointing out where we think that the bill should have gone further, the time period should have been different, or whatever. But there are some major improvements and in our opinion there are some major shortcomings in this piece of legislation.

As mentioned this morning it's a large bill with fairly complicated subjects, so we'd like to ask your indulgence to go through it systematically, section-by-section. We'll skip many of the ones that are just definitions or housecleaning kinds of items, but we'll address the major questions of vesting, portability, disclosure and so forth.

The first item we'd like to address is Item No. 3 of the Bill on Page 2, a definition of "temporary suspension of employment." In addressing the Pension Commission's first paper and recommendations, we thought the period ought to be longer than the 52 consecutive weeks which are being introduced in this bill. That was based on our current experience with plant closures - not to say plant closures - but longer periods of layoffs that are occurring in the downturn in the economy and that, in fact, employees ought to be allowed to have an attachment to the pension plan longer than the 52 weeks. There are many examples in this province where employees are still technically on the payroll, on the seniority list, for periods of longer than one year. We would have preferred that to be two years, but again, we will acknowledge that this is a major improvement.

The other point of course is it disallows for women, particularly, to move in and out of the work force to have a family or whatever. So we support this as a major improvement. We would have preferred that there had been a longer period.

Items 4 and 5 are essentially dealing with the introduction of the law in the sense that they relate; in that this bill brings in the major concepts of spouse, the attachments of spouse to pension plans and Section 4 defines that and relates it to particular pension schemes.

Section 5 gives two years, gives the Commission, upon request from businesses or from pension plans, the power to vary the minimum required. So there has been representations here this morning, as well as before the Commission, that this is a cost - of course there are cost implications - cost and other implications

and the Commission, upon request, has the power to order varied requirements, but it has a very definite time limit, a two-year time limit in there, and of course we would support that. We appreciate or understand that.

Moving over to Section 7 of the bill, which is essentially the vesting, one of the major pieces that are being introduced in this bill where it calls for five-year vesting by 1990. Of course we would have preferred to see earlier vesting, much quicker. We will have two-year vesting in sections of the act by 1992 but, of course, this is a major improvement in the pension legislation in the Province of Manitoba.

Item No. 2 is the provision for lock-in, that after a period of time your pension contributions are locked in and, of course, we support that proposition.

The other major thing that we would have preferred to see addressed differently with this legislation, and we understand that this bill amends an existing piece of legislation, rather than bringing in essentially new concepts, but the bill essentially ties most of the vehicles for portability, investing into deferred life annuities. We would have liked to see the bill enshrine some of the other vehicles, the RRSP's and the so-called LERA accounts, although there is a section in the act that doesn't prohibit those other vehicles being used, we would have preferred to see those other vehicles have the same status or be enshrined in this legislation, and maybe that comes at another time.

Just on the concept of LERA, we would have liked to see the government - and Brother Martin has addressed the question on voluntary pension - but I'd like to see the government set up a mechanism for the LERA accounts, so that employees moving from job to job had an option, other than a life annuity or an RRSP, or taking their money to the new place of employment where their pension credits could be kept until they were retired. We appreciate that this bill is an amendment and it doesn't prohibit other vehicles, however, we prefer the other vehicles and would have liked to see them enshrined in the act.

Section 8 talks about locking-in deferred life annuities and prohibiting assignment, except on marriage breakup, and of course, we have supported that proposition.

Section 21 allows pension plans, or allows employees or employers or collective bargaining relationships be better than the minimum requirements and, of course, we would support that.

Section 10, again, is a section that deals with the implementation of this new legislation that allows for withdrawals up to January 1, 1985. Again, we have heard this morning and before the Commission, that the introduction of this legislation is going to cause some problems. There are a number of sections, including this one, that address and allow some opting out of some of the provisions.

Section 11 locks in the common-law relationships into joint pensions, and we support that section of the act as well.

Section 12, essentially addresses the issue of compulsory retirement as it affects pension plans, and our position as a labour movement, has been that we are in favour of mandatory retirement, and we disagree with the supremacy of The Human Rights Act in this province, or wherever, with respect to mandatory

retirement, but understand that if that's the law then pension plans have to deal with that.

We are, however, concerned that in the introduction of these sections of the act, when you have recalled for the pension plans to define a normal retirement age, you haven't set a minimum standard. Recalling for a defined retirement age is an improvement, but there is no minimum standard. What we are concerned with, of course, is that pension plans will define the retirement age as 70, and funding will be geared to retirement at age 70 when, in fact, generally in society we are moving the other way, there is no mandatory retirement age, and employers, or employees and employers, will move that wait, for cost reasons or whatever and we will not be any better off.

So what we would like to suggest to you is that you consider setting a minimum standard, saying that pension plans ought to have a defined and normal retirement age which ought to be no older than age 65. In fact, we know that in fact they are moving the other way. That doesn't mean people have to retire at age 65, the other sections in the act allow for an employee who continues to work after age 65, allows that person to contribute to the pension plan without penalty and so forth. As I understand it, you are able to do that under federal legislation up until age 71.

While we have a major disagreement around compulsory retirement and you have addressed that section in the act, we would request that you look at setting an explicit minimum standard, i.e., age 65.

Section 21(5.7) is the section I referred to earlier that, while you set life annuities up in the legislation as what will probably be the major vehicle for deferred life annuities for portability and so forth, you don't prohibit them, you say, notwithstanding that other vehicles, as prescribed in regulations, may be used. Of course, we support that, in fact, we think that that should be the primary piece of the legislation.

Section 13 of the act deals with the question of integration of pension plans with the Canada Pension Plan and Old Age Security, and prohibits the integration where, in fact, employees, particularly under defined benefit pension plans, had their pension plans offset negatively by increases in the Old Age Security and Canada Pension Plan. So we, of course, support, as one of the major planks of the Canadian Labour Congress's pushed for reform of The National Pension Act, and we're happy to see that enshrined here in The Manitoba Act.

The next section, on the discrimination based on sex and compulsory eligibility in membership. We support the whole thrust of this legislation that deals with attachments of spouses to pension plans. This is a major area of reform in that it most primarily affects women, at least at this stage in our society; these we would congratulate the government and support the whole thrust of the legislation that addresses the situation of women as in a spousal relationship vis-a-vis pension plans.

Going on under Section 14, the compulsory eligibility of membership. We, of course, support that, we believe that everybody who works in a place where there's a pension plan should belong to that pension plan and should contribute to it immediately, if possible, but that's not practical in many cases, but no longer than a year would be our position. We support this section of the legislation.

The next Section, 21(6.6) deals with exemptions with people on staff as of January 1st, 1984. I appreciate the argument on both sides of this question that if you were employed in a particular workplace and you didn't have to join a pension plan, why should you be made to join one now? We would have preferred that everybody, as of January 1st, 1984 that's in a workplace where there is a pension plan, should be as if they were new hires; that they would join the pension plan at that point in their employment, but I appreciate that there's two sides to that issue but our preference is that everybody contribute and be members in a pension plan.

Item No. 15, dealing with the determination of benefits on the winding up of the pension plan. Now this of course is a major improvement in the act that if the people aren't laid off immediately prior to the closing of a workplace and then don't have attachment to the pension plan because they're not vested or whatever, this says if you're laid off, or whatever, six months prior to the winding up of the pension plan, it's as if you were a member of the pension plan. We would have preferred a year, a longer attachment, but again, this is a major improvement.

Moving on to Item No. 16, the other major area that's been addressed positively in this legislation and it affects spouses, but on death, where death occurs, either when you are still working or whatever, but in a sense that your spouse receives the benefit, or your estate will receive the benefit of the pension plan; and there are all too many examples where young men particularly have died; that they're not vested; not reached age 45; their family is left without a pension plan at all.

Item No. 17, dealing with refunds. If you terminate your employment and if you are not vested, or vested, that that must be done within 90 days and you receive a rate of interest on your contributions equal to last year's performance of the pension plan, or whatever, we asked for six weeks. We thought that an employer ought to be able to determine your contributions to a pension plan and interest and so forth within six weeks. The legislation provides for 12 weeks, but in any event, it's defined now, it's a major improvement in the act.

Section 21.2, in talking about joint pensions and the reduction on the death of a spouse is a major improvement in the act and so forth.

The provision calling for the - I think it deals with the waiver - 21.2(3) dealing with the waiver of the joint pension, we would like either through regulations or to at least raise the concern that all too often in relationships, one spouse is under some pressure and we would like to ensure that either that's done before an independent third party, or is done independently, not that we're opposed to spouses waiving the joint pension, but there ought not to be any pressure on one or the other spouse to do so. There ought to be some mechanism where the state, or whatever, ensures that the spouse is not waiving their rights to the joint pension under some pressure; and that either can be done in front of a third party or some independent forum.

Moving on, 21.3, no termination of survivor benefits upon remarriage, of course that's a major improvement in the act, where you are not penalized for being remarried that, in a sense, you continue to receive the

benefits out of a previous relationship and you should not be penalized because you pursue another relationship after death.

The rate of interest on the defined benefit pension plan, 21.4(3), the interest on the plan is an improvement again in the act, that defines it will be within 1 percent of the income earned on the fund or for money purchase plans, a rate equal to the plan less the administrative costs; and that, rather than tying it in anywhere, or it allows for a flexible rate of interest related to what's going on in the real world rather than what has been traditionally a rate of interest much below the market rate. This is a major improvement that has been called for by the Canadian Labour Congress as well as other interested bodies in the national debate on pension reform.

Section 18 of the act dealing with the repeal of Section 25 of The Pension Benefits Act which is the disclosure section, which essentially says that the requirements and the details of disclosure will be enshrined in regulations. This is a section of the act that we do not agree with. We would have preferred to see left in the act, "minimum standards around disclosure", what we're concerned about is that regulations can change and the bottom line, as we understand this section of the act, is now moved out of the act and will be in regulations and we have no reason to believe it won't require full disclosure, but we're concerned that the principles aren't enshrined in the act.

I know there was some discussion this morning about the fact that we have, now that there are advisory committees and we'll deal with that later on, that is another vehicle for information to the pension plan; but again, we believe that the minimum standards should be enshrined in the legislation.

