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THE TRANSMITTER

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COMPANY OFFER 6% AND 6% OVER TWO YEAR CONTRACT

WAGE OFFER REJECTED MAJOR ITEMS GO TO BOARD

The following is an item by item report on the status of negotiations at the end of the Conciliation Officer stage. The Plant Division has found it necessary to proceed to the next step under the Industrial Disputes Act of the Federal Government, that is, a Conciliation Board. We do not expect the machinery of a Conciliation Board to be established and operating for about three to four weeks from the date of this statement (March 5, 1969).

PLANT PROPOSALS:

Wages

The Company has made an offer of 6% and 6% on a two-year agreement. Both increases to be based on the 1968 rates.

The Negotiating Team finds this wage offer completely unacceptable and will not put it before the membership.

The Plant Negotiating Team is taking their demand of 25% on a one-year contract to the Conciliation Board.

Pensions and Benefits

The item of Pensions and Benefits is being handled by the Federation Council as it pertains to the Plant, Traffic and Clerical Divisions. The Company has discussed the Pension Plan, outside of negotiations, but no agreement has been reached.

The Pension Plan is being taken to the Conciliation Board.

Hours of Work

No agreement of any kind has been reached on this item. The Plant Division made the following submission to the Company for implementing a shorter work period.

The work year shall be reduced for all Plant employees by one hundred and twenty (120) hours per year, and administered on the following basis:

1. The reduced hours shall be taken in three units of five (5) consecutive calendar days.
2. The year shall be broken into four periods as follows:
(a) December 16 - March 15.
(b) March 16 - June 15.
(c) June 16 - September 15.
(d) September 16 - December 15.
3. The Company shall schedule each Plant employee off five (5) consecutive calendar days, with pay at the prevailing rate in three of the above mentioned yearly quarters, those quarters being December 16 - March 15, March 16 - June 15 and September 16 - December 15.

The above item is being placed before the Conciliation Board.

Vacations

Vacations are being handled by the Federation Council in the Master Portion of the Agreement. A number of wording changes have been agreed to in Article XII — Annual Vacations — to do with clarification.

No agreement has been reached concerning improved vacation allowances. The Company has made an offer of four (4) weeks after fifteen (15) years service in 1969 and four (4) weeks after fourteen (14) years service in 1970. The item of annual vacations is being taken to the Conciliation Board.

V.O. Time

No agreement has been reached concerning Plant's changes in the V.O. time clause. The Plant Division has modified its demand to give the choice to the employees of either time off or payment for overtime worked.

Isolated and Remote Areas

The Company has stated that all vehicles going into remote areas will be equipped with survival gear and mobile radios. Also remote sites will be equipped with survival gear. It was discovered also that the Company supplies housing in areas where housing is virtually non-existent or hard to find at a reasonable rate to the employees. The Company has also embarked on a program of supplying restroom facilities in certain areas on a priority basis. If there are areas that restroom facilities are believed to be a necessity, please inform the Federation office and the matter will be taken up with Management.

In view of the foregoing conditions, the Plant Division has dropped this proposal.

Contracting Out

There has been agreement in two areas of contracting out.

1. On cable plowing jobs, at least one B.C. Tel journeyman will be employed and the only person on the job that may not be a B.C. Tel employee will be the machine operator.
2. No regular employees will be laid off due to contracting out.
3. The Company also listed a number of areas in which they want exemption from having to notify the Union when they plan to contract out the work.

The Negotiating Committee is not satisfied with the proposal contained in number three (3) and therefore will go to arbitration, if necessary, to enforce the conditions as outlined in Article X — General Clause — Paragraphs 1 and 2.

Job Postings

The Negotiating Team has found there are many conflicting points and areas of contention to be settled. The Negotiating Team has decided to try and settle the problems after the Plant Council Committee on Job Postings reports to the June Plant Council Meeting. Mr. MacDonald, Coastal Division Manager, has expressed interest in discussing the recommendations that will be forthcoming from

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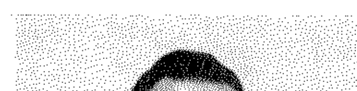
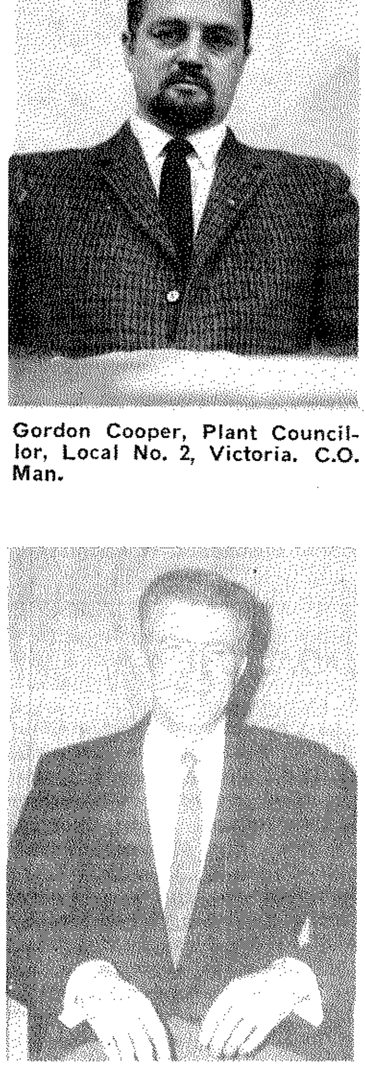


Gordon Cooper, Plant Councillor, Local No. 2, Victoria. C.O. Man.

