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# DEBATES and PROCEEDINGS

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### **Bill No. 99 – *The Public Employees Pension Plan Amendment Act, 2013***

**Mr. Forbes:** Thank you very much, Mr. Speaker. It's a pleasure to enter into the debate on Bill No. 99, *An Act to amend The Public Employees Pension Plan Act*.

And it is an important piece of legislation that we have before us today. Clearly whenever we have discussions around pensions, it's one of those things that people really want to know as much about as possible. You know, it's one of those things that when we talk about our senior years, we want to make sure we have adequate resources in place to make sure we can live in a lifestyle that we think we should be able to.

And that means that we shouldn't have fear in terms of housing, in terms of groceries, in terms of health care. And that could mean particularly in terms of whether it's ambulances or pharmaceuticals or drugs, supports — whatever they may be, that type of thing. And we want to have that little extra too so that we can enjoy life. Now when a person is retired, they always hope they could do a little travelling, visit with families, share some of the good times, enjoy a movie, do those kind of things.

So when we talk about pensions, they're critically, critically important. And as I know my colleagues have said earlier that some 11 million Canadians do not have a retirement plan. And this is really unfortunate because it is something that really concerns me because we do so much work, and in fact we know that there are many seniors who try to do the right thing, try to put away money, but unfortunately they don't put enough away. In fact they may even be penalizing themselves.

And we've seen the different government initiatives. We know in the 1970s, and this is one of the governments that the New Democrats put together, the Saskatchewan Income Plan to support the old age security and the guaranteed income plan as well. But what happened was that the one group that was not really supported well enough are those workers, particularly the low-income workers who may make just a little bit too much to qualify for the Saskatchewan Income Plan or the guaranteed annual income allowance,

and that there's a void.

So we have to make sure we do the right thing here when we talked about pensions. And I do have to say — and I hope the Finance minister continues on this way — we were delighted to see that the ministers of Finance in their meeting in Prince Edward Island decided to do another look at the Canadian pension plan because we need that to work well for all of us. And we've argued in this House many times about the efficiency and effectiveness of that plan.

And I know that when you talk about the public employees pension plan, the PEPP as many people might call it or the PEPP plan, that the CPP [Canada Pension Plan] is a strong partner to that in terms of providing for our old age. But I think that when we take the time to reflect on this, we want to make sure that there are no unintended consequences or intended consequences. That's our job, as we do the second reading debates and as we go to committee and the time we connect with the people who are behind the amendments, that have they done their due diligence? Have they taken a look at all the impacts of this?

Now some of these seem relatively straightforward, and I just want to review for a minute what the minister said. You know we entered into this debate on November 12th, 2013. He doesn't really talk about who brought forward the suggestions for the amendments. I would hope that it was the people with the plan. And I'm always curious, and I think it is a good thing to think, have people had an impact? Have people had a chance to talk about this? Have the members had a chance to put their two cents into this discussion?

Now he does talk about how the plan is a defined contribution pension plan, and it's administered by the Public Employees Pension Board. And it's a means of saving for retirement, true enough, and that this includes employees of executive government, members of the Legislative Assembly — and so all of us in here are members — Crown corporations, and a variety of other government agencies.

And in fact the minister goes on to say that there's close to 53,000 plan holders of the public employees pension plan. And they have \$5.6 billion in plan assets and they cover 79 different employers. And then he talks about how the contributions are made and how the process is through a payroll deduction. And this is set out accordingly to maximums set by the Income Tax Act of Canada. They don't pay taxes on contributions or the accumulated investments income until they withdraw that amount from the plan, and hopefully at that time they'll be having some ways to save some income tax as well. It's a bit of a deferral, isn't it? Contributions are forwarded to the plan and then used to purchase units in the investment option of the member's choice.

He goes on, the Finance minister goes on and talks about the six asset allocation funds and lists them. They include the Accelerated Growth Fund, the Growth Fund, the Balanced Fund, the Moderate Fund, the Conservative Fund, and the PEPP Steps Fund. So they're all about investing in, that they may invest in a short-term bond fund, either in addition or instead of having to invest in one of the six allocation funds.

So that's pretty well straightforward. Now he gets into the meat of the legislation. So what he says is we'll do the following: clarify that a simple majority of the board is required of the board members for all decisions made by the board. Now that's just a few words, simple majority of the board members is required for all decisions of the board. But as I understand it from the notes, that the decision making changes the basis for decision making of the Public Employees Pension Board, known as the board, from unanimous decision making to a requirement for a majority, for all decisions by the board.

So that's an interesting change, going from the unanimous to a simple majority. There's many variations in between: two-thirds majority, three-quarters majority, a simple majority. Now it would be interesting to know what the quorum regulations are. Is it a simple majority, and is it a simple majority of the board members to have a quorum for the meeting? Then you could get less than half the board members involved making a decision, and quite a significant decision. So I'd like to have questions more about that.

And we'll have questions around, what does this mean in terms of simple majority? What does it mean in terms of quorum? What's the impact on the two? How do the two connect together? It's not I think the . . . And it's also the kind of decision making. You know, I'm surprised that it had to be unanimous for all decisions. Maybe that's wrong. Maybe it's only part . . . some of the decisions because it does seem extreme that you have to have unanimity for all, all decisions. So I'm not sure if that's accurate as well. But it's interesting.

It allows the board to undertake short-term borrowing for the purposes of administration of the employment pension plan Act. That's straightforward. It allows the Lieutenant Governor, by order in council, to designate the default fund in which all member contributions shall be deposited unless otherwise directed. And that makes sense. That makes sense. You've got to do something with the money, so there's got to be a default investment process. And that makes sense. And authorize the Lieutenant Governor by regulation to permit the plan to receive members and funds from a registered plan wanting to become part of PEPP and to state which specialty funds the members transferring into PEPP are eligible for.

