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# Legislative Assembly of Saskatchewan

## DEBATES and PROCEEDINGS

(HANSARD) Published under the authority of The Honourable Dan D'Autremont Speaker

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### **Bill No. 92 *The Pooled Registered Pension Plans (Saskatchewan) Act***

**Mr. Forbes:** Thank you very much, Mr. Speaker. It's a pleasure to rise and speak to Bill No. 92, *An Act respecting Pooled Registered Pension Plans and making consequential amendments to certain Acts*. And of course all these things are coming out as part of the budget, and we understand that. And these are budget bills and we need to speak to these.

But I do want to take a moment to reflect on how important these are, and again to emphasize to the minister, and we will as often as we can, that while this can be one part of the tool kit, there are many other tools that he needs to consider. And we have spoken at length about this in terms of looking at how we can best utilize the Canada Pension Plan and what that means for many, many Canadians and for our Saskatchewan citizens.

And clearly if we can show leadership in developing tools like this, we can show leadership by stepping up to the plate when others are saying, hey we need to think outside the box here and think and revisit that time when we felt so strongly that seniors cannot be left abandoned when it comes to income security. This is one tool that you can have and clearly there's many merits of it. But we need to really sit back and think about what the majority of Canadians, what is the reality that they face. And it's not a good picture. It's absolutely not a good picture.

So, Mr. Speaker, I want to just take a minute and reflect on what the minister said when he was talking about Bill 92. He talks about how these are a new kind of a pension plan that will provide employees and self-employed who do not have access to a workplace pension a low-cost retirement savings opportunity.

And I suppose in some ways he's correct, but he's inaccurate in the sense that we all have access to the Canada Pension Plan. And that is the primary workplace pension plan in Canada — the Canada Pension Plan. We all have access to the old age security, but the second stool . . . the second leg of that stool is the Canada Pension Plan. And we need to make sure that we take the time to get it right. We're at a crossroads, and clearly we're at

a crossroads because we know that there are a new wave of seniors coming into place. And of course I'm talking about the baby boomers of which many of us in this House belong to. We belong to that generation. And some of us are fortunate in that we do have a strong workplace pension to complement our other workplace pension, the Canada Pension Plan, but many others don't have that same, that same thing.

And so, Mr. Speaker, and I quote the minister. He says:

. . . there is widespread concern that Canadians are not saving enough for their retirement years. Statistics reflect this trend, and it's unfortunately now commonplace for individuals to work later in life because they find themselves with insufficient savings once they reach their retirement age.

And isn't that the truth. That is really the truth. And so we find ourselves searching for the answers, and we think this is the case. And we know it's particularly the case in Saskatchewan where I've been able to reflect on, what has been the stats here in Saskatchewan? And we know that there is a real concern about what happens to workers when they find themselves being squeezed with their take-home pay.

We know in Saskatchewan that we were once the most affordable province with the most affordable cities to live, but that's no longer the case. That's no longer the case with rents now making up 40, 45 per cent of a person's take-home wage. It used to be under 30 per cent. We were affordable, but we're not affordable anymore. And rent is squeezing costs.

A high cost, and particularly when you become a senior, the high cost of medications. Fortunately in Saskatchewan, here we have the seniors' drug plan that we were very proud on this side of the House to bring into place under the former premier. We were very happy to bring in the Canadian . . . the seniors' drug plan that reached out to over, I believe, 200,000 seniors, and it cost some \$50 million. I know this side, the government side, likes to talk about the seniors' income plan, and we think that is a good initiative. But clearly this year, even when they're raising it, won't cost half of what the drug plan cost and reach only a fraction of what the drug plan costs.

But seniors really are facing issues in terms of health care, and that's predominantly through the drug costs. And so we have those issues that seniors are facing and food and all the just general costs of living. And we see that as part of the new Saskatchewan. There's many positive things about the new Saskatchewan, but unfortunately one of the consequences is the cost of living here is much higher than it was many years ago. And the fact of the matter is seniors have to make difficult choice.

And as well, working people, when they're looking at their take-home pay, they have to make choices. And the very last, unfortunately, it seems like the very last thing that they are interested in doing is putting money aside, putting money aside for retirement. And so this is why we have some concerns about the pooled pension plan because clearly it is a choice. It's one that they can choose to participate in. It's a voluntary program. And unfortunately the track record for adults working is that it is their last choice to put money aside for too many people. And it really is a problem.

Yes, and this is what the minister says, and I quote, “This trend is especially worrying in regards to modest- and middle-income families and employees of small and medium-sized businesses.” And he goes on to say, “Mr. Speaker, in fact the Canadian Federation of Independent Business estimates that close to 80 per cent [80 per cent] of employees of smaller businesses have no access to company retirement plans.”

And I think that’s probably quite true, and it is a challenge. And it’s a challenge for the owners of small businesses to put into place and then to have some sort of vehicle for this to move forward. And so this is why there’s so many questions about the emphasis on this. This is something that maybe we can do. It will be interesting in many years, many years to be able to see how this all plays out in 10 or 20 years. In 10 or 20 years, we will be able to look back and say, so was this a good idea? But I urge and I will say it, and I will say it many times, that we’ve got to make sure we provide many tools for workers to participate in their pension plans.

And of course the one that I think and I urge the minister when he meets with his counterparts this spring — I think it’s this next couple of months — to say all right we’ve covered that base off. We’ve created that tool. But the real tool that will mean so much more to Saskatchewan citizens and Saskatchewan workers and Canadian workers is looking at CPP enhancements because the fact of the matter is that they travel with you wherever you are, wherever you are. It’s much easier to keep track of your CPP plan than it is if you’ve only worked a few months or half a year or a small amount, and you ended up with some money in this pooled pension plan. And so I think again we will talk a lot about this, and we will have a lot of questions. But I think that we do have some questions.

And so with this, the minister talks about the framework was agreed, around the framework, in December of 2010 and following the consultation, public and stakeholders. And it would be interesting. I guess I would have some questions about the consultation process. But the federal government took about two years to put together the pooled pension plan legislation, came about in December of 2012. And here we are doing something here in Saskatchewan.

And so he does talk about how the pension regulation is primarily an area of provincial responsibility, so each provincial government has to implement its own enabling legislation to make PRPPs [pooled registered pension plan] available to all Canadians. So I assume that this will happen right across Canada. I know the minister doesn’t speak about that quite yet, and so again there will be a question. What happens about portability of this to other pension plans, and how is this going to be uniform across Canada?

I know in my experience as a teacher that that has been a big challenge particularly as teachers would find themselves moving across Canada. And so we would have questions about portability of this kind of plan. Is this allowed? Is there going to be recognition of contributions in other provinces? How will that play out? Or will you have to just take it as one part of your income, your retirement income?

Now it will be interesting to see, as these move forward, the incentives and the

participation encouragements that each province will put into place and what that may look like. We don't know. These are just the vehicles. This is the framework allowing it to happen. But we know once these things start to take place and take shape over years, there might be encouragements, might be incentives. And how does that match across the country? And you know, it will be interesting to see how that plays out.

Again I just reflect on how much more simpler it would have been if it had been done through CPP. But again, you know, I think it's one tool in the tool kit. And if people choose to go down this road, then that's fair enough. But I just have to say that we may be missing the boat in a big way, in a significant way, by ignoring something that is already in place. And you know, Mr. Speaker, I'm just reminded of the saying, if it ain't broke, why fix it? But in cases where . . . Why reinvent the wheel? I guess that's what I'm trying . . . Reinvent the wheel — that's my phrase — when we can just enhance the wheel or blow it up a little bit better. Maybe it's a little low on air. We don't have to reinvent the thing. And I guess that's what I'm thinking here.

Again this may be an appropriate tool. And of course, the minister reflected on the fact that 80 per cent of small businesses have an issue. And this is one we've discovered too, you know. When I was in government and minister of Labour, we talked about the vulnerable worker. We talked about issues around pensions. And clearly when you're a low-income worker, it's a tough, tough choice.

But it's also a tough choice for the employer, because he wants or she wants to create an environment where a worker will want to stay with that business. Maybe the pay is not that great, but it's a great place to work and it offers a great opportunity to do other things. Maybe it's the timing, the ability, you know, to be flexible, and flexibility in today's workplace is huge, is huge. People are looking for that kind of thing. And incentives for workers to stay with small businesses such as a pension plan may be one of those incentives that will work. And so we're not against that type of thing. Clearly when people can be creative and say these are the kind of things that we can offer you in this workplace and we hope you stay with us, people look at that and they feel they're valued and they appreciate it.

So I think there's a complementary process here. It's not an either/or, but it's one that the work will not be done, will not be done quickly. And I think that my deep concern though, my deep, deep, deep concern is that the fact is that the vast majority of workers will find themselves without any kind of pension plan other than the CPP. It's just a reality and it's one that really does speak to the workplace.

The fact is that even if we were able to increase the number of small businesses that did offer a pension plan . . . let's say we doubled it. It's now 20 per cent and went to 40 per cent. That still means 60 per cent of the workers, 60 per cent of the workers in that area of small businesses still do not have. You could even, you know, triple it and still you would have 40 per cent of workers without any kind of supplementary pension plan. And so this is the case of where, you know, the Canada Pension Plan does absolutely cover everyone who is in a workplace, and it's such a much more all-inclusive system.

And so that's the thing that I think that we really need to reflect on, and I just want to make that case because we know that's the case. And so it talks about we have to do our own enabling legislation. And as I said, we'll be looking across, that what does this mean across Canada in terms of portability. And he talks about, unlike most workplace pensions, Mr. Speaker, a PRPP is managed by administrator not the employer. So once licensed, you have an administrator who will make sure we go through that. And actually it was interesting in the overall simple design of PRPP, it says intended to encourage participation by employers that may not currently be able to offer a pension plan to employees due to costs of the administrative complexity.

And clearly that is a concern and a very legitimate concern. And I think we had that debate about the Saskatchewan Pension Plan, an organization that does very good work, you know, based out of Kindersley, and they will be able to offer that role of administering plans. And so that would be one group that would be able to do the administration of that. But the fact of the matter is he goes on to say, that in fact, that participating employers will not be required to contribute. They will be permitted to make direct contributions on an employee's behalf. And so that's an enabling thing and a good thing.

You know, I mean obviously if you're looking to create a savings account and then this is a good thing. And it's always a good thing to be able to do that. I do worry, though, that we need to make sure that in fact the amount that is saved . . . And we'll have a question for the minister in this regard because I know this is a case when we get into SIP [seniors' income plan] and GIS [guaranteed income supplement] that in fact, that if your savings aren't significant enough, it's almost better to have no savings or go . . . in your senior years, if you end up with 30,000 or 50,000, it would have been better to have bought a car or something because it may be . . .

**An Hon. Member:** Tax free savings account.

**Mr. Forbes:** Okay, and that's an answer. So we'll have that answer more directly. But that is a concern . . . [inaudible interjection] . . . Okay, we're getting into a debate that maybe should be better left for — I won't look over there — that'll be left for the committee.

But those are the kind of questions that we do have, and we don't have all the answers, and this is why we have committee . . . Is the fact that what happens to make sure that it's worthwhile for seniors to put money aside so they are not penalized for savings because we do agree and we do think that savings is a good habit to start. Start young. Start saving. Live on the positive side of the ledger, not on the negative side. And if you do that, then that's a good habit to get into for so many reasons, for so many reasons.

But in the past it was a problem. And we will have questions with the minister in terms of the fact that, as I understand it, several years ago, maybe not currently, that there was a provision when it came to GIS and the guaranteed income supplement that in fact that if you didn't have a significant savings that it would have been better off not to have it at all and to spend it while you were working. And so that's a good . . . We want to be sure

we're clear on that.

But again there's many parts of this as it is our job and our duty to raise those concerns because you know, Mr. Speaker, I did actually run into a senior who was in my own riding, living downtown, and he was very concerned because he was actually just . . . He had put money aside into his savings account, and what he was getting was a couple of hundred dollars a month. And he was wondering why he wasn't qualifying for GIS. And it was because he had . . . Well he was making that couple of hundred dollars a month from an RRSP [registered retirement savings plan] that he had decided that he would do. And it was the right thing for him to save, but unfortunately it wasn't significant enough for him to get out of that zone where it was being clawed back by the federal government, so to speak. So if there are ways around that . . .

That's why it's really important to have good financial advice when you're approaching the senior years to make sure that you can take full advantage of programs so that in fact when you finish up your working years, and you really are hoping that you can finish up your working years, that everything's in place and that you don't find yourself accidentally having to go back to the workplace just because the planning wasn't there. So again, Mr. Speaker, we'll have many, many questions about this.

But again it is unfortunate now, and I'm going to go on to say:

When an employer chooses to adopt a PRPP, employees will be automatically enrolled but given the opportunity subsequently to opt out. While automatic enrolment for employees of participating employers encourages savings for retirement by those who may not have proactively saved on their own . . .

It provides employees with the ability to opt out and ensures them to retain their freedom to set their individual priorities, financial priorities. And additionally self-employed individuals or individuals whose employer chooses not to participate can open up a PRP [pooled registered pension] account by approaching one of the administrators directly.

So that's there so that the employer can create an account, and they will be automatically enrolled, but they can opt out if they wish. And they can also decide to withdraw, or “. . . opt out ensures they retain the freedom to set their own individual financial priorities.” And in many ways that's a good thing. I understand that. And particularly maybe in small businesses or if it's not significant enough, they will have to look at their own financial things.

But again this is I think the beauty of the Canada Pension Plan where we all contribute. We all understand that it sets a minimum, a bench, you know, a certain level where we can all feel somewhat secure, somewhat secure. It won't definitely allow you to retire in Florida or anything, but it will allow you to have some dignity in retirement years. So this is the question we have. Will it meet that obligation we have as a society to ensure that we all have those things, those programs in place, and at the same time retain that freedom, retain that freedom? And so it's really important for us to think this completely through and yet have, while we have that commitment to the individual choice, it's also

really important that we allow . . . We do actually as it is a society obligation, it's a society commitment, and I think in Canada we are so proud of the way that we have set things up in a way that we really do take a look at seniors.

And you know, I know the government opposite . . . And it is interesting because in many ways what they've done around the Saskatchewan Income Plan is a good thing. I have some concerns on a few of the, of parts of it because I am worried that in fact in Saskatchewan — and we'll have maybe some questions on this because I could be wrong — but I understand just that there are just two people who look after the Saskatchewan Income Plan. Now they may have increased it, but actually it's tied to the federal system.

And whatever happens federally happens provincially, and so we don't have our own provincial controls over it. And to the extent that this government has enriched that program, it would've been wise to actually maybe have more oversight on the program because we know every year, several people, several hundreds of people, if not thousands of seniors, fall off that program only to have to reapply to get on it. It's pretty easy to apply. All you have to do is phone the 1-800 number for the federal government and they look after the paperwork. But several hundreds of people fall off for a variety of reasons and their savings or their income gets interrupted for a few months.

And it's just, it's just not as consistent as it should be. And there's also pockets. Like I would be interested for to hear from the government, their research around the Saskatchewan Income Plan because we know a high prevalence of folks who are seniors, who live in poverty, are actually low-income single women, and that's a real challenge.

And the other subgroup of that are low-income senior women who are of Aboriginal descent, particularly First Nations, who may not realize that they, that they qualify. And this is something that over the years that we've just given out the 1-800 number and said, please call, and you will, you will find out whether you qualify or not. But it's really something that we need to I think do a better job of advertising and getting the word out there because again, if Saskatchewan is really the leader in that area, let's really make sure everybody who can be participating is participating and that we don't take advantage of the fact that some people may not know about it and therefore they don't apply and the savings then goes to the government. I think that's really unfortunate and we shouldn't be operating like that.

So I think when we talk about the Saskatchewan Income Plan as part of this, and my point was that when we talked about it in the '70s — that this kind of senior income plan and guaranteed annual income was all part of a much bigger dream in the '70s — about the great social contract, you know, and we talked about how can we look after everyone so everyone had a source of income so they could do the work, they could contribute to society, in a way that they would want to.

And so, Mr. Speaker, we're into that second or third wave. I mean the first wave really was when old age security actually came about many decades ago. And then we had the discussion in the '70s where we saw the guaranteed income supplement. And now we're seeing something in the 2010s, and we would really hope that we would see the Canadian

pension plan be revisited because it's so, so critically important.

So the minister goes on to talk about how, on retirement, employees will have the same options of withdrawing assets currently available from a defined contribution pension plan, in Saskatchewan particularly. The options on retirement are Registered Retirement Income Fund, a RRIF — so that's fair enough — a variable pension benefit, or a life annuity. So there are choices and that's fair enough.

He goes on to say, and this is what we all agree on:

The government continues to encourage all Saskatchewan workers to plan for the future, recognizing that in order to provide an adequate level of income in retirement, individuals need to set aside sufficient savings over their working lives.

And this will provide them with a simple, low-cost option to support their retirement savings.

And so again it's a matter of perspective, Mr. Deputy Speaker. It's whether you say . . . And it will be interesting, the research. What I've said earlier — who will be taking this up? Will it be those who are low-income, vulnerable workers? Will they rise to the challenge of putting money aside into these pooled retirement pension plans or will they not be able to do that?

And, Mr. Speaker, unfortunately I think there's a couple of issues here. One, that where the CFIB [Canadian Federation of Independent Business] can point out 80 per cent of small businesses don't have the wherewithal to do it, and we know that it's up to some 40 per cent of people who can do this, you know.

And here, Mr. Speaker, if I can look at some of the numbers we have in Regina . . . We know that in Saskatoon there are — this is from StatsCan — that there were 182,000 tax filers and yet there were 51,000 total RRSP contributors, 31 per cent, 31.9 per cent, and the median that they actually put aside was \$3,750. And so the people who did this, 39 per cent of the people who made 80,000 or more, and so there you go. And percentage of RRSP made by contributors with total income of 80,000 or more was 66 per cent. So it was the high-end earners who actually were saving the money and not the low-income workers who will have the challenges in retirement years. In Regina, 154,000 tax filers, 45,000 — 29 per cent of the people — saved money but yet again the same sort of stats in terms of people who really were making money were the ones who actually saved the money.

So that's the challenge that we have before us and it's the reality of the marketplace and our working world is that they in fact cannot, they do not have the resources to do this. So while it has a lot of merit, it has . . . And again it's a tool. And we're not saying it's either-or. We think though it can be both and we think that for some tweaking of the CPP . . . And we'll be asking the minister in finance like what is the challenges around having both systems, improving the Canada Pension Plan so that all workers can retire with some sense of dignity?

I'm not saying that we all want them to or that they all should be expected they're going to be retiring to Florida. That's not a reasonable thought and it's also probably one they may think when the savings they would have to put aside would be huge. And so it wouldn't be one that they would want to be advocating for.

But we all are thinking about dignity in our senior years. We're all thinking about how can we make sure that anybody who hasn't worked has a system in place where they are saving. And it's their money. You know, we all make our own contributions.

But the fact is we do have some challenges around this in terms of, will they have enough money put aside? Will it be portable? Will there be some folks who just will be left behind? And that's not the nature of what we thought would be happening in Canada or in Saskatchewan. We're developing these kind of initiatives.

And it is one . . . It's not a small initiative. It's one that really, as I said earlier, as we see waves of social, I don't know if you call it social engineering, but social tweaking, where we saw in the '70s the whole issue about income security and how that might happen. And we saw that, you know, in the '30s or '40s around the old age security. That now we're in a place, a crossroads, where we have to talk about what are we going to do yet again about seniors. And I think because of the amount that we have in the Canada Pension Plan just isn't meeting enough, and we have to take a look at how we can tweak that.

Our workplaces are changing. You know, it used to be that people would go to work and they would have one employer and it was about the workplace loyalty. And that was what we would expect people to do, and that's what people expected would happen with their employer. But that's not the reality at all. The reality is that people will change their careers many times. But we do not want to see that people are working beyond the years in which they are physically capable because they can't . . . They must have to work because they just don't have the resources to retire.

There's too many challenges in our communities, particularly around rents, the cost of living, that type of thing. And I know in my own neighbourhood where you have an older neighbourhood like Caswell where seniors are facing huge challenges this winter, just because particularly around the snowfall and icy streets. It's been seven months of winter, and it's been hard. And for retirement, I think seniors are looking . . . And I know this is an interesting bit of a crisis for them, the snow and the impact that it's made on their houses, which is their primary savings. It's their major asset they have and it's been devalued because of the impact of the snow on the roofs and damage that's been done to the walls and that type of thing.

And so we have to look at this. We have to take a really good, long look. And I'm hoping that when we do have the minister in committee that we'll have a good, long discussion about pensions and what he foresees in the future and what discussions will happen at the ministerial level because we just want to encourage him to do all that he can to make sure that all the tools are in the tool kit, as I said. And one of the primary ones, if it needs tweaking, the Canada Pension Plan, we sure hope to see it revamped. We don't have all

the information as members of the opposition. Clearly the minister has a lot more information that he can bring to bear on it. But clearly we need to have that conversation.

So with that, Mr. Speaker, I can't think of too much else to say, but it is I think an important bill that we have before us, and it's one that we'll be watching carefully, as I said. And when it's in committee, there'll be people watching both of those, both workers, young workers, older workers, people who have . . . This is the issue. This is one of the most major issues that we have. And it's about pensions, but it's also about security around those pensions, that they'll be in place when people do retire and that they'll be significant enough that they actually can have meaning and add to their financial stability. So thank you very much, Mr. Speaker, for allowing me to speak to Bill 92. Thank you.