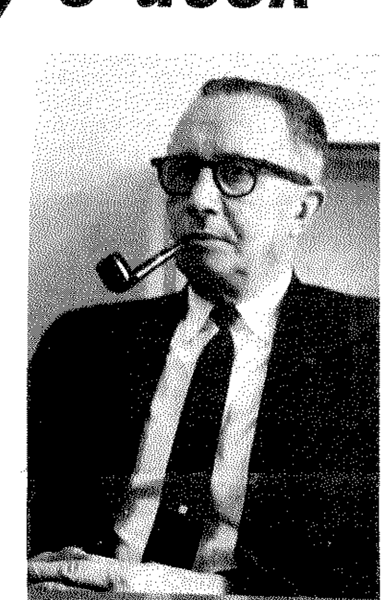


Bruce Campbell, Plant Councillor, Local No. 6, Okanagan. Combinationman.

Ron MacIntyre, Plant Councillor, Local No. 4, Kootenay. District Repairman.

The above members are elected from the Plant Council to the Negotiating Team.

From the General Secretary's desk



Reviewing the operations of the British Columbia Telephone Company, it is very clear that wage increases over the last three years had no effect whatsoever upon profits, as a matter of fact, profits increased to such an extent that the Railway Transport Committee of the Canadian Transport Commission were appealed to by the British Columbia Telephone Company to permit the Company to retain higher profits. We do not object to the Company making a profit. We do object to the Company refusing to meet its obligations to the employees who produce this profit. We suggest also that the financial statement does not really give a true picture of profit, we have the suspicion that the General Telephone and Electronics Corporation, through its wholly owned companies and by way of the Anglo-Canadian Telephone Company, derives considerable profit from B.C. Tel operations. This is almost impossible to prove, but what do you think? So much for ability to pay, which isn't the sole reason for claiming the wage increase by any means.

The Company, up to this point, has used the "Community Average" as the criteria for its offer to 6% and 6% over two years on 1968 wages. It has refused to recognize not only wage rates paid skilled and semi-skilled employees in the province of B.C., it ignores the fact that its employees must obtain, for the most part on their own time, the added skills and knowledge required to keep up with technological progress in the telephone business. This applies, with very few exceptions, to all the members we represent. Production by employees has increased. There is not a person employed by the B.C. Telephone Company or Canadian Telephones and Supplies Ltd., who does not produce more today than three years ago. Major expansion of facilities for service, with comparatively fewer employees to give the service, whether it be staffing of Central, Toll or any other office, Building Service, Stores, Garages, Installation and Repair, Splicing or any other classification listed in the Agreement, each produces more, by more supervision, and more pressure.

There is the undeniable fact that the wages of people working at similar jobs, both skilled and semi-skilled, have risen above those of the telephone employee considerably. If Management were realistic they would recognize the fact that their employees earn and are worth the increase we have demanded. Management could regain the kind of co-operation and restore the kind of morale that is essential to employee-employer relations, if they met their obligations honestly. Plant employees have every reason, to put it mildly, to be dissatisfied. For instance, the manner in which vacation time off has been administered. Management has refused to recognize that most of our members worked overtime so that they could enjoy leisure when they wished to take the time off. Sure there are individuals that desire the money, and only the money, sometimes with sound personal reasons. Management has not administered the vacation overtime clause in the spirit that it was negotiated. Further, it has done very little since the clause became effective, to hire and train people to meet the circumstances of vacation overtime or the expansion of telephone service in this Province. The Officers of Plant advised Management on a number of occasions and as far back as 1965, that staff problems would develop unless people were hired and trained to meet expansion, and implement vacation overtime as it was intended. We were in effect told it was none of our business. It was their right to manage, our advice was not required. We are constantly asked to co-operate, but only by means of a one-way street. Since the Company has in their demands required the elimination of vacation overtime, Management has, through recent refusal to grant any time off, attempted to influence the membership's thinking — "I can't get time off, so what good is it to me." We hope no one will be stampeded by these tactics.

Continued on Page 2

PLANT NEG. — Cont'd

the Committee report. In view of the above mentioned Committee and the problems encountered, the Union agreed to drop this proposal.

In-Charge Differentials

The Plant Negotiating Committee was prepared to drop this demand because it was beginning to show as a major cost factor and detract from the wage package. After a review and reconsideration by the Company, a revised proposal, with certain improvements, was put forward to reword Article VII — Differentials. This complete proposal will be placed before the membership prior to a vote being taken.

Coveralls

The Company stated coveralls were available for certain work functions where an employee would get very dirty. Because this item appears to be an administration problem the Plant Division has dropped this proposal. If there are areas that have problems concerning coveralls, please inform the Federation office.

Double Time For All Overtime.

No agreement has been reached on this item and the Plant Division is taking this item to the Conciliation Board.

Hours of Work Committee Report

The Negotiating Team encountered areas concerning shift and non-shift employees that would only add to the problems. Also, the Company wanted to make changes with regards the shift and non-shift employees to which the Union was not agreeable. The Plant Negotiating Team decided to drop this proposal.

Night Shift Janitors' Hours— 11:00 p.m. - 7:00 a.m.

After consultation with the Executive of Local No. 5, it was decided to drop this proposal.