Section 19, dealing with the question of the division of pension benefits on marriage breakup, transfer of marital property portions and so forth, is as we said earlier, a major improvement in the pension legislation in this province and we support that.

No. 20, the establishment of advisory committees, we feel does not go far enough, as was discussed this morning, in the concept of employee participation, in the management of what are deferred wages. I appreciate the argument made this morning about defined benefit pension plans that are totally funded by the employer, but employees vest their own money. There are many joint pension plans administered jointly by employers and employees and there are many pension plans administered solely by the collective bargaining agent and to suggest or imply that workers may not have the knowledge, may not have the skills and so forth to administer what is essentially their money, falls short of what is required, in our opinion.

This advisory committee, as was suggested, it's kind of the middle-of-the-road option to what's required. We are concerned that it is, in a sense, meaningless and as it currently states in the legislation, the advisory committee has no authority in respect to the investment decisions or strategy or funding decisions.

The legislation doesn't say that the advisory committee will meet monthly, yearly; it doesn't say that it will be a real meeting and not a two-minute meeting. It allows for representatives of the employees but doesn't say who chooses those representatives of the employees and the very worst scenario is, that all of

the representatives of the employees on the advisory committee could be chosen by the employer, as we read the act, and that to us does not even address what you would like to see in terms of employees learning, or the whole question of education, around pension funds.

Section 21, of course, deals with the whole defining of putting into the regulations all those pieces referred out of the act and again, there are some of those things that we would prefer to see enshrined in the act and not under regulations.

Finally just under some of the - maybe I shouldn't point this out - under Section 22, "Commencement of the Act," 23.4, it says, "Section 22 of the act will come into force on January 1, 1980." Unless we misread the act, it probably should be 1990. We'd like to see 1980, but I'm sure that's not the intention. But essentially, I'm sure the intention is, that in 1990 it calls for the introduction of vesting of pension benefits, such that by 1992 would be full two-year vesting.

What we'd like to do now is go on to deal with those recommendations that came from the Commission hearings that are not included in the legislation. We may have had some differences with the Commission in terms of their particular solution or what they proposed, but in a sense that they proposed something to the government that is not included in the legislation, we would at least support the inclusion of the concept; in a sense we may have preferred a stronger provision that they are recommending. We're concerned that some of these items we don't see in the legislation and if they are elsewhere, maybe you can inform us about them.

Dealing with the recommendations from the Commission that arose out of the hearings in the spring from a document of May 9th, Recommendation No. 3, dealing with the priority on plan termination, and Recommendation No. 4, dealing with the distribution of surplus, we do not see anywhere in the legislation. We are concerned - and this in a sense, relates to the whole issue of plant closures - that the legislation does not deal, as we see it, with this question. We have submitted in our brief what we would have liked to see in the legislation. The Commission has suggested a certain sequence in priority, but the major point is that these recommendations are not in the legislation and we think that is a shortcoming.

Recommendation No. 5 from the Commission, dealing with time limits on remittance of employer contributions - again the recommendation from the Commission is that the employer's current service contributions be remitted on the same time frame as the employee contributions. That would be a major improvement in the act. In our recommendation to the Commission, we said it should be no worse than what's required by other legislation, particularly the income tax legislation, The Unemployment Insurance Act, the Canada Pension Plan, all of those contributions must be remitted within a time frame after a pay period. There's no reason, in our view, why employee and employer pension contributions ought not to be remitted in the same time frame. Again, the legislation does not address that question and we would say that's a major shortcoming in the legislation.

Items No. 6 and 7 dealing with time limits on filing of actuarial reports and the question of investment

standards - it refers to regulations and of course we don't know yet whether the regulations will address these concerns, but again we are concerned about these areas and want to ensure that included in this pension reform are these two items.

The other major item, and it's been addressed a number of times here, is that the Commission has recommended that the voluntary pension plan, that the government move immediately on that question. That certainly was our position before the Commission. Brother Martin has addressed that, and he also addresses the concerns raised earlier on today by employers, in the sense that this legislation deals with those people who already have pension plans and doesn't address the needs of those that don't. What we're saying is that we have an agreement with the Chambers of Commerce around the concept of a voluntary pension plan that would be, I think, particularly attractive to small business, and would encourage and urge the government to move on this question. Again, I think it addresses the concerns that were raised by the business representatives this morning.

So that is my particular piece in that we've addressed the positive or the major improvements in the acts, addressed those areas which we feel that the legislation should have been better, in a sense, or been more stringent, or the time limits been different, but essentially would acknowledge that the inclusion of some of the concepts in this act are major improvements. We've also addressed the questions of those items that aren't in the legislation and would urge the government, at the earliest possible opportunity, to deal with, particularly the question of winding up of pension plans and the question of . . . remittances to the pension plans. We feel those are serious weaknesses in the legislation as presented in that they're not included in the legislation.

Thank you.

MR. CHAIRMAN: The Minister of Labour.

HON. M.B. DOLIN: Thank you. I'll make a few comments on the items that you have indicated concern about, perhaps offering information that has not been available to you. With regard to the 52 weeks in Section 3, where you indicated that you wanted more than 52 weeks, there is a concern that it would be disadvantageous to employees to have a longer period than 52 weeks, because if you put an end to it finally at 52 weeks, then the plan can be wound up and transfers can be made and the accounts can be settled. As long as it's sitting there in limbo, nothing like that can be done. Fifty-two weeks, of course, is an arbitrary figure, but it is, we feel, an improvement over what did not exist at all before.

With regard to the LERA, we very much agree that to have a locked-in retirement account, a major account to which people could contribute all of their lives, would be the best possible solution for portability and ease of portability and that certainly is what the CAPSA document recommends. The fact is that we simply don't have the capability for that right now. We will not cease to pursue it, neither will the pension authorities, and once it is in place, I would think that we would move towards adoption of that as one of the options, but it

simply is not there yet and we need to do more work with co-ordination with other provinces and more work within our own province to make that possible. So I wouldn't want you to think that we had discarded it as an idea.

On the issue of retirement age, we do have a problem with the definition of retirement age because of the fact that we would be in contravention of The Human Rights Act if we described it, but our figures show that most people retire at approximately 65 still and anyway, even though the limits have been taken off that. I would not want to think that we would be putting in place anything that would require them to work that long either if there was an early retirement age possible, particularly in some professions.

With regard to the recommendations, 3 and 4, and I believe also 5, recommendations 3 and 4 are now covered in regulations and they will stay there. When we complete working on the regulations, we will be consulting with the interested parties about those regulations and bringing them in within the next, I suppose, six to eight weeks; but they will remain in regulations, the recommendations from the Pension Commission that you are talking about - 3,4 and I think 5 as well - although I don't have that document in front of me right at the moment.

Under the voluntary employer pension plan item that you mentioned, it's not necessary to put anything about that in legislation. We don't need legislation to adopt a voluntary employer pension plan, and we will be proceeding in that direction in the coming year.

It may be that other members have questions for you, but I do thank you for your support in the other areas.

MR. D. MARTIN: Yes, thank you, Mr. Chairman. On the business of the 52 weeks, what we meant by that was that it was on the basis of voluntary, if you wanted to take leave - and Mr. Walsh talked about a spouse or a woman wants to go home and raise a family, that she does not lose her pension benefits - so consequently it would not be locking in a pension, she would have that option of having the 52 weeks. Well, we're recommending longer than that, with a 104 weeks - the option of having that and being able to go back, not making it mandatory that she had to leave it there for 52 weeks. So consequently, I thought we understood on a basis of mandatory rather than voluntary, and that's on the basis of our recommendation that it be on a voluntary basis, giving the employee those options.

On the business of the retirement age, I suppose it's open to legal interpretation, but we have sought some legal interpretation. It was our view and our legal adviser's view that by inserting a minimum requirement would not be a contravention of The Human Rights Act, but simply setting a floor level. If you want to make it 60, that's fine with us but we are saying that we agree, basically, 65 has been the normal retirement age.

This would not prohibit someone from continuing to work. All it does is say that the pension won't start being paid, be wrapped up at 65, and the pension benefits will be payable at that point in time. We are very very concerned that this would allow a movement upwards to age 70, and then 71 and onward and

onward, and we would work forever and not have any pension contributions. So consequently, if the government puts that in there, it would not be a contravention and it would have the recommendation of the floor.

On the business of the co-ordination, well, you know better perhaps than us in terms of what's taking place in other provinces, but we are not as positive as you about what's about to happen in other provinces across the country. Consequently, we think that Manitoba is going to have to go on its own more and lead the way and show the way on pension reform.

We are not opposed to it. Obviously we want co-ordination of the country, and we think the best co-ordination in the country is under the Canada Pension Plan, of which would afford everybody the opportunity in this country to retire in dignity; but failing that, then we have to pursue both the public side and the private side in the pension plan and obviously, we're addressing ourselves to the private sector at this point in time.

MR. CHAIRMAN: The Member for Wolseley.

MS. M. PHILLIPS: Thank you, Mr. Chairperson. In reference, Mr. Martin, to the temporary suspension of employment, my interpretation of what we have in this clause deals more with authorized leaves of absence. I guess my question to you would be, do you know of any collective agreement where someone would be able to take a two-year leave of absence for reasons like family responsibilities?

That, to me, would be absolutely marvellous but in terms of practicality, I haven't seen where an employer would agree to a leave of absence for that length of time. I think it would relate more to things like education leave which might be longer.

MR. D. MARTIN: Well, it could. I used the family issue because I think that that would be applied for in most instances, but education is a good example that people will and have and are increasingly doing so, applying for educational leave of one and two years, and we don't see why they should be denied the benefits of having a continuous pension plan. All we are talking about is that their pension plan would not be cancelled and knocked out; rather that it would continue and they would be able to come back eventually under that leave of absence and continue to be members of that pension plan.

You asked me about collective agreements, I know of collective agreements up to one year on the basis of leave. I don't know necessarily two years, but that can be given by an employer, or subject to negotiations between the collective bargaining agent and the employer, and it's a duly authorized leave of absence - and I do know of those - not necessarily in a collective agreement but where they have been granted by the employer after negotiating with the employees. Unfortunately, on those cases that I know of, the employees did lose their pension, and that's what we're saying, why should they have lost those pension contributions; rather, let it go on for 104 weeks on a voluntary basis.

