

SECOND SESSION - TWENTY-SEVENTH LEGISLATURE

of the

Legislative Assembly of Saskatchewan

DEBATES and PROCEEDINGS

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

N.S. VOL. 55 NO. 26A MONDAY, MARCH 4 2013 1:30pm

Bill No. 82 – The Saskatchewan Pension Plan Amendment Act, 2012

Mr. Forbes: Thank you, Mr. Speaker. I rise today to enter into this debate on Bill 82, An Act to amend the Saskatchewan Pension Plan Act, a very significant piece of legislation for sure. As we know, seniors right across Canada and particularly here in Saskatchewan wrestle with income security as they face their retirement years. And we know across Canada this has been a major, major topic. In many ways it's the next social issue of our generation, particularly as you see baby boomers leaving the workforce and entering into the retirement years, and what are we going to do to make sure that they have

provided for themselves enough income so that they can live in a fashion that they've become used to — maybe not extreme or too out there, but one that is reasonable, that we think is decent for senior citizens to live.

And this is not a smaller, insignificant piece of legislation. We know this is something that the Finance ministers have been wrestling with for many years. In fact 2008, 2009 . . . in fact I was just looking at a Globe and Mail article here from 2009. I had it in my old file, and the title is “The end of retirement: Who will pay to end the looming pension crisis?” An expanded CPP [Canada Pension Plan] could rescue the nation of inadequate savers from themselves, but at a cost. And that's what's emerging as the next major battle over Canadian social policy.

And so we see this today before us. And it's one that all of us will pay a lot of attention, as all of us, and we hope, will eventually be at that stage where we can retire with a sense of dignity and with a sense of security that all things are looked after. And so this is an important piece of legislation before us, as I said, and we'll have many, many questions in committee about it.

But I do want to say and I do want to set the stage for this because I think that it's one that deserves a fair bit of discussion. Because this session we're talking a lot about pretty major pieces of legislation that affect working men and women. And I'm thinking of Bill

85 particularly, Bill 83, the temporary foreign worker piece of legislation that's coming before us, and of course the review of workers' compensation and the pension bill as well.

And I think that this bill, Bill 82, is one that's right up there in importance as with all of these. Because this does shape the government's approach. This does tell us an awful lot about the government's approach to how we think retirement should be funded. And of course this is a battle that has been raging for many years, and one that Canada can take a lot of pride in terms of the Canadian Pension Plan. And I think that now we look back into the '30s and the '40s, I'm not sure when this plan actually started, but we have a long history of looking after our seniors to make sure they have a sense of dignity. And of course that was of course reignited in the '70s when along came the Guaranteed Income Supplement and the Saskatchewan Income Plan actually with Allan Blakeney put in the extra for the Saskatchewan Income Plan.

And so you had a sense that seniors would be looked after, but clearly we're looking now at more as things . . . government financing is under challenge more and more. How do we make sure seniors have the savings and the ability to look after themselves? And we know that many simply don't have the ability to save and this is a challenge. We know that there is a school of thought out there, and in fact it was the Harper government who actually talked about financial literacy, and if people only knew to save, they would save. But we know for many, far too many, that's clearly not an option. At the end of the day, at the end of the month, when they're looking to pay their bills, savings is a very, very difficult, very difficult bill to pay because there's just too many things — whether it be shelter, whether it be food or whether it be medical supplies — savings seems to be too remote. And yet it's an important one. It's a very important one.

And it's also one that we think that we should take a lot of time to talk about. You know, in my riding I have many senior buildings. Saskatoon Housing Authority operates them downtown. And every year I have more questions that come up, and one that came up just this time . . . And of course the government now is taking into account some of these plans and we're asking more details about this so we can be sure that everything is okay.

But one senior came up and said, you know, I had savings, about \$10,000. He thought he was doing the right thing. He was trying to save money. He started too late and he didn't have enough. Clearly he didn't save enough to make enough difference. And in fact the unfortunate thing, because he had that savings and it was affording him about 100 or \$200 a month, that because of that he lost his Guaranteed Income Supplement. So he was no further ahead, no further ahead by having that savings and yet he was trying to do the right thing. He saw the ads on TV. He believed in what we all should be doing and that is preparing and doing our share of savings for our retirement years. But it wasn't going to work for him because he didn't break that threshold. Now that threshold is, I think, above 50,000 or 100,000 where you were actually going to get a fair enough return on your savings in your retirement years that you're not going to lose out on the guaranteed income supplement.

Now of course in Saskatchewan if you lose out on your guaranteed income supplement,

you also lose out on your Saskatchewan Income Plan. And that's a big deal. That's a big deal. And it's one that we need to make sure, and this'll be one of the questions we have about this plan, is because of its increased contributions and the potential for so much more money to be saved, is there going to be a shelter for people who come in with savings of 40,000, 30,000? Or will they in effect lose what they have because when it comes time to retire that they just don't have enough and they're actually losing out on federal and provincial programs because they have, in that zone, the amount of money that the government will just essentially claw back?

And that's a real heartache because you see seniors who, you know, it's unfortunate, they probably should have bought a car. They should have done something else with \$10,000 but now they've got it and they're going to lose out on a government program. And that wasn't the intention of it. And I don't think anybody would say, well we're going to take your 10,000 back. But the rules are the rules and this happens right across Canada, and it's a big deal.

So, Mr. Speaker, this is a very important bill before us. I think it's interesting. I hadn't really thought about it that actually we have a lot of bills that are affecting working men and women, whether it's their pension, Saskatchewan Pension Plan, Workers' Compensation, whether it's a temporary foreign worker, or the Bill 85, the omnibus bill about labour standards. All of this is hugely, hugely important.

I just want to take a minute to reflect on what the minister said, because I always like to think about and take a moment to review what they have to say. And of course he has been to many of these. And we often read. We read in the Leader-Post or The StarPhoenix what the Minister of Finance is saying as he's preparing to go to these provincial-federal-territorial meetings, and he's had some, he's been to several that have wrestled with the issues of pensions. And this is a big deal. As I said on one side is, the one side is really lobbying for more CPP, a bigger contribution to CPP, so therefore you would get a much bigger return when you retire. And as well, your employer would be also contributing or on the other side, you have the voluntary savers camp.

And it looks like we're into the voluntary savers camp. I'm not sure. This would be a question that we need to ask the minister: how does he view what's happening with pensions? Because it's one of those challenges we have. You know, it's like so much in this world. It's something we should have started 20 years ago. The next best day is today. And so many things are like that, and this is clearly one of them. I wish I'd started 20 years ago saving money, but you know today is a better day, but you've got to start sometime.

Anyways I do want to take a minute and review what the Minister of Finance had to say. And this again was, you know, that first week of December. We were quite busy here in the House. December 4th is when this bill was introduced for the second time, and the Minister of Finance says, and I quote:

The Saskatchewan Pension Plan provides a unique retirement savings vehicle for individuals with little or no access to occupational pension plans or other retirement

savings arrangements. It's the only plan of its kind in Canada, operating at arm's-length from government and offering members professional investment management at institutional costs.

Now you know what's very interesting, Mr. Speaker? I don't know if you know this, but Regina ranks as the second highest union density in Canada. The only one higher than Regina would be Ottawa, and of course the connection would be the public civil service. Here we have a lot, and they have a lot in Ontario. A significant number of people in Saskatchewan actually have pension plans, and I think it is about 40 per cent, and I will . . . Yes, here it is. In Saskatchewan just 40 per cent of workers were covered by a workplace pension plan in 2010.

Now what's interesting about that, Mr. Speaker, is that's fairly close to how many people are covered by unions in this province. I think we're about 27 per cent, actually. It might be higher. But what often goes along with unions is good pensions, and that's critical. And we see that across Canada. And yet we see the removal or the attack on unions and therefore the removal of people who actually have pension plans because that is one of organized labour's most important roles is to ensure not only a fair wage but a fair pension.

And so it's interesting that we talk about those who have no access to occupational pension plans or other retirement savings arrangements. Often they're in the unorganized workplace, and this is a big deal. This is a big deal. Those are probably in the lower income jobs. Those are in the service industry where there's hotels, restaurants, that type of thing, and the retail sector — all of those areas where you actually don't get paid an awful lot. And as again I said, you know, there is one school of thought out there that if people only knew how to save they would save but the problem was that they can't save because they're just not getting paid enough. They're barely making ends meet and the idea of a pension plan is quite remote for them. They would love to have one and it's a sense of pride actually to have one.

You know, my own son now he's just 27 and he works in an arts organization. They've begun a bit of an RRSP [registered retirement savings plan] thing and he's very happy about it. It's a sense of pride that he's actually contributing and saving and that's a good thing. There's some way of some forced savings and that's very, very important.

And so, Mr. Speaker, this is an important area that we think about in terms of those who have pension plans and those who don't have pension plans. And is this a significant enough tool to actually meet the challenge of those seniors who will be retiring but probably won't have the incomes to actually retire in the style they would like, or worse, if they felt that they would have more money or they would have a better security in place than they would have right now?