Called Out Overtime

Agreement, in principle, has been reached concerning the problems of called out overtime. The proposal is very lengthy and requires rewriting the Overtime clauses in the contract. A detailed report will be placed before the membership prior to a vote being taken.

Notice re Lay-Offs

The Company and Union have reached agreement on this proposal in two parts.

1. Six months' notice of lay-off due to technological change.
2. One month's notice, to the Union, prior to any lay-off due to economic reasons, plus two weeks normal notice.

Grievance Committee Report

A number of changes in Article VII — Grievances — have been agreed to which required rewriting the article on grievances and will be placed before the membership prior to a vote being taken.

The problem on the grievance procedure was handled by the Federation Council.

Vacation Allowance

No agreement has been reached concerning the number of employees that will be allowed off at one time for vacation purposes. The Plant Division is taking the figure of 40% off at one time to the Conciliation Board.

Jim Bremner, Assistant General Secretary and member of the Plant Negotiating Team.

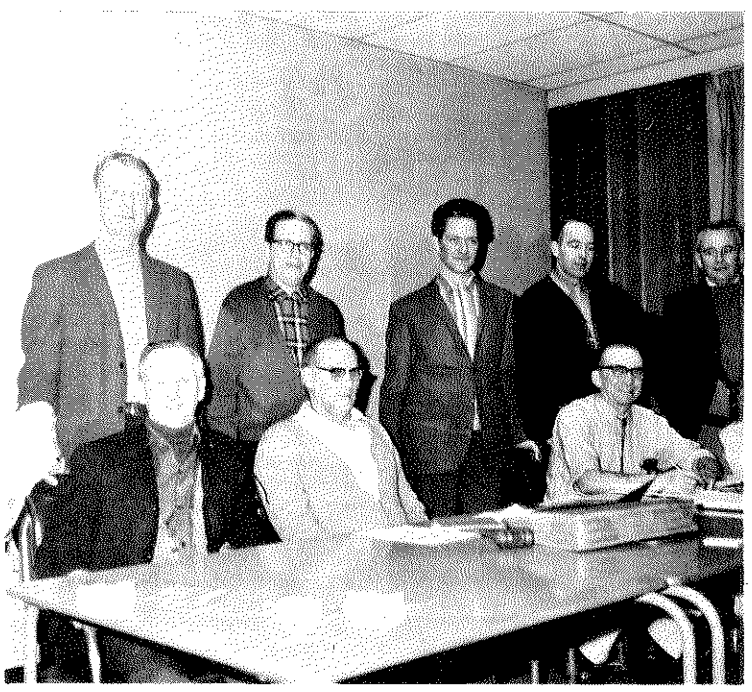
Attention students Win a scholarship!

"The Federation of Telephone Workers of British Columbia, Plant Division, offers a scholarship of $500 to sons and daughters of members (with at least twelve months continuous service) or of deceased members (with the same service). It is open in competition to students proceeding in the fall from Grade XII or XIII of secondary school to a full program of studies at the University of British Columbia, University of Victoria, or Simon Fraser University. To be eligible for consideration a candidate must have an overall average of at least 70% in the subjects of the grade in which he or she is registered. Candidates in Grade XIII will be considered on the basis of standing obtained in the Departmental Examinations written in June; those in Grade XII will be considered on the basis either of standing received by recommendation or in the June Departmental Examinations. The winner will be selected by the University of B.C., in consultation with the Federation, from those who so qualify. In the final selection, a major factor will be the financial circumstances of applicants and their families. Applications must contain details of family service with the Federation and other pertinent information."

To qualify for the above scholarship there are certain procedures that must be followed.

(a) You must obtain a "General Application for Scholarship" form by writing to Dean Walter H. Gage, University of British Columbia, Vancouver 8, B.C. This form must be completed and returned to the University of British Columbia on or before May 15.

(b) In addition, you must submit the forms that all candidates must submit to the Department of Education, Victoria, B.C., to write Departmental Scholarship Examinations in June.



The Brothers pictured above are the Executive of Local No. 5. Seated, left to right, K. Chapman, J. Burkett, J. Grindley. Standing, left to right, G. Stewart, P. Moore, J. Van Buschback, H. Mathiesen, J. W. Weir.

Gen. Sec. Report cont.

This means that if for a legitimate reason you cannot attend a meeting called to vote upon the contract, such as distance, shift, illness, or vacation, YOU MUST APPLY FOR THE BALLOT TO:

B. H. Johns,
General Secretary, Plant Div.,
Federation of Telephone Workers of B.C.,
Room 103 - 1237 Burrard St.,
Vancouver 1, B.C.

Be sure your address is placed on the letter of request for a ballot, so that we are sure we have your correct address.

We urge all our members, when the time comes, to make an effort to attend a meeting, or if for a legitimate reason you cannot attend, request a ballot. In the past a large number of our members were too lazy, disinterested, or they said to themselves, "My vote won't make any difference, so what the hell." All we can say is that too many of our members have taken this attitude, too damn many members and they should be damned for it. Perhaps there should be a fine, a loss of fifty dollars in retirement benefits, for not registering a vote.

There are a number of things we would like to say, but we feel it would be inappropriate to say them at this time. We might prejudice our position before the Board.

For your information, we have retained the services of an experienced, competent firm, who have agreed to help prepare material and advise us on our approach to the Board.

As you know by now, a Conciliation Board is being appointed. The Union appoints a member, Management does likewise. If they cannot agree upon a Chairman, the Minister of Labour appoints. This will take time, perhaps three or four weeks, depending upon agreement as to who shall act as Chairman.