MR. CHAIRMAN: Mr. Walsh.

MR. J. WALSH: I just wanted to add to that, and I guess this legislation is particularly complicated but it depends, I think, how you read it. It says here and it defines a "temporary suspension of employment", and then it says, "includes any leaves." It goes on to talk about other leaves but doesn't exclude other kinds of leaves or other kinds of temporary suspensions of employment.

I have discussed with Mr. O'Brien in the past week a situation where a plant is "mothballed." We are close now to the one year. Now there is a collective agreement there and there are other factors there, but say, for example, there was no collective agreement but there is a pension plan and there is a temporary suspension of employment for an individual worker that could extend beyond one year.

There is a very real situation in the city where the employer has said that we haven't closed this plant; if business picks up, we intend to open again; you are still on our seniority list; but the temporary suspension of employment for that worker or group of workers is longer than one year. So that's why we would have preferred a longer period of time but, again, except that this addresses probably the majority of situations. There are others, is what we're saying.

MS. M. PHILLIPS: I would agree, Mr. Walsh, that the concern about layoff would probably affect a larger number of workers than a leave of absence that was granted under the present day circumstances; not that we wouldn't like to work for more in both cases.

Is it possible, or would you look at this section as well as others, as being a basic minimum in that a union could negotiate better arrangements, say, for leaves of absences for education leave and keeping pensions in force? Would that not be one way of addressing situations where this says one year, but they could, under a collective agreement, have two years education leave? Could they not negotiate that in their pension plan with their employer for better provisions?

MR. D. MARTIN: The answer is, yes; you can negotiate. I always consider, unless it's explicitly prohibited by the legislation that legislation is the floor, that you can negotiate better than what the existing legislation is. I would consider that this legislation - I stand to be corrected, but it is my understanding - that this legislation is no different than that, that it does not stop you from negotiating better pensions if you're able to do that.

However, the problem with that is, once again, we're starting to address one set of workers who have that collective power over another set of workers who might not have any collective power and not in a union, whereas the legislation applies to all workers in the province and, consequently, it is always our view to bring up the bottom and to assist those who are least able to assist themselves. We see that as a role of government, obviously, and I think it's the duty upon the government to assist those people that have less bargaining power.

MS. M. PHILLIPS: On that basis then, would you see establishing this minimum of having the opportunity to at least have a year and keep one's pension in abeyance as a vast improvement of not having that at all.

MR. D. MARTIN: The answer is obvious, we think it's in the right direction, we think it's the right thing to do and it's good. You just haven't done enough and you haven't gone far enough with it.

MR. CHAIRMAN: You had another question?
The Member for St. Norbert.

MR. G. MERCIER: Mr. Martin, we've heard representations that if these amendments are passed this year, at this Session, with Manitoba moving unilaterally from other provinces and with the increased costs that these amendments might very well result in a significant number of smaller employers terminating pension plans and very few, if any, new plans being introduced. Have you followed this subject? Do you have any concerns with respect to those kinds of representations?

MR. D. MARTIN: First of all, if the employer is organized, and that's not going to be a unilateral decision by the employer to do that, the employees are going to have something to say about that if the employer says that they're going to remove their pension plan or decrease the pension plan. I suggest to you that it would be certainly met with stiff opposition by many groups if the employer tried to do that.

The second matter is that I don't see it, I don't agree that it's going to prohibit or stop or deter the pensions being introduced. There's a growing awareness, certainly amongst the membership that I represent, of the absolute necessity to obtain pension plans.

Also, as far as I was concerned and I have no reason to disbelieve it, the business community in this province recognize a need to offer pension plans and they consequently entered into the agreement with the Manitoba Federation of Labour on a voluntary pension plan. I don't think that they're about to move away from offering that type of pension plan.

Finally, I might say that I see it, and nobody has really addressed this, but I see that if more people in this province were afforded the pensions, decent pensions, it is a better place to work; you attract more people to live here, and work here and raise their families here, and consequently it's better for the province economically and socially.

Finally, if the monies, what we had advocated, are used here in Manitoba, invested here through the pensions, and pensions are a great source of capital, as you are well aware, that that capital, either publicly or privately, will be hopefully used in the Province of Manitoba for economic development. I see it a win-win position to improve upon pension plans, not only for the employees in the province, but certainly for the province itself and all concerned. If the industry says that there are all kinds of other ways, in terms of the private sector being able to put together good pension plans for all the employees and all the workers within the Province of Manitoba.

I quite frankly don't think that's going to happen anyways because it's good business. This government has assured, in fact, and one of our criticisms, but they've assured that our pension plans will be invested into life insurance annuities. All I've got to say is that the life insurance industry should be very pleased about

that because that means a lot of money for the insurance industry. We think that there should be various investment procedures, but it certainly is going to be good for the insurance business that they will be invested into life annuities in the Province of Manitoba. I hope that answers your question.

MR. CHAIRMAN: If there are no more questions, the Chair wishes to thank Mr. Martin and Mr. Walsh.

Mr. Donald Logan, Private Citizen.

MR. D. LOGAN: Thank you, Mr. Chairman. I don't have a lot to say today. This presentation will address only one item in Bill 95, that's the conscience provision. The exemption for conscience, as incorporated in this bill under 21(6.6), is greatly appreciated by those of us who testified last March to the Pension Commission, and I would like to render my thanks for it now. Rather than go over what we had at the Pension Commission, I've appended to the single page I've given you, a copy of the brief presented to the Pension Commission then, in case any of the background is required.

The wording of the bill at Second Reading, resulting from the Pension Commission's recommendations, it reflects our concerns precisely, except for one detail which is what I would like to bring before you today. As it now stands 21(6.6)(b) reads and I quote, "(b) a person who is an employee of the employer and who is a member of a religious group which has as one of its articles of faith the belief that members of the group are precluded from being members of a pension plan; or . . ." That's the end of the quote.

Actually, our conscience before God precludes us from being members of a contributory group pension plan. I thought we should draw that distinction in the interest of accuracy in the legislation.

As indicated in my presentation to the Commission, one of my employers provided a pension arrangement for me outside of the company's contributory group plan and I found it most acceptable. Also, some of our people have pension plans at their workplace that are funded entirely by their employers, there's no contributory group participation feature involved and they're thankful to accept such pensions.

So for the provision in the bill to be precisely accurate, and I hasten again to say how much we're thankful for that provision as it stands even, the addition of the two words, "contributory group" before the words, "pension plan" in the existing wording of 21(6.6)(b) would make the legislation reflect the situation more exactly; and I trust that it may be possible for you to make this small change in what's otherwise an exceptionally well drafted section, from our point of view.

To help, perhaps, I visualize a situation coming up when someone asks me, "and do any of your members belong to pension plans" and I would have to say, yes, they do. Well it says in the law that, "according to your faith," they're precluded from being members of pension plans. In point of fact, we're precluded from being members of contributory group pension plans; it's the contributory factor that governs it. So I thought that this committee would want to have a representation in the interests of accuracy and so that's what we're making now.

Again, I want to express my sincere thanks and for the opportunity to appear here today, too. If you have any questions, or if I can make anything clear, I'd be glad to try.

MS. M. PHILLIPS: Thank you, Mr. Chairperson. Mr. Logan, are you saying that, by adding contributory group in there, you're saying it's still all right with your religious beliefs to receive the benefits from a non-contributory plan?

MR. D. LOGAN: Yes, if you were to run over the brief that we presented to the Pension Commission . . .

MS. M. PHILLIPS: Yes, I remember hearing it.

MR. D. LOGAN: . . . the whole force of that thing is that we're not free to be linked up in contributions with persons not of the same faith as ourselves.

MS. M. PHILLIPS: Are you saying you're free to receive the benefits though from a plan to which you do not contribute?

MR. D. LOGAN: We have no objection to a plan which we do not contribute because it's contributing that we have the objection to.

MS. M. PHILLIPS: It's not receiving.

MR. D. LOGAN: No, it's not receiving at all. For example, that plan that was set up for me privately, and to which I did contribute, but privately and personally as an individual, I had no objection to that either.

MS. M. PHILLIPS: Sir, I thought it was as blessed to give as it was to receive.

MR. D. LOGAN: It's more blessed, I think, is the way it goes.

MS. M. PHILLIPS: Thank you.

MR. CHAIRMAN: Any other questions?

HON. M.B. DOLIN: I just have one.

MR. CHAIRMAN: The Minister of Labour.

HON. M.B. DOLIN: Mr. Logan, I'm glad that we were able to meet your concerns and I realize that in some of our statutes there are provisions similar to this; but I didn't see, and I have to say that having just received this in front of me now, didn't see in your information the specific group which you represent, and my concern is simply this, are you speaking for rather an umbrella group of religious concerns, or are you speaking simply for one - I'm not sure what to call it - one faction that is then covered by this section. I would not want to write a section that was specifically aimed at your concerns and then have someone with a slightly different concern who said, oh no, we don't get involved in any pension plan no matter who pays it. So I would want to make sure that if we are allowing a conscience clause

in here, which I think is appropriate, that it be aimed at the broadest group of people that have these concerns. I don't know who you represent; I guess that's the basic question.

MR. D. LOGAN: Well it's certainly a reasonable concern. I come, personally, but there are others like me. Now, as to your question, I know of no group that would object on the basis on which you speak to a pension plan of any description, if that's any help.

HON. M.B. DOLIN: Thank you. You don't represent any organized group then, you're representing yourself in this and others similar individual beliefs.

MR. D. LOGAN: That's right and other persons of similar faith, yes.

HON. M.B. DOLIN: Thank you.

MR. CHAIRMAN: The Member for Inkster.