So just a few lines about what he says but six main goals. But this is a fund that, as he says, invests over 5.6 billion in plan assets. So it's not a small organization. This is not something to sneeze at. This is a significant, significant fund. And it's one that we should be careful about because, as we've known that it, sometimes these things can have issues, problems. And we want to make sure that all of this is done in a way that is appropriate, that people who've given their lives to public service can rest assured that in their retirement years that they will be well looked after.

We've seen situations in the States where pensions or savings have not been well looked after, particularly in terms of, and we'll talk about this later, in terms of the fees that some investment fund operators have. So when you can have a publicly operated and maintained fund that has a high standard — and I'm a member, so I get my monthly statements, and I think they're quarterly, actually, statements — that it does have a high

level of transparency, extremely high level of accountability. And we need to maintain that. We need to maintain the confidence in the plan.

You know, it really becomes a challenge when people say, you know, I would rather invest my own money, I'd rather take all of my income and put it into an investment myself, and that they feel they could do better on their own. And that is a problem. We get away from these pension plans, especially when you're going to have so many members and, in this case, 53,000 members is a significant number of people. And when you can do that, you can pool the resources to have significant returns, get significant returns on your investments.

But as I say, if for some reason the wheels start to come off, people start to lose confidence in the plan because they feel like the market is hot, investments are strong. And we know that that can appear to be attractive. The unfortunate thing with pension funds, pension plans, they're in it for the long haul, the long haul. And this is why it's so important to have a strong, strong pension plan.

And this is also the reason — and I'll come back to it and keep coming back to it — how important the Canadian Pension Plan is, because for all of us, we all contribute. It's in our best interest to make sure it's strong, but also that it's there for those who may not work for an employer that has a pension plan or belongs to a large enough pool of people that can make significant earnings.

You know as I said earlier, 11 per cent, it's 11 per cent . . . Not 11 per cent, over 11 million Canadians are without a workplace pension plan. And nearly half of Canadians born in the 1960s will end up with a retirement income below 80 per cent of what they earned while working. And this is from a recent report from CIBC [Canadian Imperial Bank of Commerce]. And I think this is really important that we think about this.

And you know, the wonderful thing about the Canadian Pension Plan, it's well run, fully portable, and fully paid for by the employees and employers. And it has funds that will mean it will operate sufficiently for the next 70 years. So now obviously the Canadian Pension Plan has significantly more, multiple times more members than the public employees plan of Saskatchewan. But still these two act hand in glove, and it's really critical that we take the time and do the due diligence here to make sure that the pensions are solid.

Because, as I said earlier, seniors, particularly those who've worked and saved money, feel that they have done the job to have a secure retirement. And whether that means our housing will be paid for and . . . You know, we've argued and we've raised this issue many times: the cost of housing for seniors is unstable. And at times in the last 5 years we've seen rent gouging here in this province, and the government refusing to do anything about that — just saying, don't worry, we'll try to get you in a different place. But there's this lack of stability and lack of predictability when it comes to the cost of housing.

So seniors at least want to have confidence that their pensions will be there and that

they'll be adequate to pay for housing, food, the essentials of life. And so it's really important that we take the time to think about this. We see too many times and we've heard it so many times in the past few weeks here in question period. We have brought concerns for seniors around long-term care, what's happening with that.

And we see a bill before us in fact in terms of the government talking about having their inspections of long-term care homes posted on websites, on the Internet, and how that's important for seniors to make the right choice. But you still have so many more seniors who are living at home, or in fact those in long-term care, who want to make sure their pensions will pay for the costs that they face in their senior years.

And so this is no small thing. This is really important. I do want to say it's very . . . The minister did not say who brought forward these changes. I would assume that it's a public employees pension plan board that did. Now I would hope that there would have been more points in the government's, the minister's statements in his second reading speech, particularly around who brought this forward, why did they bring it forward, what were the concerns.

But often we see that in second reading debate speeches by the ministers, not nearly enough detail for us to go on. And in fact quite the opposite, they caused more questions than answers, and we're not sure what was the impetus for this bill. Much of it makes common sense. But as I said, the question around the moving to a simple majority from a unanimous vote leaves us with some question marks because I know that is not a small thing. That's a pretty significant change. And what are their range? Is this just for money bills? Or is this for ordering catering? I don't know. Do you have to have a — now that would make sense — simple majority? You don't need to have a unanimous decision if you're doing just simple operations.

But as I said, there's lots of questions here. And so I know that many of us will want to get into this debate. Many of us will have more questions. But as I said, before I take my place, that this is a critically important piece of legislation. Anything that deals with pensions for seniors is because really this is what so many seniors look for, to make sure their senior years are looked after and that they are not a burden but in fact that they can see the fruits of their savings. They've been led to believe that it will be there for them, and we want to make sure that a fair return on their investments is happening so they can retire with dignity and look after all the needs they have but have a little bit more so that they can enjoy life.

And we would hope that the government — I just want to say one last time — really engage in the debate around CPP because that is a really worthwhile one, particularly for low-income workers. It's a great program and I think any chance that we can get to say, let's do more work on that. Let's make that a real priority. Because we can do our part here in Saskatchewan to make sure all Canadian workers are well looked after, and particularly Saskatchewan residents because we know many Saskatchewan residents do travel. Their home may be here, but they do travel about, and it's important to have one good, well-run national pension plan. And plans like the public employees plan will work well in conjunction to that providing the majority of the funds, but CPP is hugely

important.

So with that, Mr. Speaker, I would like to move adjournment of Bill No. 99, *The Public Employees Pension Plan Amendment Act, 2013*.