When the report is made available, you will receive a letter, or the Transmitter, detailing all changes and additions as negotiated, those recommended by the Board, and those agreed to through the Conciliation Officer.

Meetings will be called as soon as possible to vote upon acceptance or rejection.

All members take special note of the following:

ARTICLE X, PARAGRAPH 4:

"Any business affecting wages and working conditions shall be voted on by secret ballot and shall require, to become effective, 51% majority of members present at specially called meetings of the Locals, unless in the case of referendum balloting on the working Agreement as directed by the Plant Council. In the case of other than referendum voting, absentee ballots shall be issued by the Federation Office upon request of the individual member. An absentee shall be considered as one who is working, sick, or on vacation, or located in an area making it impossible to attend a Local meeting. The ballots used in this case shall be issued by the Federation Office. Ballots marked in any other manner shall be considered spoiled ballots."

Bill Clark, Assistant General Secretary and member of the Plant Negotiating Team.

CONCILIATION BOARD NOMINEE

The Plant and Clericali Divisions have received formal notification from the Federal Department of Labour that a Conciliation Board can be established in an attempt to settle our dispute with the B.C. Telephone Company.

The Plant Division nominee for the Board is Mr. Dave Stupich, NDP, MLA., from Nanaimo, B.C. Mr. Stupich is a chartered accountant by profession.

The Clerical Division nominee for the Board is Mr. M. J. Monty Alton, bargaining agent for the United Steelworkers of America. The Steelworkers represent Clerical workers in such companies as American Can and Continental Can, where wages and working conditions rank among the best in the Province.

COMPANY PROPOSALS FOR PLANT DIVISION

V.O. Time

The Company is still holding to their demand for the elimination of V.O. time and is taking this proposal to the Conciliation Board.

Hours of Work:

Article 1, Section 1:

The following is the status of the Company's proposal for changes in the Hours of Work.

Evening Shift Exceptions

(a) Installation and Repair (including P.B.X. work) — 12:00 noon - 9:00 p.m.

The Company has modified the above proposal to a shift of 2:00 p.m. - 10:00 p.m., and is taking this item before the Conciliation Board.

(b) Construction — 6:00 p.m. - 2:00 a.m.

The Company has dropped this proposal.

(c) Equipment Installers — 10:00 p.m. - 6:00 a.m.

The above shift has been agreed to for C.T.S. Installers only and only for regrade purposes.

(d) In paragraph 2, delete the words "during the calendar week."

The Union would not agree on this item and the Company finally dropped this demand.

(e) Proposal that: The Schedule Committee may recommend the assignment of employees to shift schedules.

No agreement was reached on the above item and the Company withdrew this proposal.

Article II — Headquarters

Agreement has been reached on the rewording of the Headquarters clause and place it in the Master Portion of the contract. A detailed report of the new clause will be put before each member prior to a vote being taken.

Article III — Overtime

This was reported under the Plant proposals in regards to Called-Out Overtime.

Article VI — Schedule of Wage Rates

(a) Delete Cable Repairman and Frameman from Wage Group 1.

Agreed to delete Cable Repairman but Frameman remains in Wage Group 1.

(b) Combine P.B.X. and P.A. B.X. Installer-Repairmen into one classification.

The Company has dropped this proposal.

(c) Combine Radio and Microwave Men, Repeatermen and Toll Switchmen.

The Company has dropped this proposal.

(d) Non-craft group for frame work.

The Company has dropped this proposal.

(e) Non-craft group for switch lubrication and bank cleaning.

No agreement has been reached on this item and the Company is taking it to the Conciliation Board.

(f) Grouping appropriate for flow line operation for repair and adjustment of Strowger switches.

No agreement has been reached at negotiations on this item.

(g) A numerical system for determining which "Wire and Equip" work falls in Grade I and Grade II.

No agreement has been reached at negotiations on this item.

Article VII — Differentials

Reported under Plant proposals on In-charge differentials.

Hot Weather Clause for Construction—6:00 a.m.-2:30 p.m.

The Company has dropped this proposal.

Meal Allowances

Eliminate the mid-shift meal allowance throughout the Plant Appendix.

No agreement was reached on this item and it has been dropped by the Company.

Section 3 — Automotive Maintenance

The Company has dropped its proposal for shift rotations in the garage and will work out their problems within the framework of the existing clauses in the Agreement.

Section 7 — Technicians

Agreement has been reached concerning the minimum qualifications required for Technicians. A full resume will be placed before the membership prior to a vote.

WATCH FOR SPECIAL MEETINGS TO VOTE ON BOARD PROPOSALS IT IS YOUR DUTY TO VOTE

Ed Cliff, Federation President and member of the Plant Negotiating Team.

CLERICAL NEGOTIATIONS

The Clerical Division Negotiating Committee has requested the Minister of Labour to appoint a Conciliation Board in order to recommend a settlement that will be acceptable to the Union and the Company. The recommendation of this Board is not binding on either party. Composition of the Board will consist of a representative chosen by Management, a representative chosen by the Clerical Division, and a Chairman chosen by the two representatives. If the two representatives cannot decide on a Chairman, then the Minister of Labour will appoint on. Due to certain time allowances and procedures, the Board will probably not meet for at least three weeks. At the first meeting, each side will make a presentation to substantiate their position, the Board will then adjourn for a few days to give the Union and the Company an opportunity to produce a rebuttal. Soon after the rebuttal is presented to the Board, they will make their recommendations, unless further arguments or clarifications are required. If the Board's decisions are satisfactory to the negotiating committee, they will be recommended for acceptance to the members. If the Board's decisions are not satisfactory, they will be submitted to the membership with a recommendation for non-acceptance. The results of this ballot will determine whether or not a strike vote would be taken.

