

Supply—National Revenue

of the minister and his officials, and of the employees of the department, when I have been seeking information or when I have had occasion to bring matters to their attention where people thought they were unfairly treated or had certain complaints to make with regard to assessment or collection. I think we have to realize that all government activities depend entirely on the satisfactory functioning of the Department of National Revenue. On that account it does play a very important part in the government of this country.

Now, having said that, I want to refer to a matter that is of great concern and importance to a good many of the workmen I have the honour to represent. Pension plans are becoming very general in large industries in Canada, more particularly since the conclusion of the second world war. Industrial workers have a great interest in these plans, their terms and their satisfactory operation. The employees of the Consolidated Mining and Smelting Company are a group of those workers who have given increasing consideration to their company's pension plan throughout the years, and have come to the conclusion that some improvement could be made in it. On that account, quite recently they had a study made of the whole situation by some very competent men who are members of the union. They presented their case to the union membership, and as a result authorized a delegation to come to Ottawa to deal with this matter.

On Wednesday, May 11, the co-ordinating committee of the union, representing the union negotiating committee, met with the Minister of Fisheries. The meeting was attended also, I think, by the hon. member for Kootenay East, the hon. member for Nickel Belt, the hon. member for Yukon and two members of the Department of Finance. The union placed before these gentlemen their views on this whole situation, and as a result of the very thorough discussion of this matter so important to their membership they were advised to write to the Minister of Finance.

I am going to read the letter into the record. It is a lengthy letter, but I think it is one of the best explanations of the situation I have seen since the problem arose. I think the union officials must be commended for the excellent and clear way in which they presented this case to the Minister of Finance.

Mr. McCann: Unless the hon. member wants to give it to the house by putting it on *Hansard*, we have a copy of the letter in the department.

Mr. Herridge: I thank the minister for his kind suggestion, but the rest of the members have not copies. Many of the unions in the

[Mr. Herridge.]

country have not copies. I do not usually read at such great length, but the letter has such importance that I think I am justified in putting it on the record so all members of the house will have an opportunity to study the careful analysis made of this pension plan situation by the union officials concerned. Therefore I now read to the house this letter. It is addressed to Hon. Walter Harris, Minister of Finance, Parliament Buildings, Ottawa, Canada. I understand a copy of the letter was turned over later to the Minister of National Revenue as coming more correctly under his jurisdiction. The letter reads as follows:

Dear Sir,

The Hon. Mr. James Sinclair, Minister of Fisheries, with whom we had an interview today, May 12th, suggested that we refer the matter set out below to you. It concerns the pension plans of International Nickel Company of Canada and Consolidated Mining and Smelting Company of Canada.

Locals 480 (Trail), 598 (Sudbury), 637 (Port Colborne) and 651 (Kimberley), representing 24,000 hourly employees of the above two companies, have for some time been concerned with a number of features of the pension plans of these two companies. These features are of course of great importance to the employees affected; we believe they are also of interest to the government. There is one feature in particular which does not appear to be in conformity with the principles and rules respecting pension plans issued by the taxation division of the Department of National Revenue and which constitutes a serious injustice.

This is the book to which they are referring. It was issued generally throughout Canada.

These plans are "non-contributory", the company alone making contributions to the respective pension funds established under the plans. Since the companies' contributions are exempt from corporation income tax at rates which have been fairly high over the past years, the amounts which the companies have saved in taxes to the federal government as a result of these contributions are very considerable. Of the \$25.6 million in the C.M. & S. pension fund at the end of 1954, \$10.9 million represent taxes saved on contributions made since 1941. Of the \$72.0 million in the INCO pension fund, \$27.8 million represent taxes saved in the same way since 1941. It may thus be said that the government and people of Canada have a very large stake in these pension plans and the funds established thereunder. Consequently, they have a very legitimate interest in the manner in which these funds are administered and in ensuring that the benefits of the plans do in fact contribute to the security and welfare of the employees who are covered by them. The principles and rules referred to above derive their importance from this point of view. Moreover, the companies always point out that when they grant a wage increase, they must also increase their contributions to the pension plans, since the pensions which are earned and paid upon retirement are calculated as a percentage of wages. Evidently, the companies consider pensions as an element of remuneration to which, therefore, the employees should have the same right and security as they have to their wages. This is far from being so, however.

In the foreword to the booklet of principles and rules issued by the taxation division, the Minister of National Revenue states: