## Employers positive about 2004

*A compensation survey predicts an average salary increase of 3.25% in Canada.*

"EMPLOYERS MUST SEE THERE IS REASON FOR OPTIMISM COMING INTO 2004 AND THEY'RE PREPARED TO CONTINUE TO INVEST IN PEOPLE.'"

—DANIELLE BUSHEN, HEAD OF MERCER HUMAN RESOURCE CONSULTING'S GLOBAL INFORMATION SERVICES IN TORONTO.

After a year in which the Canadian economy was buffeted by SARS, forest fires, mad-cow disease and a significant drop in tourism, Canadian employers are remarkably positive about the coming year. So says a survey by Mercer Human Resource Consulting which finds that the majority of employers are projecting average salary increases of 3.25% for 2004—a higher percentage than anticipated.

"In our mind it says employers must see there is reason for optimism coming into 2004 and they're prepared to continue to invest in people," says Danielle Bushen, head of Mercer's global information services in Toronto.

The Compensation Planning Survey for non-union employees—which was completed in August 2003—surveyed 260 organizations from across the country. Different sectors were polled, with natural resources projecting the highest salary increase of 3.6% and real estate anticipating a 3% increase. Financial services companies projected the increase at 3.1%. Pay increases for executives were 3.3% in comparison with clerical and hourly staff at 3%.

Bushen points out that despite the slight differences, the spread is very narrow.

"People are really sticking around 3%, 3.5%. Last year it was 3.3% and we really thought it would have come down a little bit."

She says the findings are interesting in light of the fact that Canada has traditionally lagged the U.S. in the area of compensation. Bushen says that while Canada's percentage increase has grown to 3.25%, the U.S. has seen its salary increases fall to 3.5%. She attributes this trend to the U.S. economy—which has declined over the last few years—and the impact of globalization.

*—Anna Sharratt*

## "Wise" committee finishes consultation

The federally appointed wise persons committee on securities regulation has wrapped up its public consultation phase, having received 80 written sub-

## FSCO introduces Web link

The Financial Services Commission of Ontario (FSCO) has introduced the Pension Web link so that pension stakeholders can access contact details and other information about the majority of pension plans through its Web site. The service will be offered 24 hours a day, seven days a week and will be accessible at www.fsco.gov.on.ca.

The type of information—which will no longer require a Freedom of Information form—will include the plan's registration number, the name of the plan, the corporate name and address of the plan sponsor, administrator or custodian, the effective date, fiscal year-end, plan type, benefit type and total active membership in the plan and the name of the FSCO employee assigned to the plan.

The online information about pension plans will be restricted to those plans that are active, in the midst of a wind-up, frozen or are no longer active but represent prior benefits for a currently active pension plan. No confidential information about plan members will be released, according to FSCO.

missions on how to reform Canada's patchwork of regulatory bodies.

"We are very pleased with the quantity—and especially the quality—of the input we have received from market participants across Canada," said Michael Phelps, chair of the committee. "We thank everyone who has participated in the process to date for their thoughtful and constructive views, and commend their willingness to comment on these important issues."

The committee will now busy itself with sifting through the submissions, with external auditors crunching the empirical data, to arrive at its recommendation for reform. The final report to the federal finance minister is due Nov. 30.

"One of the alternatives that we are considering is the structure known as the 'passport system,' which has been studied by the provincial ministers' committee," said Phelps.

*—Steven Lamb, advisor.ca*

## Caisse files action against BCE

The Caisse de dépôt et placement du Quebec has filed a claim against Bell Canada Enterprises Inc. (BCE) in the Ontario Superior Court over Bell Canada International's (BCI) recapitalization transactions in February 2002. The Caisse is seeking up to $110 million in damages along with interest and costs resulting from BCI's issuing of shares on Feb. 15, 2002—a move which the pension fund alleges unfairly put the interests of BCI's shareholders ahead of the interests of its creditors.