There have been some minor gains made during negotiations; they are, however, far from adequate to stimulate very much enthusiasm. The Company has offered: to pay one-half of the M.S.A. payments for single, married and family groups; to establish a joint Labour-Management Committee to discuss problems during the life of the Agreement; grievance procedure revisions; lay-off clause improvements; shift differential increases; continuance of the Draughtsman I rates into the Draughtsman II category. The foregoing matters are considered settled.

Some of the outstanding items are Pensions, Vacations, Hours of Work, Basic Work Week, Posting Procedures, Length of Contract, Overtime Provisions and Wages. The Clerical Division is maintaining a strong stand on these items and will continue to press for a 25% wage increase.

THE WAGE ISSUE

"How do we justify a 25% wage demand over the term of a one-year contract?" This is a complex question which cannot be completely answered in a few sentences, however the following comparisons will help to put the wage issue in proper perspective.

When wages are negotiated, two basic issues must be considered:

(1) How does the present pay scale compare to what the "market" pays for a similar job under similar conditions, and is a "catch-up" percentage required?

(2) What percentage is required for 1969 to maintain the Clerical Telephone Workers' economic position in the community?

Our research indicates that the B.C. Telephone Company pays its Clerical employees **substantially less** than other similar, large, unionized employers in this geo-economic area.

In the examples below, we have compared actual jobs in both B.C. Telephone and B.C. Hydro. In the lower classifications, where employees usually enter the Company and progress to higher groups within a few months, we have only compared starting rates. In the higher categories, where employees are more likely to progress through the full scale, we have compared both start and top rates.

Check the comparison

Position Classification	B.C. Tel. Co. Rate p/m Start/Top	B.C. Hydro Rte p/m	Start/Top
Office Boy or Girl, Group 1, minimum entry level Mail/Messenger Clerk, Group 1, minimum entry level	$238/	$290/	+ 21.8%
Utility Clerk, Group 3 General Clerk 4, Group 1	$267/	$290/	+ 8.5%
Teller, Class 1, Group 5 Cashier, Group 2	$290/	$321/	+ 11%
Data Processing Machine Attendant, Group 6 I.B.M. Operator, Group 5	$301 to $430	$426/558	+ 41.5%/ + 30%
Service Representative, Class 1, Group 7 Application Services Clerk, Group 6	$324 to $462	$493 to $617	+ 52.2%/ + 33.5%
Driver and Auto Messenger, Group A Mail Truck Driver	$301 to $459	$451/475	+ 49.8%/ + 3.5%
Outside Rep., Group C Credit Rep., Group 6	$348 to $551	$493 to $617	+ 41.7%/ + 12%
Computer Oper., Class1, Group D Computer Oper. — B, Group 6	$371 to $574	$493 to $617	+ 32.9%/ + 7.5%
Computer Operator, Class II, Group E Computer Oper. — A Group 7	$395 to $598	$539 to $675	+ 36.5%/ + 12.9%
Salesman (one scale only) Salesman (several scales, Groups 9 to 11)	$415 to $752	$633/ (start of grade 9) /928 (top of grade 11) + 52.5%/+23.4%	

Pictured above, left, Doug Booth, General Secretary, Clerical Divison, and on the right, Ian Edgar, Assistant General Secretary, Clerical Division.

B.C. Hydro, with a similar operating area, drawing from a common labour market, pays its employees an average of **27.7% higher** than the equivalent B.C. Telephone employee based on the above examples. Obviously, there is considerable catching up to do if we are to move up from our present second-class economic status.

The Telephone Company management has steadfastly refused to consider B.C. Hydro as a typical comparison, suggesting that the Hydro pay scale is out of line. When we consider that Hydro is by no means the top payer in the community, this means that our Company is assuming all the other large, unionized rms are the ones which are economically out of step, not us.

The refusal by Management to admit any catching up is required has clearly led to the present position, where the conciliation officer has been unable to bring the two sides together, and we are awaiting the formation of a conciliation board.

Clerical meetings

If you want to be an informed member it is essential you attend the local meetings at this critical time of negotiations. Watch the notice boards for announcements of pending meetings.

Next meeting of Local No. 20 — March 20, 1969 at 5:30 p.m. V.O.A. Hall, 856 Seymour Street, Vancouver.

Local No. 21 — April 7, 1969 at 5:15 p.m. Dominion Hotel, Victoria.

Local No. 21 (Up-Island meeting) — April 18, 1969 at 8:30 p.m. Nanaimo Travelodge.

Local No. 23 — April 2, 1969 at 5:30 p.m. Russell Hotel, New Westminster.

Liberalization of pensions

(Globe and Mail—March 5, 1969)

Liberalization of private pension plans has had one result that employers may find distressing: it has caused labor unions rapidly and progressively to step up their pension expectations.

The change is related to introduction of the Canada and Quebec pension plans. The contributory and compulsory state plans provide a foundation on which, at additional cost, a retirement income program can be built that will permit workers to look forward to a comfortable old age.