MR. D. SCOTT: Mr. Logan, in the presentation you made to the Pension Commission, and this is following up from the point that Ms. Phillips had raised earlier, you have a quote, II Corinthians, Chapter 6, Verse 14. It says, "Be ye not unequally yoked together with unbelievers." I take it that is the basis to your argument of not being forced to contribute to pension plans, but where you have a non-contributory pension plan that is paid totally out of the employer, in most instances, I would argue that is offered in trade-off for salary benefits as part of the pension benefits, so that one is together contributing to a pension plan. It's not direct, it's indirect and it's the same thing with any other kinds of benefits that one receives from government, be it social assistance, be it even tax credits, particularly when a person is not paying income tax themselves.

I wonder, does your belief preclude receiving benefits through, I guess I could say, non-contributable pension plans, through other publicly funded pension plans, which I dare say there's a few non-believers most likely, and also to any other forms of social assistance that are available to the public at large that one pays for in their taxes.

MR. D. LOGAN: Right, I quite appreciate your question, but how we view that is that taxes are the subject of what the government has a right to demand from us and we pay our taxes, whatever form they take.

For example, my contributions to the C.P.P. It's a tax that the Government of Canada has seen fit to put upon me and I accept it.

MR. D. SCOTT: Thank you, sir.

MR. CHAIRMAN: Thank you, Mr. Logan.

MR. D. LOGAN: Thank you.

MR. CHAIRMAN: Dr. Linda Asper, representing the Manitoba Teachers' Society.

DR. L. ASPER: Thank you, Mr. Chairperson, Madam Minister, members of the Committee, ladies and

gentlemen. It's my pleasure this afternoon to present a submission on behalf of our organization, the Manitoba Teachers' Society.

With me, I would like to introduce David Lerner, who is the Chairperson of our Employee Benefits Committee, and to my right, George Strang and Tom Ulrich, who are so-called resident experts in the area of pensions.

It's my intention to read our submission for the record and then I'm going to give David Lerner the opportunity to respond to any questions, since he is our elected person who has worked very intensely in this area over the summer, in particular, when the bill was released. I'm sure the committee members are aware that we're dealing with social issues here which are not simple, and part of our submission, then, is in reaction to issues in terms of the changing society.

We think that Bill 95 affects our provincial teachers' pension as well as the plan for other Manitoba employee groups, including our own employees. In recent years the society has negotiated improvements in our teachers' plan, and currently we are discussing with provincial representations other changes upon which our members are agreed, but which not yet in law or regulation. At the same time you may be aware, we have developed policy on pension reform in general. We have participated, as an organization, actively in discussions within the Canadian Teachers' Federation and within such forums as the Canadian Pension Conference; we made representation to the Pension Commission of Manitoba and shall make another to the Parliamentary Task Force. We do so because teachers believe that security associated with adequate and fair pension plans contributes significantly to stable and supportive home environments for young people, and thus to their healthy development.

It should be clear at the outset that our organization is strongly supportive of the reform measures in Bill 95 and the society urges that they be adopted with little change and little delay - I stress little delay. There will no doubt be arguments for deletion and postponement - we experienced that recently - we believe these arguments are already well-known from numerous studies and have been adequately considered when this bill was being prepared. Here then the following comments on specific sections of the bill based upon our analysis.

The first section - our organization has spent some effort trying to untangle the current usage of the definition of common-law spouse. Legal research has convinced us that "publicly represented" is an unfortunate term and should be replaced by something more consistent with contemporary notions of ongoing partnerships. It should be possible for committed and interdependent partners who have cohabited and expect to continue cohabiting to acquire the state of common-law spouses without criteria, such as, whether or not a woman uses her partner's surname, or whether or not they have a joint bank account.

The society's policy which has been developed in the past year then would suggest an appropriate definition be based on simply a period of cohabitation, such as, one year, without a requirement "of public representation." Our organization notes that Section 4 provides a mechanism for declaring the existence of a common-law relationship which, if deemed to override the definition in Section 1, would be satisfactory. We

are, however, concerned about the delivery of adequate public education, as the onus will rest on the individuals affected.

In response to Section 3 of the bill - The society is currently negotiating a provision which would preserve continuity of plan membership despite temporary interruption, so we would support this section.

Section 7 and 22 - The society strongly supports early vesting and lock-in. We believe that in the highly mobile society pension rights should not be reduced or forfeited by change of employer. These provisions reflect our understanding of pension benefits as arising from deferred compensation.

Section 12 - The Manitoba Teachers' Society supports the concept of a normal retirement age within pension plans, and also the provision that such stipulation shall not require retirement at that or at any other age. We believe retirement before the normal age should be facilitated by appropriate provisions in pension plans, including favourable determination of initial benefits and cost-of-living adjustments to pensioners; but we also believe that those who wish to continue in employment should be able to do so. We would neither require nor encourage contributions to our plan after age 65.

The society also supports the right to transfer pension benefits to another plan or to another vehicle for retirement income. This provides an option to leaving the accrued benefits to generate a deferred pension from the original plan, which may be unwise if that deferred pension is not protected against inflation. We are not sure, however, that all transfers are best achieved in the form of commuted values.

Section 14 - The Manitoba Teachers' Society strongly supports the prohibition of discrimination based on sex. Since teachers came under the present defined benefit plan, our basic pension benefits have been free of sex bias, but the variations from those basic benefits have been calculated on sex-based annuity tables. This has affected, in particular, the provision of survivor benefits and integration of Old Age Security and/or CPP. It is society policy that all pension benefits and variations of them should be based on unisex annuity tables and we are currently discussing the necessary changes in our plan.

The society also supports wider participation in pension plans and so endorses the requirement that all future full-time, and most future part-time, employees belong. We are pleased to see no age requirement for participation as this is especially important for women.

Section 16 - The society supports benefits payable upon death in service, but these need not all flow from pension plans. Our own plan was revised in 1980, as you may be aware, to provide only a refund of contributions plus interest and we make very substantial protection available under our group life insurance program. We may be prepared to expand the benefits payable under the pension plan provided, provided that the cost to teachers is moderate, and that the benefits are the same for married and single participants. If a survivor pension plan is available to the surviving spouse or children, then an equivalent benefit should go to the beneficiary or estate of a single person. We understand this is what Bill 95 requires, and so consider this section then, Section 16, fair.

Section 17 - The society strongly supports the requirement that members who are married at the time

of requirement must take a joint and last survivor benefit, unless the spouses mutually agree on another form of payout. We believe this requirement is essential because, so long as the retiring member has an independent option, many spouses will lack an adequate share of the benefits for which they, too, have paid.

We think the mutual agreement might well require independent advice. We agree with the pension reducing on first death, rather than on the death of the pensioner only, because this reflects the equal interest of both spouses. We are presently negotiating for a 50 percent survivor benefit but we believe 66 2/3 is more realistic.

We also believe survivor benefits should be unaffected by remarriage; we have achieved this in our group life plan. Just as couples have the right to vary the normal form of payout by mutual agreement, so the single plan member should have the option of a survivor benefit when so desired.

We believe that the initial level of pension benefit should vary with the form of payout so that as members choose one form rather than another, they will be receiving equivalent values and cannot select against the plan. We are specifically opposed to plans which provide the same initial level to married and single members with the survivor benefit available only to married members. This provides one pension for the single person, but two pensions for the married person, and is clearly discrimination on the basis of marital status. We, therefore, support what will become 21.2(2) but hope the actuarial adjustment this makes possible will become normal.

We are unsure whether what will become Section 21.4 requires interest to be paid on refunded contributions; it says much about how interest will be calculated and credited but nothing about when it will be paid. The teachers' pension plan provides that when available at all, refunds be without interest. This has been primarily to discourage withdrawals because we believe pension rights should be used for retirement income. With early vesting and lock-in, there will be far fewer refunds so the issue will become less important. We, therefore, would not oppose a requirement that interest be paid on refunds.

In terms of Section 19, the society supports mandatory splitting of pension and RRSP rights on marriage breakdown, with the proviso that these be within a pension plan or other retirement benefit plan. Spouses share rights to retirement income, not to a cash out.

However, the society is concerned with the treatment of pension plans proposed in Section 19 in that spouses would no longer be allowed to mutually decide to allocate pension benefits in a property settlement. We are also concerned that such a serious and controversial matter as this would be dealt with in regulation which would overrule both the courts and an agreement between the parties.

Section 20, teachers have long participated in the joint management of their pension plan. We are currently seeking changes which would make the TRAF Board equally representative of government and teachers and provide us the right to name our own board members directly. Certainly we believe other employee groups should have the same rights in either an administrative board or an advisory committee.

We recognize then that Bill 95 includes most of the reforms recommended by the Pension Commission of

Manitoba, and for this we congratulate the government. The most important issue left unresolved is providing an adequate degree of inflation protection. This is clearly necessary and clearly practical. Legislation should permit various ways of achieving the defined goal. We believe, as an organization, one acceptable way of providing inflation protection is having a separate account dedicated to that purpose. Ours has worked very well.

The society also recognizes that the significant improvement achieved by Bill 95 will take some years to reach full effectiveness. Further, there will remain large numbers of Manitoba workers without access to an employer-sponsored pension plan. For these reasons, the society joins with the Canadian Teachers' Federation in urging that the Canada Pension Plan be expanded immediately by increasing the pensionable income to the average industrial wage by increasing the earnings replacement ratio from 25 percent to 40 percent, and by lowering the years of contribution required for maximum benefits from 85 percent to 75 percent of the years possible.

We also have policy on increasing the contributions and improving the funding of the public plan. We would urge the Manitoba Government to press for expansion of the Canada Pension Plan to improve the basic security of at least all employed Canadians, and for changes in federal legislation to assure that no province has the power to block reform in CPP. Finally, we urge the Government of Manitoba to support an immediate increase in Old Age Security and/or the Guaranteed Income Supplement to ensure all current elderly receive incomes above the poverty level set by Statistics Canada.

That then is our reaction to some of the sections in the proposed bill. I would like to thank the committee for receiving our prepared comments and, in anticipation of some questions, I would like to ask David Lerner to join me here to share his expertise in having worked in this area.

MR. CHAIRMAN: Any questions? The Member for Wolseley.