So this is a really important issue, you know. And I think that, you know, and it's interesting because he goes on to say:

The [Saskatchewan] plan [can be] . . . an integral part of the retirement savings

plans of many Saskatchewan people. The Saskatchewan Pension Plan offers members important benefits such as affordability. You can be a member of the plan regardless of your earnings. This is especially attractive for people with irregular or seasonal earnings such as students, part-time workers, or people who are self-employed.

And those are really, really important. But we just don't want to be misleading those people into believing that they're getting more than what they're actually going to get. And this is always a dilemma, that if you're not giving enough, if you're not contributing enough, that is the basis of what you will get back. And nobody wants to be misled, especially when you're a senior, and as I was saying earlier, when you have to tell them the unfortunate news they just haven't saved enough. They just haven't saved enough, and they really thought they had. They thought they were going to have a little bit of a nest egg where they would be getting a couple hundred dollars a month and that would be a nice thing. But you find out actually because of that, they are losing out on other programs.

So he goes on and talks about how the amendments to the plan are necessary in order to keep the Saskatchewan Pension Plan current with modern times and to make the plan as sound as possible for all members. And they talk about survivor benefits, allowing members to transfer funds from registered pension plans, that type of thing, and increasing the contribution limit from 600 — this was done in 2010 — to 2,500, and allowing transfers up to 10,000, and then modernizing some language.

So again this is one more step along that way of this discussion around what is suitable for seniors. And I am deeply concerned that we're not going far enough, that of course this may be appropriate for some people, but really to say that this is the answer is clearly, is clearly not the case.

And, Mr. Speaker, I know that as I said earlier . . . And I do want to take a few minutes and talk about this in terms of the Canadian pension plan which I would have liked to have seen more leadership from this government on because I know that this has been talked a lot at the federal level and with the federal minister, Minister Flaherty, who has been really leading the charge on this, that there's been real changes that affect seniors and therefore affect Saskatchewan seniors and therefore has a real impact on what we're debating today.

And of course one of them is the fact that, as I said, that about 60 per cent of Canadians have no workplace pension. And this is really, really a problem. Six out of ten, or three out of five Canadians have no workplace pension. And what they've been told is that many of them should go out and get a pension or an RRSP and that will help them; that will solve the problem. But clearly many, many of them don't do that. In fact over half of them don't. We're down to about . . . I understand about 25 per cent of people actually benefit from that. And so you have that, that happening out there.

So what are we really going to do about the problem of seniors and their income so that they have security? We know that this is going to be a real, real issue and, as I said

earlier, particularly for baby boomers as they move into the retirement years.

So there has been a discussion and really, as I said, I wish that this government would have joined in with many of the others who were talking about beefing up the CPP. I think this was a way to make sure that people did actually contribute, and also get the employers on side. And it was a secure way, and if you did it you actually would see some real benefits. And I know that this has been an ongoing discussion. As I said, I was quoting from a newspaper earlier from 2009. But I know that the Canadian Labour Congress, the CLC, has put this forward. And I think this is a really important idea that this government should have taken a look at, you know, and what they talked about. And they've done a lot of . . . They've sent out a lot of materials. And I think both sides of the House have seen this, and really I think it's important that we take some time and think about it.

First off, Canadians would have more pension security. And this is really, really important, that we're not going to be worried about higher inflation, things that happen in the stock market, or the loss of employment. As well, Mr. Deputy Speaker, this would be a pan-Canadian solution to a pan-Canadian problem. This is not just something that's happening only in Saskatchewan. This is happening right across the country. As baby boomers age, we need to get a handle on this. It prepares us for the future. And really, Mr. Deputy Speaker, we see this and we see this in spades, that the current fend-for-yourself pension plan or pension system is not working. It's simply not working, and we need to have a much better, more robust system in place so that all Canadians are protected. We know the system that we have now is leaving too much at risk, and that's a real problem. And we know, unfortunately, that most employers haven't delivered by a whole host of different reasons. But I think it is the fact that while they wish they could have done more, they haven't, and they haven't been able to for a variety of reasons.

And again these RRSPs or these kind of plans simply don't work. Now it may be an interesting one, an interesting idea at the time, but it simply . . . We need more; we need more. And I think that, as I said, it's interesting. We're dealing with this today, but as we look to the future and the increase in cost of living and that type of thing, that we really need to take a look at how can we make this better for seniors. And that will take some planning and that will take some creative thinking, but it will also take a commitment to do some things that I think are the right thing, and I think we have to take a look at the Canadian pension plan and that's really, really important.

And I think, you know, Mr. Speaker, the groups that the Minister of Finance introduced or talked about are the very groups actually that would benefit from an enhanced CPP program as opposed to a Saskatchewan Pension Plan program, simply because it's much more easily administered, it's across Canada, and you clearly don't have a choice. And there's contributions from both sides.