The tacit acceptance of this objective by employers, evident in their willingness to improve private plans, has encouraged unions to emphasize pension benefits in contract negotiations. The result is that unions are pressing for a level and range of benefits that even militant labor officials a few years ago might have dismissed as pie-in-the-sky.

The pension objectives as an important part of organized labor were set out recently by Charles Schaller-Kelly of Detroit, actuarial consultant for the United Auto Workers of America.

"Basically," he told a meeting of the Canadian Pension Conference in Toronto, "our view is that there is no justification for a reduction in standard of living of the employee or his dependents when earnings unavoidably cease or decrease . . . This applies on retirement, death, disability or unemployment . . . We are no longer satisfied with subsistence benefits; they must bear a reasonable relationship to final earnings and must be adjusted to keep pace not only with the rising cost of living but the rising standard of living."

FUTURE BARGAINING

The broad objective indicates what probably will be the main pressure points in future bargaining by the UAW, and probably by other unions. The unions will bargain for substantially larger pensions, with provision for increases after retirement as prices and community living standards rise.

The UAW wants substantial improvements in disability pensions. "We still have a long way to go before reaching our goal in size and duration of disability benefits . . . There is no logical or moral reason why a worker who does not have long service should not receive the same benefits as a long-service employee." As for survivor benefits, the UAW believes a two-lifetime benefit should eventually become a standard plan provision.

Mr. Schaller-Kelly said there is mounting pressure for full

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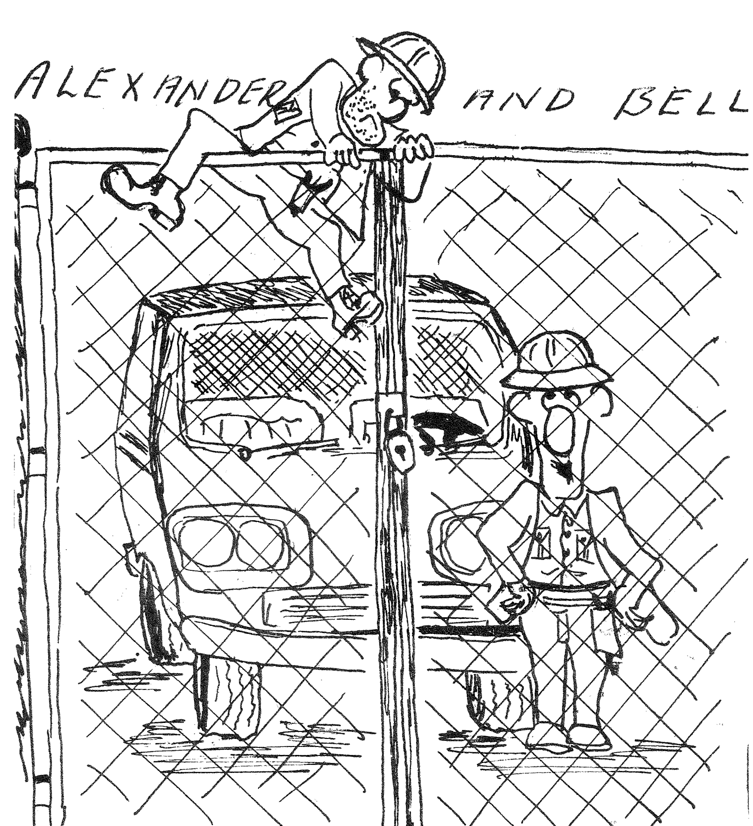

Hey, Bell! I guess they won't trust us with keys because of the wages they're paying. Last week one of the guys sold his truck!

THE TRANSMITTER

Room 103 - 1237 Burrard St. Vancouver 1, B.C. Phone 684-4164
Bert Johns, Editor
Bill Clark, Associate Editor
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Pensions cont.

retirement benefits after a given period of employment. "The '30 years and out' movement is very vocal in the UAW." Auto workers also want early retirement at full, or nearly full, benefit rates for members whose work is either boring or hard, or is being phased out. "The demand among union membership is very powerful and the leadership sympathy genuine."

PENSION OBJECTIVES

The UAW pension objectives are not necessarily those of other unions. Even among auto workers, there are differences of interest between long and short-service employees, young and old, and between married and single workers. Many other unions have less ambitious objectives simply because they are less powerful than the UAW, and are in industries that are less dynamic. Nevertheless, pension arrangements in the auto, steel, rubber, packinghouse, farm implement and mining industries, and in the civil service, have an influence on the expectations of other unions, and of unorganized workers.

Retirement pensions already are one of the most costly of fringe benefits. A study by the Thorne Group Ltd., Toronto management consultants, indicates that pension contributions in 1967 on average, amounted to 4.43 per cent of payroll costs, or $284 per employee — including the costs of the Canada or Quebec pension plans. In 1963, the cost was 4.4 per cent of payroll, or $230 per employee.

The relatively small increase does not fully reflect the improvement in benefits, chiefly because of integration of private plans with the government plans, which, at least in the early years, provide benefits greater than their actuarial costs. Moreover, in the well-organized mass production industries, where pension plans typically are non-contributory; costs have increased substantially more than the average for all industry.

Mr. Schaller-Kelly did not specify the level of benefits the UAW aims to win, nor the target date. The cost for the full package is likely to be substantial.

The most commonly accepted objective for retirement income, from all sources, is an amount equal to 70 per cent of final earnings — the guideline set by the Public Service Superannuation Fund.