MS. M. PHILLIPS: Yes, just two brief questions Dr. Asper. In terms of your comments on Section 1 and your concerns about the definition of common-law spouse in relationship to this bill. It's my understanding, both with the definition on Page 1 where there is a time frame for people to be actually living together and then applying, filling out a prescribed form to the pension plan, acknowledging that fact, that is all that is required, not examination of whether one uses the other one's surname publicly, etc., etc. That in terms of public declaration, in terms of filling out that form, and having acknowledged that one has cohabited for that length of time, that that's all that is necessary. Is there some confusion on your part about that?

DR. L. ASPER: We've opted to suggest that it be a time frame and in our proposal it would be one year. That would be sufficient in terms of cohabitation. Mr. Lerner would possibly like to add to that.

MR. D. LERNER: We perceived that the difficulty with public representation in terms of the definition of

common-law spouse - my understanding is that there are certain recognized criteria by which one can publicly represent a common-law spouse as a spouse, that is, to introduce that person, to have that person use your name, to have joint bank accounts, etc. We perceive that as a problem. We've come up with difficulty in this area in our own employee benefits plans and consequently it would be our recommendation that a complicated definition such as the one proposed, not be used, and that a more simple and streamlined definition with an objective criterion, such as the period of cohabitation, be used in this instance.

DR. L. ASPER: I'd just like to add to that. The reality of it is that even in marriages, there are not necessarily joint bank accounts or use of the surname by one of the spouses, so it's again to do with what has changed in society in the last while.

MS. M. PHILLIPS: Thank you. My second question is the concerns you raised in regard to Section 19, dealing with marriage breakdown and not as much as what you have written here in your brief, but the comments that you made after, suggesting that there should be an option for partners to allocate or trade off if that's either what they choose to do or what the court chooses to do for them. To me, that seems a bit contradictory to what you said just a few lines above, dealing with the interest section, where you say this has been primarily to discourage withdrawals because we believe pension rights should be used for retirement income. What we have suggested is that we agree with that statement, therefore have limited the assignment to take into account that it's retirement income. You don't suggest it in writing. I'd ask you to clarify for me your suggestion that we should have moved farther in terms of allocation or assignment.

MR. D. LERNER: I think it would be correct to state that the society supports mandatory splitting of pension credits. Where we have difficulty is with the proposal for the administration that we read into the act and we, of course, stand to be corrected if we're misreading the words that are there. But our understanding of what is proposed would be that the Pension Commission would have the power to overrule the mutually agreed upon property settlements, as would be arrived at under The Marriage Property Act; and secondly, to overrule the Court of Queen's Bench decisions that may have allocated pension credits under this particular piece of legislation. Perhaps it's just an area of confusion on our part, but that's where we see the difficulty.

MS. M. PHILLIPS: Yes, there is some confusion. At this point, the confusion that has resulted from court rulings has been related to the fact that pensions under this legislation have not been able to be assigned, so the court has tried to find ways, when one party has the rights to the pension and could not assign it, to balance that right with something else. What we are saying and what this legislation is suggesting is, that you can assign it under certain very strict circumstances, not at the whim of this court today and that court tomorrow, or this partner today and that partner

tomorrow - that it can be split but it can't be traded off.

DR. L. ASPER: With your indulgence, I'd like to ask Mr. Strang possibly to react to that question. I would say that this is one of the sections which we spent a lot of time discussing and I'd like to have his input on this one.

MR. CHAIRMAN: Mr. Strang.

MR. G. STRANG: Two observations by way of introduction. I think the concepts that the society supports were changes that would bring pension plans more into concert with the provisions of The Marital Properties Act.

Secondly, changes where the division of assets would be done in such a manner that would provide an income at a retirement age, and not an individual property asset that can be disposed of by one or other marital partner, other than at a retirement age. We recognize it may be difficult to do that, but I'm certain that methods can be devised. So all of that . . .

MS. M. PHILLIPS: May I ask you, based on that, if that's not what you consider we have done here?

MR. G. STRANG: The provision, I think, has addressed the essential elements that we have proposed, but there are certain unanswered questions as to what may be prescribed in the regulations. I think our concern would be that the regulations would be consistent with those two premises that we outlined. It would not be possible for the credits to be split in a manner that converts them into an asset that can be disposed of by one or other partner.

MS. M. PHILLIPS: So would I be correct - and I guess Dr. Asper just confused me a bit when she put that extra bit in there. I just want to be clear whether the society's position then is to have the principle that it's retirement income we're talking about, and if it's to be consistent with The Marital Property Act, which we are saying is a 50-50 split of family assets, that by doing it this way we are achieving the compatibility of those two principles.

If we draw up regulations to reflect those two basic principles, would the society be satisfied?

MR. G. STRANG: Yes, if you draw up regulations to reflect that, we would be confident that would be the case.

HON. M.B. DOLIN: Thank you very much, all of you, for the brief. I'm sure that it was a joint effort and I know that such studies have been under way for a great many years.

I would like to just make a couple of comments. In Section 1 on Page 1 of your brief, I have to say that personally I agree with your point of view entirely, but I have been told several times, in fact that the law does move more slowly than the vanguard of society and we would not want to be so precocious in our definition or lack thereof of common-law so as to preclude in any disputed case, the right of the common-law spouse

to pension benefits; so we must be very careful in the way that we define it.

In fact, I'm told that courts have not limited the criteria but have, in fact, not given the criteria either. They make sort of ad hoc decisions based on the situation before them and they have, in a number of different instances, described different public representations and defined them either positively or negatively, depending on the situation that they have before them. So we don't have a clear definition in law.

The important point of this section to me is that the administrator of the pension plan must know. There must be a declaration so that, in fact, someone knows that there is this common-law spouse that is deserving of inclusion.

Dr. Asper, you mentioned something about the rate of interest, the section on the rate of interest to a terminating employee. If I could give you just an example, it might clarify that. If an employee, let's say, terminates prior to retirement and 50 percent of the benefit has been purchased by the employer's contribution, there might be a surplus on the part of the employee's contributions. Interest would be paid on that amount and it would be paid according to the prescription in the proposed amendments.

Other items that you have brought forward to us, I conclude that basically, with regard to marriage breakdown, your concern is that you do not want regulations to overrule an agreement between the parties. I would only say that I would always hope that those agreements between the parties were freely made and made with a thought for the future. I am familiar, of course, with the fact that entrapped in the Teachers' Retirement Fund the employee representatives are chosen by the employees on their advisory board, on the employee liaison board, and unless I am corrected differently, I believe the same thing is true, the Superannuation Fund, that your employee groups choose half of the representatives.

That certainly is something to be considered, and I believe that where we have advisory groups coming into being under this legislation now, I would certainly encourage that that be the way these advisory boards are constructed.

In conclusion then, I thank you very much for your brief and I read into the record my thanks for the long years of education that I received amongst you in this area.

MR. CHAIRMAN: Thank you, Dr. Asper; thank you, Ms. Minister.

DR. L. ASPER: If I might just respond, I believe we do choose three out of seven, in terms of our board. Thank you.

MR. CHAIRMAN: The Member for Inkster wants to ask a question.

MR. D. SCOTT: Dr. Asper, could I get you back up here just for a second. Regarding Section 3, dealing with temporary suspension of employment, you briefly stated that you supported the section.

A lot of teachers, if they want to go back for upgrading do so, I would imagine, at a period of time, especially

teachers who have entered the system years ago and are going for their degrees and want to take time off for that, it's going to take them more than one year, 52 consecutive weeks. What is your opinion on the limitation of this to 52 consecutive weeks instead of having some sort of voluntary provision where the person, if they voluntarily wanted to maintain, while they were intending to return to the same employer, to retain their rights of pension or maintenance of membership in the pension plan?

MR. D. LERNER: I'm happy to report to the member that the society has policy on educational leave and the implications to pension benefits and that is a matter that is presently under negotiation with this government. So I'm very optimistic after hearing his remarks, that we will receive a sympathetic ear when those matters do come before the government caucus for decision.

MR. CHAIRMAN: Thank you.

Mr. John Green, representing Great-West Life.

MR. J. GREEN: Thank you, Mr. Chairperson. I must say that, after having spent much of today in this room, I have a much greater appreciation for the difficulty of the work that you do here and the most difficult conditions with which you must work. I understand there has been some discussion of air conditioning for the Legislature and I'd support it, totally.

MR. CHAIRMAN: Maybe we can move to the office then, across the street.

MR. J. GREEN: I heard that. For an appropriate rental fee, we may agree to switch.

You are aware of my name and the fact that I'm with Great-West Life. I should mention that my position with the company is that of Senior Vice-President, Canada.

On August 11th, I addressed a letter to the Premier to express, on behalf of Great-West Life, certain concerns that we have with respect to a few of the provisions in Bill 95, and in a moment I'd like to speak to the letter and I have copies of the letter for distribution; but first, if I may, I'd like to comment briefly on the political process surrounding Bill 95 as a non-politician, someone off the street who was until today, very unfamiliar with this process.

At the end of February of this year, the Pension Commission circulated a Green Paper containing, I believe, 24 proposed changes to The Pension Benefits Act and solicited public input on these proposals. One month later, at the end of April, public hearings were held and approximately 80 individuals, corporations and organizations chose to appear before the Pension Commission and offer input. Fifty of these submitted written presentations to the Pension Commission. You're aware of all this, I'm sure.

In mid-July, Bill 95 was tabled. Some of those who appeared before the Pension Commission were able to get their hands on this bill because they're familiar with the political process. Some, with some delay, got their hands on the bill. Unfortunately, even those that ended up reading the bill and studying the bill, never became aware of this committee meeting today. I personally contacted, yesterday afternoon, seven

organizations who had appeared before the Pension Commission and who had submitted written submissions to the Pension Commission, and only one of those was aware of the meetings today; the others were not. Most of the others, because they were not yet in a position to comment on the bill, will not be here today. I suggest that, in the future, what you might consider in a situation such as this, you could have mailed out copies of Bill 95 to those 80 who had spent so much time in preparation, in commenting — (Interjection) — You did?

MS. M. PHILLIPS: Yes, we did, we mailed out 125 copies . . .

MR. J. GREEN: Well, I guess some of them didn't get there. But, furthermore, it wouldn't have hurt to inform those same people of the committee hearing today if you really are interested in public input.

