

Canadian Arsenal Limited

added. Therefore, it has tabled a motion to amend Bill C-87 accordingly.

As I am sure Hon. Members will appreciate, the degree of control that the Government can exercise over the pension entitlements earned by CAL employees through future employment with SNC is limited. It would not be appropriate for Government to intervene unduly with the flexibility of management and employees to arrive at mutually-acceptable terms and conditions of employment over the long term. Nor would it be consistent with privatization to allow the employees to continue to be covered under the pension plan for federal public servants for service after the date of sale.

At the same time I want to assure the House that, as part of the conditions of sale of this corporation and others, the Government has required, and will continue to require, that the purchaser offer pension arrangements no less generous than those normally found in the industry in question. In addition, the purchaser is required to agree to enter into a reciprocal transfer agreement which will permit the portability of pension credits under the PSSA to the new pension plan at the individual employee's option.

In its briefing before the parliamentary committee, SNC clearly indicated that it will fulfil both of these requirements. In arriving at the terms of this reciprocal agreement, the Government will ensure that employees' accrued benefits are fully portable, subject to suitable guarantees that the amounts transferred will be used exclusively for the benefit of employees who elect to transfer to the new plan.

The transfer of portability option, which I have just described, will appeal to some CAL employees; but there are two other important options which will also be made available to every employee. The first of these would be the normal options available to employees on ceasing to be contributors under the PSSA. Employees will be able to choose to receive whatever benefit would be available to them under the terms of the PSSA as though they were ceasing to be employed on the date the corporation is sold. The choice available to the individual will, of course, depend upon his or her age and length of pensionable service.

The other option the Government is seeking to make available to CAL employees through the present motion to amend Bill C-87 is based on the concept of continuity of service for benefit eligibility. This provision is contained in Bill C-90 which is now before the House, and replaces the current Pension Benefits Standards Act and provides minimum standards for pension plans of employees under federal jurisdiction. Clause 30 of that Bill sets minimum requirements for pension plans on the sale of a business and would, among other things, ensure that if the pension plan is not taken over by the purchaser, the selling employer must permit the employee to remain on a plan and remain a plan member without accruing further pension rights. On ceasing to be employed with the purchasing employer, the employee would then opt for benefits under the selling employer's pension plan. While he or she would not have earned further pension under

the old plan, the employee would use the second employment toward qualifying for benefits.

● (1220)

Perhaps I could give an example that might make this clearer. Say a CAL employee who is now age 50 with 25 years service under the PSSA becomes an employee of SNC and remains there for five years at which time he voluntarily retires. At that point, his five years of SNC service is added to his 25 years of service under the PSSA for qualification purposes, and he therefore qualifies for an unreduced PSSA benefit based on his 25 years of CAL service. In other words, the individual has been able to preserve his ability to meet the 50-30 threshold. Obviously this option may well appeal to some employees, depending upon their personal plans and expectations.

I would like to add one final comment on this particular option. As Hon. Members are aware, the President of the Treasury Board (Mr. de Cotret) is currently consulting his advisory committee on the Public Service Superannuation Act on broad questions of Public Service pension reform. The President of the Treasury Board has asked me to assure the House that employees who choose to leave their accrued pension credits in the PSSA under this continuity option will be treated in respect of those credits in the same way as all other employees remaining under the plan. Finally, I would like to stress that in all instances, employees will have one year from the point of sale to select the options they prefer.

The Government has endeavoured to protect employees and maximum flexibility is being provided to individuals to make pension choices that suit their particular situations, desires and long-term plans. Complex questions are involved and it is intended that each individual will be provided with the appropriate information and counselling to make the best possible personal decision.

Under the privatization arrangements proposed by the Government, CAL employees have a number of options with respect to pensions. The first option is to transfer accrued pension benefits to the new SNC pension plan under reciprocal transfer arrangements. This transfer would be done on an actuarial, ongoing basis and negotiations are under way to guarantee that all amounts transferred will be for the sole and exclusive benefit of transferring employees.

Depending upon the age and service of employees, there are other options. The second is a return of contributions plus interest. The third is a deferred annuity at age 60. The fourth is an annual allowance at age 50 and the fifth, subject to acceptance of the House of the proposed amendment, is the further option of continuity of service for PSSA pension benefit eligibility upon retirement from CAL.

Mr. Cassidy: Mr. Speaker, I rise on a point of order. I am wondering if there might be unanimous consent to allow two or three questions to be asked of the Parliamentary Secretary on the particular provisions of the Government's amendment in