A number of industrial unions are close enough to this target — the auto workers' pension is equal to about 63 per cent of basic earnings — but they may try to close the gap in the next round of negotiations.

The United Steelworkers of America's objective is a pension, payable as early as age 60 after 30 years of service, equal to 75 per cent of final, or best, earnings. Gordon Milling, Canadian research director of the Steelworkers, said contracts in the basic steel industry signed in 1966 provide for a flat benefit pension, payable at age 62 after 35 years of service, equal to just under 75 per cent of income at the $5,000 level. This annual income was approximately the average for Steelworkers' members over the previous five years, he said. Current agreements expire on July 31.

In the steel, auto and some other major industries, as well as government service and the teaching profession, prospective pensions are not far below the amount that would be needed to prevent a fall in living standards after retirement.

In a sample of 136 plans analyzed by National Trust Co. Ltd., the most common benefit rate for earnings-related plans was 2 per cent of annual earnings for each year of service. For plans based on final earnings this would provide a pension after 35 years equal to the civil service standard. For career-average plans, the pension would be substantially less, because of the rapid rise in wage and salary levels in recent years. The trend, according to National Trust, is toward use of final earnings as the pension base.

There has been a rapid evolution of pension plans over the past five or six years. Many plans still are inadequate, but in another few years it is possible that the benefit level of most plans will be regarded as satisfactory — by today's standards.

DISSATISFACTION

Survivors' benefits, as Mr. Schaller-Kelly indicated, is an area in which there is still much dissatisfaction. Protection for an employee's family can be provided by group life insurance, but unions tend to regard this as inadequate — partly because of the amounts involved, but also because group policies commonly terminate or are reduced when an employee retires.

In some plans, the employee has the option when he retires of taking a reduced pension that will continue until his widow's death. The thrust of union bargaining is toward reducing the cost of exercising this option. Most commonly, the pension is reduced to 80 per cent of the normal accrued amount if it is to continue for the widow in full, or to 90 per cent if the widow's pension is to be at half rates.

The addition of joint survivor benefits (at half rates) as a standard feature adds perhaps 15 per cent to the cost of a pension plan.

A further major cost would be incurred by employers, and by employees under contributory plans, if private pensions were tied to the cost of living index. The union preference, according to Mr. Milling, is not to index the pension formally but to negotiate pension increases for those who have already retired when contracts are renewed. In this way, retirement income can be made responsive both to price changes and to the rise in community living standards.

VOLUNTARY INCREASE

Where pension plans are not included in collective agreements, employers may voluntarily increase pensions paid to retired employees. A number of companies have done this during the recent years of rapid inflation.

A. J. C. Smith, vice-president of William M. Mercer Ltd., told the Canadian Pension Conference meeting that this method is becoming out-dated. "The paternal approach of the periodic increasing of pensions in course of payment by the company seems out of step with the modern approach to pension plans," he said.

Mr. Smith said automatic increases are inflationary and costly, and can impose dangerous liabilities on pension plans unless the formula stringently limits the amount of each increase. Nevertheless, he added, pensions related to a wage or cost of living index seemed an almost inevitable development.

Some actuaries calculate that indexing of a private pension plan would add 15 to 25 per cent to the cost of a plan. This assumes a 3 per cent rate of inflation, and a pension fund investment policy strongly oriented toward common stocks. The cost, in any event, is indeterminate. For this reason, formal indexing of pensions is resisted by employers.

Indexing of private plans has proceeded further in the United States than in Canada. The National Trust survey found that only two of 136 plans examined made any formal attempt to adjust benefits to the rising cost of living.

In the United States, a study by A. S. Hansen Inc., reported in the current issue of Financial Executive magazine, found that nine of 60 major plans analyzed had built-in provisions for improving benefits after retirement. The U.S. proportion, however, also is low — only 15 per cent — and the study found considerable opposition to automatic benefit increases for retired employees. Employers feel less vulnerable when they can adjust benefits at their own discretion.

Carter report on taxation

(Saskalls — Jan./Feb. 1969)

The Carter Commission (Chairman, Kenneth Carter, a Chartered Accountant, former Director of Canadian Tax Foundation) was appointed in 1962 to study and assess the entire field of taxation in Canada. It was to report to Parliament with its conclusions and recommendations on our present system and needed changes. It was a competent Committee with wide terms of reference. It cost Canadians approximately $3,500,000. It courageously brought in a detailed, far-reaching and progressive report.

The Carter Royal Commission on Taxation, after five years of exhaustive research here and abroad, found that Canada has an unfair tax system.

It found that billions of dollars of income were escaping tax altogether or enjoying tax privileges which lightened the tax burden on them.

It recommended lower taxes for income groups making less than $10,000 and higher taxes for those over $10,000 and for persons making capital gains.

A CALL TO ACTION OUR ONLY CHANCE TO GET A FAIR TAX SYSTEM

The 5% who get special privileges under our tax system have already blasted the report.

THE 95% MUST SPEAK UP

The Carter recommendations won't be adopted unless the 95% of Canadians who will benefit by this tax reform speak up in favour of it.

A few of the Carter proposals would affect some working people adversely. For example, Carter suggests that social security and fringe benefits should be taxable. But most people receiving these benefits would not have enough total income to bring them into a taxable bracket. Those who do have enough income, no matter from what source, should pay tax.

If we want to make stock market gains and other exempt income taxable, we must accept the principle that "A BUCK IS A BUCK" and it should all be counted in income.