Let's turn to the letter. Would you like a copy? Even if I have only commented on three specific provisions in Bill 95, I think that you can correctly read into my letter the fact that I would approve of most of the other proposed changes to The Pensions Benefits Act, and those few that, perhaps, I think might be contentious I, nevertheless, believe that the majority of Manitoba employers will not object strenuously to the other proposed changes.

First, with respect to compulsory eligibility and membership. Bill 95 would make membership in a pension plan compulsory from the first date of employment for all new employees hired after January 1, 1984. I would first like to say that this will turn out to be most unpopular legislation with younger employees; others have said that earlier today. It will also not be especially popular with many part-time employees who are now currently not forced to contribute, not forced to participate in pension plans.

This is a major change for most pension plans in Manitoba. Most Manitoba plans require a minimum period of service, such as, two years and/or the attainment of a minimum age, such as, age 25, before an employee is permitted to join the plan. Most pension plans provide for voluntary participation. None of the other pension benefit acts in Canada, federal or provincial, prohibit eligibility conditions, and none of the acts require compulsory membership of employees; this is a major change. Even the Pension Commission recommended, in the initial Green Paper, compulsory membership, not later than the attainment of age 25 and the completion of two years of service. I think that those who commented on the original Green Paper would have been supportive, or at least many would have been supportive.

I also make the point that Revenue Canada limits, in defining the maximum pension benefit that may be paid out of the pension plan, it limits the number of years of service that may be recognized to 35 years. Now, if you force an employee into a pension plan, and force them to contribute at age 20, and they work through to age 60 or 65, and if it's a defined benefit, final average plan, you'll find that for those additional contributions they made in their early years, they receive absolutely no additional benefit. This is the case with the Great West Life plan; this would be the case if we

forced employees in at a younger age than the current age that we mandate the pension plan, at age 25. Certainly, it's true that very few employees work with one employer from age 20 to age 65 but, nevertheless, this will not provide greater pension benefits where the pension plan is a final averaged, defined benefit plan.

Finally, with respect to compulsory participation, this amendment to the act, together with other proposed amendments, will result in significant cost increases for most Manitoba employers with pension plans. The additional cost will be of two types; the direct cost of the funding, the additional benefits, and additional administrative costs. Now, I can't quantify those costs, precisely, because time has not permitted it. We have attempted, at Great West Life, to do an actuarial valuation of our staff plan, but we were not successful in completing it as of today.

The second proposed change in The Pension Benefits Act contained in Bill 95, which will be disruptive to the private pension industry in Manitoba, is the one relating to vesting and lock in. The proposal that all benefits be fully vested and fully locked in after five years of service, effective January 1, 1985; and after two years of service, effective January 1, 1990. Again, I would suggest that this change will be extremely unpopular with younger employees and with many part-time employees. There are all kinds of statistics to point to to prove that. Again, this change will result in a significant increase in costs for most employers, particularly when considered in conjunction with other proposed amendments to the act. Most Manitoba pension plans currently provide for full vesting after 10 years of employment, and lock in of benefits at age 45.

Once again, if enacted, the vesting and lock-in provisions of The Manitoba Act would be very much out of line with the acts of other jurisdictions. Even the Manitoba Pension Commission recommended that the province should first seek a consensus with other jurisdictions before proceeding with an amendment to the vesting and lock-in provisions in The Manitoba Act.

Finally, to comment briefly on the provision which would prohibit different pension benefits based on differences in sex. This provision will not affect, in any great way, a defined benefit plan. Defined benefit plans are ordinarily found with larger employers - the Manitoba Teachers' Society, the Great West Life, Civil Service Superannuation Fund - and I could go on and on. There will be no great concern in those plans, either by the employees or the employer. The effect will be totally on money purchase plans or defined contribution plans and these are almost exclusively the type of plan that small employers use.

For a small employer, it will mean an increase in costs if he happens to employ females. In order to provide a female with the same benefit that he would provide a male, he will have to put up more money. Roughly, if the current plan is a contribution by the employer of 5 percent and a contribution by the employee of 5 percent, for females, the employer may have to put up 6 percent instead of 5 percent or 5.75 percent. I'm not sure what the number is, but it depends upon the interest rate you assume. As I read it, this is retroactive so that if a female is about to retire and a male is about to retire, you have to put it up all at once, immediately, at the point of retirement. This will

only affect money purchase plans and only where females are employed.

To conclude, I very confidently predict that these three changes, in conjunction with one another, will have a major effect on pension plans in Manitoba. Union-negotiated plans almost universally require a fixed rate of contribution from the employer and occasionally a contribution from the employee. This is what's negotiated, the amount that goes into the pension fund. The union then decides - sometimes jointly with employers and often the union alone - what the structure of the benefits will be; what will be the vesting; what will be the benefit payable at retirement; what will be the retirement age, the early retirement provisions, etc.

If by law they must significantly improve the vesting and change the death benefit and change other provisions and they've only negotiated a fixed rate of contribution, only two things can happen. Either they must reduce the pension benefit payable to retired and retiring employees, or they must negotiate an additional contribution to offset these added benefits. If they can't negotiate the additional contribution, there's no choice whatsoever. They must reduce the benefits upon retirement.

With large employers it will depend, I think, very much upon the magnitude that they're affected, the amount of the additional cost, the state of the employer in terms of profitability, but they have choices. They can, if they wish, increase the rate of employee contributions; they can, if they wish, reduce or change the benefits of the plan to offset these added costs. If the added costs are significant and it's felt by the employer that he can't bear these added costs and still be competitive, then changes to the plan will be made.

My biggest concern is with smaller employers who have, in the past, voluntarily established pension arrangements for their employees and almost all of these plans have been voluntarily established, not negotiated, voluntarily established. There's no question whatsoever in my mind that, prior to some of these provisions taking effect, either January 1st of next year or January 1st of '85, the employer will assess his situation. He will see, many of them will see that this is not something that the employees want. It will not be viewed as an employee benefit and, if it's not viewed as an employee benefit, why should he put up the extra costs required by this legislation and what will happen, without doubt, is that these plans will be terminated.

They may, in some cases, be replaced by RRSPs and DPSPs which are outside the jurisdiction of the province. They may not, but there will be a great number of terminations.

I'd like to point out too some statistics with respect to Great-West Life sponsored pension plans over the last 12 months. Twelve months ago, we introduced and began marketing a new pension arrangement for small employers throughout Canada; and as of today, we've implemented some 250 of these small pension plans. These are new plans established for the first time with employers across Canada. Seventeen in the Province of B.C.; 50 in the Province of Alberta; zero in the Province of Saskatchewan; 48 in Manitoba; 61 in Ontario; 20 in Quebec and 50 in the Maritimes.

There's no question in my mind that we will lose the majority of those 48 plans if you enact this legislation as it exists, none whatsoever. You may say, sure I've

got a vested interest, but it's the same as your vested interest in this instance.

Thank you, Mr. Chairman.

(Letter submitted to the committee by J. Green)

Re: Bill 95 - An Act to Amend the Pensions Benefits Act.

I am writing to urge you to reconsider certain of the proposed amendments to The Manitoba Pension Benefits Act.

Most, if not all, of the extensive list of amendments contained in Bill 95 may be deemed to be socially desirable. However, I suggest that more thought should be given to the effect that certain of the amendments will have on pension plans in Manitoba.

I urgently request that you reconsider the following proposed changes to the act:

Compulsory Eligibility and Membership

Bill 95 would make membership in a pension plan compulsory from the first day of employment for all new employees hired after January 1, 1984. For most Manitoba employers, including Great-West Life, this change in conjunction with the proposed change to vesting and lock-in provisions would be extremely costly.

Please consider the following:

1. Almost without exception, younger employees do not want to contribute to a pension plan. If all pension plans are to be compulsory regardless of age or years of service, young employees may begin to seek out employers who do not have pension plans or who are governed by federal regulations.
2. Most pension plans in Manitoba require a minimum period of service, such as two years, and/or the attainment of a minimum age, such as age 25, before an employee is permitted to join the plan.
3. Most pension plans in Canada provide for voluntary participation.
4. None of the other Pension Benefit Acts in Canada, federal or provincial, prohibit eligibility conditions and none of the acts require compulsory membership of employees.
5. Earlier this year the Manitoba Pension Commission published proposed amendments to The Pension Benefits Act and invited the public to respond. The Commission recommended compulsory membership not later than the attainment of age 25 and the completion of two years of service.
6. Many pension plans recognize service only up to a maximum of 30 or 35 years. All defined benefit pension plans in Canada must limit the ultimate pension benefit to a maximum of 2 percent of final average salary multiplied by a maximum of 35 years service. The Great-West Life staff pension plan recognizes service only up to a maximum of 30 years. If employees are forced to contribute to the plan at a very young age, many will receive no extra benefit at retirement.
7. This amendment to the act together with certain other proposed amendments will result

in significant cost increases for most Manitoba employers with pension plans. The additional costs will be of two types - benefit costs and administrative costs.

Vesting and Lock-in

Bill 95 proposes that all benefits be fully vested and fully locked-in after five years of service effective January 1, 1985 and after two years of service effective January 1, 1990.

I offer the following observations:

1. This change would be extremely unpopular with younger employees.
2. This change would result in a significant increase in costs for most employers, particularly when considered in conjunction with other proposed amendments to the act. Most Manitoba pension plans currently provide for full vesting after 10 years of employment and lock-in of benefits does not occur until age 45.
3. If enacted, the vesting and lock-in provisions of The Manitoba Act would be out of line with the acts of other jurisdictions.
4. Even the Manitoba Pension Commission recommended that the province should first seek a consensus with other jurisdictions before proceeding with any amendment to the vesting and lock-in provisions of The Manitoba Act.

Equal Pension for Males and Females

Bill 95 would prohibit different pension benefits based on differences in sex.

This proposal will not be a major concern for employers with defined benefit plans (most large employers), but it will be costly for employers with defined contribution plans (most small employers) if they employ females.

For several reasons, the Manitoba Pension Commission wisely recommended that this amendment be deferred for a period of about three years.

