

Pension Benefits Standards Act

the demand of the non-op railway unions for more say in the administration of their pension plans is the first stage of a move to get more control over the investment policies of \$1.5 billion worth of funds. This gives us some idea of the tremendous pool of capital in these pension plans; capital which rightfully belongs to employees and which is being managed in a great number of cases, and in some cases entirely, by companies. Other examples which have come to my attention are cases like the Seagram workers in British Columbia, who have again and again been refused any details of the interest paid on their contributions or where their money is invested. Under the present federal statute the employer has no legal obligation to make that information available to employees. My bill would overcome this response from management.

In my opinion, companies historically have yielded to the demand for pension plans only when convinced that the control of the fund would be to corporate benefit, and not because companies wish to contribute to the workers interests or security. For far too long control of the administration of the plans has been considered the sole prerogative of management. I do not agree with this nor does John G. Doherty, writing in the *Financial Times* on November 13, 1972 under the headline "Crunch coming in pensions", when he said:

Some planners (pensions) feel that if pensions are really a form of deferred income, then the employee should have rights to his company's contributions, regardless of how long his tenure is.

He then refers briefly to the "locked in" situation in regulations in many company plans in which the vesting remains with the company. Thus, an employee who decides to leave the company leaves his benefits to the benefit of the company. He says further that:

This causes problems because the employer's share of the annual funding is usually much smaller than a young employee's share.

Statistics Canada, in a special study of this subject, indicates that nearly 40 per cent of our labour force is covered by private plans, so the pool of capital under the direct control of management is far from insignificant. The immensity of the pool reveals, I think, why management is so determined to have complete control over this \$11 billion fund and why the corporate interests of this country will probably not be too enamoured of my proposed amendment.

I should point out that under the United States law revelation of the trust agreement is demanded. We have not directed our legal energies toward such an open book policy but my bill attempts to overcome this. The United Transportation Union News states frankly that this union is out for more power over their workers' pension rights, and is demanding equal representation on the board. If we agree that pensions are really deferred income, a fringe of the wage package, then both contributions, the employer's and the employee's belong not to the company but to the workers.

Some hon. Members: Hear, hear!

Mr. Rose: Why should the employee's priorities in spending his own money not be borne in mind? Why should the employee not decide on the investment practices of his fund so that if he thought it desirable, for

[Mr. Rose.]

example, that increased benefits be paid and the plan could afford it, it could be done. If he thought the fund should be used for public housing or worker's housing, this also could be accomplished. This is not the case today and it is for this reason I ask that the workers be given the right to control their own money, a right effectively denied by the limitations of the statute I am seeking to amend.

Why should any company be allowed to fudge on its contributions by limiting those contributions to some conservative actuarial projection? If the worker's income is projected to be lower, then it follows the company's portion is lower and less money is required for the fund. But the pensions also become lower. Why should a company have the right to have its workers subsidize its own pool of private capital, thus allowing it to expand by this regular supply of cheap capital?

I know that quotations are not particularly interesting and I would avoid them if I could. However, I think it is important that we consider the suggestion outlined by D. H. Fullerton writing in the *Vancouver Province* on March 19, 1969. He called the column "A bill of rights for pension fund contributors" and made several extremely important points. He said:

When an employee contributes to a fund, however, he has every right to demand full participation in its management, and full protection of his interests.

How on earth can any employee do this if he does not even have a copy of the agreement or is denied it? Mr. Fullerton goes on to suggest, in his bill of rights:

All employer and employee contributions to the fund and income and capital gains earned by it, must be regarded as accruing to the sole benefit of the pensioners. As things stand now, in most funds the employer is the residual beneficiary.

This practice is blatantly unfair and discriminatory and I think should end. It is because I have great faith in the fairness of members I have great faith that hon. members will support my bill when it comes to a vote.

Mr. Fullerton states further:

Employers as well as employees must have representation in the management of a fund.

He later goes on to criticize the actuarial assumptions on which deductions and benefits are based and he concludes by saying:

Such a bill of rights should eliminate many of the abuses which arise from employer domination of pension fund policy and management.

I think I have made whatever case I can of this relatively technical matter, one which is perhaps not apparent to many young workers. Like most young people, young workers think they are going to live forever. Of course, they will find as they grow older that they will become intensely interested in pensions—like certain parliamentarians are interested in pensions—especially their own.

I realize that my amendment will not remove all possibilities of abuse in private pension schemes, and I use the word "schemes" advisedly. However, I believe my bill will go a long way towards bringing to light some of the previously furtive managerial practices in pension plans which have definitely not, I repeat, not been in the interest of workers in general. I think my amendment will allow workers, through the collective bargaining process, to