If social security benefits without tax free clauses are inadequate, we should press for the benefits to be raised.

Even if working people pay tax on some income that is now exempt, they will be much better off under the Carter system because lower rates of tax will be possible when we have a fair sharing of the tax burden.

WHAT DID CARTER FIND?

1. Present taxation does not afford fair taxation for all Canadians.
2. The present tax structure has led to Canadians being less well off through the lack of goods and services that could be provided through more efficient use of Labour, Capital and Natural Resources.
3. Compliance and collection costs have been needlessly raised by duplication in Provincial and Federal Aministrations. **Federal Tax Administration is open to Political influence.**
4. The fiscal situation has not been used as effectively as it could to maintain full employment, contain inflation and encourage **Canadian ownership of Canadian industry.**
5. Federal procedures to obtain and analyze new ideas on tax increases or for hearing the views of taxpayers, are inadequate.

The Commissioners said "We are fully aware that these conclusions constitute a severe criticism of the present tax system. They were not arrived at lightly nor are they the result of preconceived opinions."

"Whenever conflicts arose in our proposals — they were reconciled in favour of equity." We are convinced that preserving and developing the system by scrupulously fair taxes must override all other objectives."

THE PRIVILEGED RESOURCE INDUSTRIES

1. Mining companies should depletion allowances removed. 85% of the benefits of such allowances go to only **eight** oil and mining companies, most of whom did not need this incentive. Removing these exemptions would provide a minimum of $150 million a year to the Treasury.
2. The uranium industry, in its meteoric existence to 1964, on an investment of just one quarter billion, made a profit of over $250 million or 100% on investment — but **paid only $30 million in taxes.**

THE LIGHTLY TAXED INSURANCE AND FINANCE COMPANIES

In 1964 revenues to Canadian Insurance Companies exceeded expenditures, including policy dividends and increases in actuarial reserves, by $90 million. Income tax was paid on only $5 million of that amount and amounted to $2 million. At the same time Canadian insurance companies with about 30% of their business abroad, paid six times as much to foreign Governments — or $13,800,000 (six times the tax — one-third the business). But — and hold your hat — foreign companies paid **no income tax** on a comparable amount of insurance sold in Canada.

Had the prosperous insurance companies been taxed on the same basis as other corporations in 1964, they would have paid $77 million instead of $2 million.

In addition, insurance companies in 1964 were getting away with estimating return on long-term investment at 3.5% when their actual return was 5.5%.

The insurance industry is free-loading on Canadian taxpayers — listen to this for an eye-opener. 1964 figures — $12 billion assets, $1.3 billion in premiums — $600 million NET in investments income — BUT IT PAID OUT JUST $800 MILLION IN DIVIDENDS AND BENEFITS — AND JUST $2 MILLION IN CORPORATION INCOME TAXES.

Other financial companies — banks, trust companies, etc. — are also permitted large tax-free reserves.

LAND SPECULATORS AND THE FREELOADERS WHO PLAY THE STOCK MARKET

In this country (just about the last nation on earth without a meaningful Capital Gains Tax) a man who labours for $5,000 a year pays taxes — but a speculator who makes $50,000 in a land deal or a flutter on the stock exchange is not required to pay an income tax on this gain.

WHAT DID CARTER RECOMMEND? ALL INCOME TO BE TAXABLE

For example:

1. Stock options.
2. Gifts (after $500 a year and one $5,000 lifetime gift exemption).
3. Pay of any kind (strike, Unemployment Insurance, Compensation, sickness and group life insurance).
4. Credit Union and Consumer Dividends.
5. Tax-free allowances (including M.P.'s and M.L.A.'s, Union staff representatives, company executives and sales representatives).
6. Profit sharing.
7. Gambling gains.
8. Bonuses.
9. Premiums paid by employers for employee's Hospital and Medical insurance.
10. Non cash benefits provided by employers.
11. Death benefits.

A redistribution of the tax burden, so that wealthy individuals and corporations would pay their **fair share,** would result in $523 million more in Corporation Taxes to the Federal Government in one year, $271 million of it from foreign investors.

- Generous tax credits for post-secondary education costs.
- Capital gains apply to income and property but with a $25,000 lifetime exemption on gains realized on sale or disposition of owner occupied **homes or farms.**
- Establishment of an independent, non-political Board to replace National Revenue Department as federal tax collector and administrator.
- Tough limits on travelling and entertainment costs to stop "expense account living."
- Taxation of families as units with provisions for averaging year to year income fluctuations over five years.
- Maintenance of basic exemptions in the form of zero taxes on the exempt amount with a much lower tax rate on the balance.
- Tax credits for children (more valuable to low income families) would be substituted for present tax exemptions. Additional tax credits for working wives with children are recommended.
- Corporate and personal income taxes would be integrated. Every Canadian shareholder would get a 100% credit for taxes paid on his behalf by the Corporation. This would be partly offset by full taxation of share gains. It would increase the flow of Canadian savings, individual and institutional, into Canadian equities.
- Inefficient concessions to industry would be abolished (including the present three-year exemption for new mines).
- Worker's expenses in earning his living up to 3% or a maximum of $500 may be claimed as a tax deduction (commuting expenses cannot be claimed).
- Mining companies can still claim full exploration and development costs at accelerated rates. The Carter Report would not result in a lack of new investments — the contrary would be true.
- 11% Sales Tax applied at the manufacturing level would be removed and assessed at 7% at the retail level. This would be equivalent to a small reduction.