My Prognosis

If Bill 95 is enacted without major revisions, I confidently predict a prompt reaction by Manitoba employers, both large and small.

Sponsors of large pension plans will be faced with increased costs which on average might be in the order of the Manitoba payroll tax. In order to remain competitive with employers who are not subject to these increased costs, employee contributions might be increased or plan benefits might be reduced.

Small employers who have voluntarily established pension plans in the past will react in one of two ways. Some, possibly even a majority given the current economic climate, will simply terminate the pension plan. Many will adopt alternative pension funding arrangements which are outside the scope of The Pension Benefits Act. I am very confident that few small pension plans will survive in Manitoba unless significant changes are made to Bill 95. It is certain that few, if any, new plans would be implemented in the future.

I would welcome an opportunity to meet with you, at your convenience, to discuss the concerns expressed in this letter. Sincerely, Mr. J.D. Green, Senior Vice-President, Canada. (Great-West Life Assurance Co.)

MR. CHAIRMAN: Are there any questions?
The Minister of Labour.

HON. M.B. DOLIN: I think that I would like to make one comment, and then I would like to, in response to the letter - it just happens that, having returned to my office today, I have for signature a letter to Mr. Green, and I will save the government 32 cents by giving it to him before he leaves. It costs 32 cents to go across the street, as much as across the province of course. That will, I think, raise most of the concerns that I have, the questions I would have and so on.

First of all, with regard to the early inclusion of employees in a pension plan at a young age, we certainly realize that a lot of public education must be done to make younger people, younger employees, aware of the need to save for their retirement. I would like to point out to you though that on Page 7 of the bill, which I assume you have . . .

MR. J. GREEN: Yes, I do. I must admit I had trouble reading parts of it.

HON. M.B. DOLIN: Once a Legislative Counsel gets ahold of it and puts it into legalese, it's hard for all of us to understand it, but they help us. They interpret it for us.

Section 21(5.5), I think, takes care of the concern that you had, that the employee who began at age 20, retired at age 65, had more than what you now prescribe as the years within a pension plan, would not receive any additional benefit. In fact, this section allows for any excess benefit at the option of the member to be either returned to the member or to be used to increase the benefits under the deferred life annuity. So, in fact, that extra . . .

MR. J. GREEN: You misunderstood my comment. I was referring to Revenue Canada rules that apply to any registered pension plan in Canada. I am also referring to an individual who works through to retirement, not one who, under Section 21(5.5) terminates employment at an early age.

HON. M.B. DOLIN: No, not terminates employment at an early age, but the contributions over the retirement that you were - the pension paid. Were you referring to that? That contributions to the plan were actually in excess of what was necessary to pay the pension plan. It was overfunded, because of the long years of service . . .

MR. J. GREEN: In a defined benefit plan, there is no such thing as overfunding. A benefit is calculated based on years of service and final average earnings. Now suppose the years of service were 45 years, age 20 to 65, and the formula was 2 percent times years of service times final average salary. Well that would be 90 percent of final average salary. That's what is available under the plan, but Revenue Canada says, no, you may not pay that. You may only pay 70 percent of the final average salary. They may not receive that other 20 percent that they became entitled to by being forced into the plan at an early age. That's the point I was making.

HON. M.B. DOLIN: At any rate, I think you are also talking about a long-term employee. I think that in our estimation and in our research is a rarity. It's going to be a rarity certainly in the future. The average time with an employer at this point I understand is about seven years, so . . .

MR. J. GREEN: Yes, very true. That rare employee will be damaged.

HON. M.B. DOLIN: That very rare employee, yes.

At any rate I will discuss that with Legislative Counsel, your other point that you have just made.

My response to your other concerns is as follows and I'll just quote briefly from the letter, "It is the intent of Bill 95 to make membership in a pension plan, where one exists, compulsory upon the completion of two years of service. Admittedly the section in Bill 95 dealing with this is worded in such a manner that it could lead to misinterpretation. We will be revising the wording in order to avoid any possible misunderstandings. Reference to age for eligibility was removed to avoid any possible conflict with Human Rights legislation. Your comment that younger employees do not want to contribute to a pension plan is certainly true as I have said earlier. However, our experience would lead us to believe that employees, when faced with the choice, will almost never choose to contribute to a pension plan until it is too late." In other words, they do not have a sufficient working life time remaining to build up an adequate pension for the retirement years.

"This is borne out by the fact that we see more and more pension plans providing for compulsory membership as a condition of employment. Your concerns with respect to the maximum pension limits, while certainly being valid, would only apply to a very small percentage of pension plan members. The vast majority of pension plan members are in no way concerned with exceeding Revenue Canada limitations with respect to maximum amounts of retirement income. Those plans which do limit the number of eligible years of service for pension purposes may have to be amended in view of the fact that employees will be required to join at an earlier point in time."

"One of the single greatest criticisms that has been levelled against the private pension system has been the inherent lack of portability given the diverse nature of plans in existence, the only practical way to achieve any degree of portability was through the medium of vesting and locking-in of pension benefits. In this way, employees will be able to maintain an irrevocable right to pensions earned no matter how many plans they participate in."

"Your comment that earlier locking-in would be unpopular with younger employees may be true in the initial stages of the implementation of Bill 95. Criticisms against the current 45 and 10 locking-in provisions have arisen mainly because plan members do not perceive equitable returns in respect to the locked-in monies.

"Given the fact that employees will now be able to transfer locked-in benefits to an RRSP of their own choosing or should they choose to leave the benefits within the pension plan, will receive a competitive interest rate. We feel that employees will have a more positive perspective with respect to vesting and locking-

in of pension benefits." In other words, by making it more equitable, it's going to be much more attractive.

"The implementation of the vesting and locking-in provisions has been deferred to January 1, 1985 in order to give an opportunity for federal-provincial consensus to emerge. Should such a consensus emerge consideration would be given to revision of this proposal and that is a direct result of what was heard by the Commission representatives at public hearings from people such as yourself."

"It is interesting to note that the Canadian Life and Health Insurance Association of which your company is a member, supported the vesting, locking-in and participation and eligibility recommendations. In fact, they actually favoured an eventual move" - and I underline eventual move - "to immediate vesting."

"Bill 95 will also prohibit different pension benefits based on differences and sex. Under many current pension arrangements, benefit calculations and pension options can result in different pensions for men and women of the same age who have the same salary service history. These differences in annuities are supposedly based on mortality experience. However it should be noted that plans under federal jurisdiction now must provide equal pensions assuming equal salary history, service and age."

"The introduction of Bill 95 will impose additional costs in respect of operating pension programs in the province. However, we feel that these costs will be manageable given the structure of Bill 95, the phasing components and so on." That is exactly why the phasing components are there.

"In the short term, the introduction of Bill 95 may result in some pension plan terminations but we are confident that once private pension plans are perceived to be equitable and adequate that this will ultimately result in increased coverage for employees." I will leave my comments at that because I think that covers your concerns.

MR. J. GREEN: Well it really doesn't.

HON. M.B. DOLIN: Well I should say that it covers it from our perspective.

MR. J. GREEN: My concern is that very large numbers of Manitoba pension plans will terminate. The fact that you've warned them that it isn't effective until 1985 will, beyond doubt in my mind what you're going to see is a large large number of terminations of private pension plans.

You say, well why am I in such a great position to predict this? From 1971 till 1979 my career with Great-West Life was directly, a direct involvement in the marketing and servicing of pension plans for Manitoba employers. I understand these employers. I've been involved in many many new pension plans established in the Province of Manitoba. It involves two sales. First it involves a very difficult sale with the employer. Once you get by that, then you have to sell the employees, one on one, and convince them to join the plan. Not easy. Not easy with young employees, in fact totally impossible.

If something isn't appreciated by the employees, and if it's going to cost the employer a lot more and make

him less competitive with employers of other provinces, you can be absolutely sure what the end result will be. I'm really saddened that we go to all this work in the last year to establish 50 new pension plans in the Province of Manitoba and they're going to disappear.

HON. M.B. DOLIN: Could I ask you, Mr. Green, if you consider pension benefits deferred wages, or pension plans deferred wages?

MR. J. GREEN: I think it's a valid viewpoint and it's totally valid with respect to money purchase pension plans. But if you take that viewpoint, then you conclude that the wages must be the same for males and females and therefore the employer must contribute an equal amount for males and females. So how do you reconcile that with the proposed legislation? Deferred wages, wages must be the same for equal work between sexes. How can you justify a wage hire for the female than for the male because that's the only way that you can, according to this proposed act, end up with benefits that will be equal for males and females under our money purchased pension plan. There is no other way in the free market system.

HON. M.B. DOLIN: Well, I would refer you to some other discriminatory clauses that I'm sure you are aware existed in pension plans in this country and the country just to the south of us, that have been removed and pension plans have not failed dramatically across both countries. Also, I would comment as I did this morning - but I'm not sure that you were in the audience at that time, so I will mention again - that it is quite true that without a whimper from pension authorities, as far as I know, or from those dealing with pensions, women have contributed to men's pensions through their years of service where they never became vested, as they moved from job to job or moved in and out of the work force, and the contributions were there within the pension plan. Interest was earned, even though their contributions might have been given back with 2 percent interest payment or something. Women's pension contributions have really supported pension plans substantially and they have not been able to benefit from them.

If an employee does not survive to gain the pension that is predicted, then also there is a gain and there is not any hue and cry about that. I would suggest that what we are speaking about is not the free market, but is a matter of discrimination and that is why we're dealing with it.

MR. J. GREEN: Please don't get me wrong. I support, as does the CLHIA much much earlier vesting and lock-in - immediate vesting and lock-in. I don't question any of these proposed changes as being socially desirable. I'm just pointing out what the effect of these changes will be if you move ahead of other provinces. There's no question that that will be the effect. You will eliminate small pension plans amongst employers in Manitoba. If that's what you want, that's what's going to happen.

MR. CHAIRMAN: The Minister of Economic Development.