"We filed a notice of action within the arrangement plan that was proposed by BCI and the delay that was imposed from that," said Caisse spokesperson Lucie Freniere. She says BCI's capital restructuring plan led to the issuance of shares in favour of BCE instead of being accrued by the holders of private debentures. Those debentures, she says, "were greatly diluted" by issuance of the shares. "We feel we have the right to claim the nominal value of the debenture." The Caisse held $110 million of $150 million of convertible unsecured subordinated 6.5% debentures.

The Caisse isn't the only shareholder taking action against BCE; Cameron Gillespie, a BCI common shareholder, has also filed a lawsuit against BCE and BCI and is seeking approval to proceed with a class action suit on behalf of other BCI common shareholders as of Dec. 3, 2001.

At press time, the Caisse and BCI had reached an agreement to allow the pension fund to undertake "limit-

## In memoriam: Murray Segal

Eckler Partners Ltd. is mourning the passing of senior partner, Murray Segal, who died on Sept. 1, 2003, after a brief battle with cancer. A prominent actuary, Segal joined Eckler Partners 44 years ago. In addition to his professional consulting activity, he served on the board of directors and as the firm's chief financial officer and corporate secretary.

Segal headed up Eckler Partners' Actuarial Evidence practice and was considered by many to be Canada's leading practitioner in the field. He also played a key role in numerous landmark cases. Throughout his career he served on many advisory committees and professional organizations.

In his memory, Eckler Partners Ltd. is establishing the Murray Segal Memorial Award in Actuarial Science at the University of Manitoba, Segal's alma mater. Donations can be made through David Brown at Eckler Partners (416) 696-3016 or dbrown@eckler.ca.

ed examinations" to ascertain whether its suit contained factual or legal differences from previous class-action suits. BCI said that if the Caisse was to determine that no differences exist, then the pension fund's action would be stayed pending a final adjudication or settlement of the 6.75% debenture class action. If any settlement is made in the other suits, BCI and the Caisse will resolve the pension fund's suit on a *pro-rata* basis. —*Caroline Cakebread*

## Depression hits 4% of Canadians

Depression affects as many Canadians as any other leading chronic disorder, according to new data from Statistics Canada on mental health. The Canadian Community Health Survey (CCHS) reports that major depression is about as rampant among Canadians as heart disease, diabetes or thyroid conditions. Four per cent of people surveyed have experienced symptoms or feelings associated with major depression and, while all mental health disorders aren't covered by the survey, it did include data on manic disorder, panic disorder, social phobia, and agoraphobia.

Mental disorders aren't just a Canadian problem; the World Health Organization says that five of the 10 leading causes of disability are related to mental disorders. It predicts that within the next 20 years, depression will be the second leading cause of disability in the world. About 18% of those surveyed have had feelings and symptoms consistent with the mental disorders and substance dependence covered in the study.

An alarming trend is that the majority of Canadians who suffer from mental disorders or substance abuse problems did not seek professional help. A mere 32% of those who experience symptoms talked to a health professional during the 12 months prior to being interviewed for the survey. And 21% of those surveyed who suffered from specific mental disorders or addictions reported that even though they felt they needed help, their needs were not addressed.

—*Caroline Cakebread*

## 20 questions for pension directors

A new booklet published by the Canadian Institute of Chartered Accountants (CICA) offers tips to directors of corporate pension plans. Written by pension expert Gordon Hall, the booklet is called 20 Questions Directors Should Ask About Their Role in Pension Governance. Along with the list of questions, it also offers a description of 10 common factors shared by most plans and a series of charts and graphs outlining the roles and elements of different plans. Directors can use the information to better understand their responsibilities and to take more of a leadership role in governing the plan.

The book is responding to the severe state of under-funding facing so many pension plans in Canada. Says author Hall, "Pension governance in today's environment calls for enhanced leadership by boards and directors." He also points out that the responsibilities held by directors can put them at risk and that they need to ask the right questions up front.

"While some pension governance matters are regulated and most plans usually comply with the legislation, there are a considerable number of areas where decisions are at the discretion of the plan sponsors and/or legal administrator," says Hall. That discretionary aspect is where major risks exist for directors. The CICA hopes the book will contribute to improving the state of corporate governance on a national basis. —*Caroline Cakebread*