Low-income seniors would see that, and I think that's an important area. Young workers, because again, you know, it is interesting that the government talks about how, if you've lost track of people, there's a way of transferring their funds into the General Revenue Fund if you don't know where they are. And maybe, you know, the fact of the matter a

young person may start working here and work till they're 30 and then move to another province for, you know, the rest of their lives, and they go to retire 35 years later when they're 65. Saskatchewan is way back in their history, way back in their history. And do they have to then go back and find out what happened to their Saskatchewan Pension Plan? Or with all of us, the Canadian pension plan travels with us, and it won't matter where we are in Canada. So that would be a much more reasonable thing to do, to contribute with that.

So, Mr. Speaker, I think it's very important that we take a look at this, and I think that it is interesting to be talking about this. I want to talk about, a little bit about what's happening in Saskatchewan, you know. As I said earlier, in Saskatchewan just 40 per cent of workers were covered by a workplace pension plan in 2010. And actually we've seen — this is interesting — a marked drop in workplace pension plan coverage with employer plans now covering only 38 per cent of the workforce, down from 46 per cent in 1977.

So, Mr. Speaker, we see a real challenge here in what's going to happen with seniors in terms of income security. And then what happened, it's interesting, in terms of RRSP contributions, only about a quarter of tax filers contributed to an RRSP in 2009, and the median RRSP contribution amounts to just 6 per cent, 6 per cent of available contribution room. So that means for every \$100 that a taxpayer could have put into an RRSP, they put \$6. That's what they could afford; instead of \$100, they put \$6 in. Still something but not, clearly, what they were able to do. And in 2009, 631,000 Saskatchewan tax filers had \$16.2 billion in unused RRSP contribution room. So you can see that in Saskatchewan we're leaving an awful lot of money on the table because we're not making use of the RRSPs, over \$16 billion in unused RRSP contributions.

As well in Saskatchewan, individuals with incomes of 80,000 or more make up 11 per cent of the tax filers, but these people who make more than 80,000 account for 26 per cent of all Saskatchewan tax filers contributing to RRSPs, and 52 per cent of total contributions to RRSPs. And that's, I mean that's great, that's good that they are able to do it, but really what it underlines is those who don't make 80,000 are not participating in this voluntary savings plan. They just don't have the money to do it. If you are making 40 or \$50,000, you may contribute \$5 out of \$100, but you're leaving an awful lot of money, or ability, to get those tax breaks but you just can't make those ends meet.

And so this is a big, this is a big challenge in front of us. And so while we have this bill, and on face value, we look at it and we go, what could be wrong with that? What could be wrong with that? Perhaps not much, but really it isn't getting to the heart of the issue. And the heart of the issue is what are you going to do about those low-income earners who will not have enough money to put aside for their retirement years. And they truly do want to.

I mean I actually think \$6 out of \$100 shows at least they're trying and they're aware of it. They're just not putting nearly enough money in there. They're not putting in the other \$94. They're putting in some so they can say, well I'm trying, but clearly we need to do a better job of this.

And this I don't think is the vehicle, and while it's an interesting idea, I think we should be investing more. And this Minister of Finance should've been looking at and really taking a leadership and saying, is there a better way? And I think CPP and those contributions that follow you right across Canada, follow you right across your career, would've been the way to go.

So with this, we will have lots of questions about this. I know I will be very interested in hearing what the minister has to say about his times at the ministerial tables. And why will he be . . . Does he think the other way is just as well. I mean, maybe there is more than one way to do this and if that's what he's saying, I'd be very happy to hear that. And if he's saying he's still championing the CPP increase contributions, then that would be very good news. But we haven't heard that. But I know how the media goes. Sometimes they quote you accurately and sometimes they don't. It's just, maybe there just wasn't enough time in the news story to get the full story in.

But I just have to say that I think this is an important issue. This is an important issue that faces seniors when they reach those golden years and they're trying to figure out between their housing costs, their medical costs, their food costs. And they want to retire with some sort of dignity. And they want to travel a bit. They want to have a cup of coffee. They want to go down and visit with their friends. But as I said, it's very sad when you talk with them later and find out it's hard to make ends meet. And then for seniors who are facing too many challenges, this is just one more that we shouldn't be hoisting upon them.

And so with that, Mr. Speaker, I know many other people want to join into the debate on a variety of topics today, but I am going to . . . I think if we're ready to go, I'm going to move that we table Bill No. 82, An Act to amend The Saskatchewan Pension Plan Act. Thank you.