HON. M. SMITH: Mr. Green, I can appreciate your concerns looking at the proposed changes from the

perspective of what is. From our perspective in developing social policy, we have to look at the unmet needs as well as the existing programs and try to come up with the best mix. We are stepping out along a little different path as has been charted by the Federal Government and other provinces, but I'm sure you recognize that in the business world there is often a need for leadership. Change doesn't tend to come about exactly in a uniform way right across the country and if you could, for a moment, sort of suspend judgment and say, okay, what is the path we're travelling? We're trying to get income security for people in their retirement years and it's our experience, if we don't provide it through a planned, orderly, contributory package such as a pension plan, as a society, and that means every business person, every business and every individual will have to pay indirectly through taxation, through social assistance.

So it is our view that we're being responsible and painful for the retirement well-being of all our citizens through such a plan. I guess I'm wondering if you don't think we can encourage more young people to see this as a desirable path, when they understand that it is a deferred wage package, that they will have earlier coverage if they want enriched pension in their senior years, they can then top off with a variety of others. They will have portability in their pension rights.

I think it's rather like Medicare payments. Many young people don't think of themselves as being ill but they've been persuaded, as a matter of public standard, to agree to Medicare payments, in fact through their taxation, not through payroll deduction. But I think we're dealing with a similar evolution of what's now a way of meeting a very real need. If pensions are thought of as deferred wages, then I think the question is, how do we best organize the contributions from employer and employee so that each gets the benefit or can cope with that in an orderly way, I think the same way that competitiveness of a company within the province, they would all be dealing with a similar set of rules. With other provinces, again, if this is looked at as part of the wage package, would you not agree that there may exist a different package in Manitoba, but it needn't be a more expensive package in total than what exists elsewhere?

I guess again, I'll just add my other comment and then stop. In the sex discrimination area, I know that pension plans started out, because the male/female was sort of an obvious criterion and it was easily measurable, but I do think we have to ask whether it's the most relevant factor. I might suggest that weight, health, drinking habits, smoking habits, driving habits or records might be more relevant factors actuarially in determining risk. I think as a question of social policy, we're now saying it's unacceptable to use sex. It may be we should be moving into a more refined consideration of some of those other more relevant factors. I guess what I'm saying is, we know we're changing things and that it is going to call for adjustment, but we think that the goals we're aiming at are ones, that on reflection, can a great deal of business support.

MR. J. GREEN: I agree with the goals that you're aiming at, but I also agree - and you mentioned evolution -

evolution is a process that occurs over a longer period of time than you are proposing. You're proposing something very sudden and very dramatic and you will have a dramatic backlash.

MS. M. PHILLIPS: Mr. Green, first of all, I was very interested in your opening statements and with all due consideration and recognizing that my Minister is such a polite person and didn't question your opening statements, I guess I find it very difficult to believe that you, as a senior vice-president of a very large company which happens to be right across the street, consider yourself as a person just off the street, I think was the quote that you used.

MR. CHAIRMAN: Does the member have a question?

MS. M. PHILLIPS: Yes, I have several questions, thank you. I find it difficult to believe that you are not aware of the committee process in this province and how unique it is, in comparison to other provinces, where you do have an opportunity to contribute at this level and would not keep in touch, considering there's been much editorializing in the newspapers with the procedure. I find that very hard to accept.

Now in terms of your brief itself, you state - I'll start with Page 2 - your concerns about these provisions, specifically the eligibility and membership as being extremely costly. I guess I wonder if we don't go ahead with this, how much do you think, in terms of your knowledge of the industry, employers would be saving? What are they saving now by not covering everyone?

MR. J. GREEN: It would range between, at the low end .25 to .50 percent of payroll for defined benefit plans; up to 3 percent or more of payroll. These are generally larger plans. With respect to smaller plans, it depends totally on how many - and these are generally money purchase plans - it depends totally on how many employees have currently chosen to participate. If only 2 out of 40 have chosen to participate, then obviously the costs are going to go up 20 times. So the range would be very wide with smaller plans. My best guess is that for larger plans, it may be in the range of 1.5 percent of payroll, but we haven't had an opportunity; there hasn't been time to determine the costs.

MS. M. PHILLIPS: I would like to ask a question, Mr. Green, in terms of time. One of the complaints about what we are doing is the fact that we are not moving in terms of vesting, locking in some of the other original recommendations of the Pension Commission quickly enough, and your position is that we should wait longer for a consensus across the country or until employers - I don't know - get enough money in their bank account to offset the hump costs of moving into something new. I guess I am wondering in terms of moving too fast. What would you consider to be a reasonable length of time to wait?

MR. J. GREEN: If you wish to evolve to this or stronger legislation, I would suggest that you begin by not making pension plans compulsory for all employees, that you make pension plans, by law, available to all employees of an organization as a first step. You then consider

moving to compulsory participation at some age - 25 or whatever - and then ultimately move it further down, if it's desirable at all to go further down, if it's desirable for employees to begin worrying about their retirement at age 18.

MS. M. PHILLIPS: My next question then is - considering that I've been around specifically in the women's movement for some time and working on the outside to get some of these changes accomplished - I remember in 1976 when we brought in The Pensions Benefit Act in the Province of Manitoba that some of the arguments that you have used today in terms of be patient, wait, the ten year vesting that we had at that time, all of those kind of things, the disclosure, and on and on and on. Originally, employers were saying that there was going to be massive termination of plans, employers were going to go broke, this was going to cause great disruption in the industry in terms of having to meet these requirements; and here we are in 1983 with you, as a spokesperson for the industry, suggesting that we again should wait and not go this far. It's going to have these serious ramifications.

My question is: should we, in fact, believe what you are saying in terms of massive terminations any more now based on the experience of '76?

MR. J. GREEN: I didn't say anything in '76.

MS. M. PHILLIPS: Not you specifically, the industry.

MR. J. GREEN: I'm not sure whether Great West Life made a presentation in 1976, and I am not here today to speak for the industry. I am here to speak for Great West Life, a company that is very interested in the extension of benefits amongst Manitobans, and I, as an individual, am so interested.

You may question what I say, but I will prove you wrong. I know this is going to happen, and I think it's a damn sad day.

MS. M. PHILLIPS: On Page 4 of your brief, sir, in No. 4, dealing with the vesting and lock in, you are suggesting the Pension Commission recommended that we first seek a consensus before we move any farther. I have the reports from the Pension Commission with its recommendations that was distributed after the hearings, and it says, "Every plan should provide for vesting of all benefits after five years of service, effective January 1st, 1985; and after two years of service, effective January 1st, 1990. The improved vesting should apply to all benefits earned after January 1st, 1984." And in the commentary, they say, "It is suggested that implementation be deferred for a year to give an opportunity for federal-provincial consensus to emerge"

So the recommendations that they gave to us, as government, after their hearings was that we should move with the program that we have proposed here, and continue the negotiations for a federal-provincial consensus.

Can you tell me how that recommendation was interpreted by yourself on Page 4 in section 4?

MR. J. GREEN: Yes, I would refer specifically to the third paragraph of the second page of a letter dated May 9th to the Honourable Mary Beth Dolin.

The second group is for implementation - the second group of suggestions contained in the one that you are now referring to - the second group is for implementation in the next Session, 1984, of the Legislature. This will provide an opportunity for discussion at the federal-provincial level, at which we anticipate that a consensus should emerge quite readily. If this consensus is different from our own proposals, appropriate adjustments can be made for their enactment. However, if these discussions are not forthcoming, or are unproductive, we would suggest that our proposals be enacted in their current form. It speaks very specifically about enactment in '84; not enactment today. What you are doing is showing your hand to the pension plans of Manitoba, and I am telling you what the result is going to be.

MS. M. PHILLIPS: Thank you. I only have, I think, one more question. On Page 5, you say, "Many will adopt alternative pension funding arrangements which are outside the scope of The Pension Benefits Act."

Could you suggest to me what those might be?

MR. J. GREEN: Group RRSP, arrangement for employee contributions in a group deferred profit-sharing plan for employer contributions. It works exactly the same as a money purchase pension plan; only none of these provisions would be required in the plans. The employer could define who he wished to participate; he could define eligibility conditions; he would not be locked into extra costs for females; and I assure you that this will be the result.

MS. M. PHILLIPS: Okay. You commented earlier about the benefits having to be equal for men and women. Could you clarify for me what you meant, because it sounded like what you were saying was they would have to pay men and women equal; whereas the reality of the situation is that people contribute according to their salaries, and they have payout according to their length of service and their contributions of course, over those years. So what will happen out there to a great degree, because of the segregation of the labour market into men's jobs at one wage and women's jobs at other wages - usually substantially lower - is that it's only situations where males and females have identical salaries and the same length of service with the same contributions, where that will be a necessity. You implied I think - and correct me if I misinterpreted you - that they were going to have to pay out all this money to all these women at an equal level as to men. If we had equal pay for work of equal value in this province, I could see the logic to your argument. Considering we don't, how big of a financial blow is this actually going to be in reality?

MR. J. GREEN: Well I think I said verbally a little earlier

MS. M. PHILLIPS: Yes it was verbal in a response to the Minister.

MR. J. GREEN: . . . that this is not going to be a problem for defined benefit plans and generally that's the larger employer. No big upset at all, easily

implemented and no reaction from employees. They won't even know about it.

With respect to money purchase plans which were the common plan for the small employer, the way they work, is they're not based on years of service or anything else. The contribution is put in by the employee; the contribution is put in by the employer. They are accumulated until ultimate disbursement and at retirement, let's suppose that you have a male and female and they both have accumulated in their accounts \$100,000 each for purchase of pension, the only way you can get an equal pension for the female, as would be provided for the male, is for the employer to put up another \$10,000 to buy that pension for the female, because it's bought on the open market. Yes, madam this is how it works. It's bought on the open

market. You shop amongst all the insurance companies in Canada to get the best price on that day and that company has a price for males and females. Not just Manitoba companies, international companies, and competition is intense - prices vary daily. Rarely is one company the best in the market for more than a few days. So you do your shopping on that day and you find out how much does it take to buy \$100 pension per month for a female and for a male? Well if you have to treat the two the same, he's going to have to put up more money for the female to give the female what she would have got if she was a male.

MR. CHAIRMAN: The time being 5:30 this committee shall reconvene at around 8:00 p.m.