



# **STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES**

## **Hansard Verbatim Report**

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## **STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES**

Mr. Herb Cox, Chair  
The Battlefords

Ms. Cathy Sproule, Deputy Chair  
Saskatoon Nutana

Mr. Steven Bonk  
Moosomin

Mr. Glen Hart  
Last Mountain-Touchwood

Ms. Nancy Heppner  
Martensville-Warman

Mr. Everett Hindley  
Swift Current

Ms. Lisa Lambert  
Saskatoon Churchill-Wildwood

[The committee met at 19:02.]

**Ms. Ursulescu:** — Good evening, committee members. My name is Stacey Ursulescu and I am your Committee Clerk. Ms. Young is no longer on this committee and has resigned her position as committee Chair, so as your Committee Clerk it's my responsibility to oversee the election of a new Chair. So the process . . . Well I'll ask for nominations and then once nominations have ceased, I'll ask for the process to go forward after that. So first I'll ask for nominations. I recognize Ms. Heppner.

**Ms. Heppner:** — I nominate Herb Cox for Chair.

**Ms. Ursulescu:** — Any further nominations? Seeing none, I'll ask Ms. Heppner to move the motion.

**Ms. Heppner:** — I move:

That Herb Cox be elected to preside as Chair of the Standing Committee on Crown and Central Agencies.

**Ms. Ursulescu:** — Ms. Heppner has moved:

That Herb Cox be elected to preside as Chair of the Standing Committee on Crown and Central Agencies.

Is that agreed?

**Some Hon. Members:** — Agreed.

**Ms. Ursulescu:** — Carried. I'll ask Mr. Cox to now take the Chair.

**The Chair:** — Okay, thank you. I think the first order of business is going to be the election of a Deputy Chair. So we'll now proceed to an election of a Deputy Chair. Pursuant to rule 123(2), the Deputy Chair must be an opposition member unless specified in the rules. Given that Ms. Sproule is the only member of the opposition on the committee, I will ask a member to move:

That Cathy Sproule be elected to preside as Deputy Chair of the Standing Committee on Crown and Central Agencies.

**Ms. Lambert:** — I would like to move that.

**The Chair:** — Thank you. As moved, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Agreed. Carried. Congratulations.

Okay. This evening we have the following documents to table: CCA 46-28, The Crown Investments Corporation of Saskatchewan, report of public losses, October 1, 2017 to December 31, 2017; CCA 47-28, Crown Investments Corporation of Saskatchewan, composition of CIC subsidiary Crown corporation boards dated November 30, 2017; and CCA 48-28, Crown Investments Corporation of Saskatchewan, composition of CIC subsidiary Crown corporation boards dated

March 8, 2018. If any members of the committee would like a copy, please speak to our Clerk.

I would like to advise the committee that pursuant to rule 143(3), chapters 15, 26, 47, 48, and 50 of the Provincial Auditor of Saskatchewan 2017 report volume 2 were committed to the committee.

**Bill No. 77 — *The Miscellaneous Statutes (Superannuation Plans) Amendment Act, 2017***

**Clause 1**

**The Chair:** — This evening we will be considering Bill No. 77, *The Miscellaneous Statutes (Superannuation Plans) Amendment Act, 2017*. We will begin our consideration of clause 1, short title. Minister Harpauer, please introduce your officials and make your opening comments.

**Hon. Ms. Harpauer:** — Thank you, Mr. Chair, and welcome to all the committee members. The officials I have here with me tonight are Rupen Pandya, the deputy minister of Finance; Dave Wild is to my right, the associate deputy minister of Public Employees Benefits Agency in the Ministry of Finance; and behind me I have Kent Walde, the director of policy and board secretary of Public Employees Benefits Agency within the Ministry of Finance.

Chair and committee members, I'm pleased to be here today to speak about Bill No. 77, *The Miscellaneous Statutes (Superannuation Plans) Amendment Act, 2017*. The amendment before you will amend *The Liquor Board Superannuation Act* to designate the minister responsible for the Act as the Liquor Board Superannuation Commission. The commission is responsible for the administration of the Liquor Board superannuation plan even though the day-to-day administration of the plan has been delegated to the Public Employees Benefits Agency in the Ministry of Finance.

The Liquor Board superannuation plan has been closed to new members since 1977. As of March 2017, the plan had two active members, all of whom had exceeded 35 years of service. The plan now has one active member. Given the decline in active members and the work associated with administering the plan, a third party was engaged in 2012 to conduct a joint review of the governance of both the Liquor Board and the public service superannuation plans as they both are experiencing a decline in active members.

One of the key recommendations of the review, which was accepted by then minister of Finance and the Saskatchewan Liquor and Gaming Authority, was to introduce legislative amendments to designate the minister responsible for *The Liquor Board Superannuation Act* as the sole member of the Liquor Board Superannuation Commission once the pension plan approached zero active members. This will simplify the governance of the plan and alleviate the concern of appointing an active member to the commission.

The amendment as proposed will carry out the recommendations of the 2012 review. The proposed amendment to *The Superannuation (Supplementary Provisions)*

Act will repeal the provision that causes the restricted retirement option, also known as the RRO, to annually expire on December 31st unless extended by the order in council. The RRO provision provides a way for executive government and the Crown Investments Corporation to offer early retirement to eligible employees.

Proceeding with the amendment does not commit the Government of Saskatchewan to a future course of action. Employers are required to seek the Lieutenant Governor in Council's permission through an order in council prior to assessing the RRO provision. The Ministry of Finance and Crown Investments Corporation support maintaining the RRO provision on a permanent basis.

And that concludes my remarks, and I would be pleased to take any questions.

**The Chair:** — Thank you, Minister. Are there any questions from the committee? I recognize Ms. Sproule.

**Ms. Sproule:** — Thank you very much, Mr. Chair, and congratulations on your appointment. Thank you, Madam Minister, for those introductory comments. And welcome to all the public servants that are here tonight to help us out.

Just a couple questions on this bill. I think it's really short. The first one I wondered is, why would you continue the commission if the minister is the sole member?

**Hon. Ms. Harpauer:** — Thank you for that question. And I'm going to get the official, Dave Wild, to answer the question.

**Mr. Wild:** — Every pension plan registered in the province must have a plan administrator. The plan administrator can be a board but does not have to be a board. The current Act, *The Liquor Board Superannuation Act*, does have a commission named as the administrator. To name the minister directly as the administrator would require an amendment to the Act. It comes to the same effect in either way. Whether the minister is named directly or as the commission, the minister will be the administrator of the Act as required by law.

**Ms. Sproule:** — Yes, thanks. I understand that. I'm just wondering, because we are amending the Act, why that wasn't the choice as opposed to naming one person to be a commission.

**Mr. Wild:** — Yes. The Act is constructed in a particular way. Now it certainly could have been amended to name the minister as the administrator, but it leads to the same point. The commission is written throughout the Act and the regulations. It's a term that's used throughout the Act and regulations. It was seen by the drafters as a more convenient way of moving forward.

**Ms. Sproule:** — Thank you. The second question I guess I would have is, maybe I'll ask you for a bit of an explanation about the restricted retirement option. And given that there's only one active member in the plan, why were these changes seen as necessary if soon there will be no restricted retirement option available?

**Mr. Wild:** — The RRO, if I can call it that, applies to all of the pension statutes, so it doesn't apply exclusively to *The Liquor Board Superannuation Act*. It would apply to the public employees pension plan, the public service superannuation plan, the SaskPower pension plan, etc. So in terms of the, we call them the old plan members — the old defined benefit plans that are closed — it's true that there are a dwindling number of active members. There's only one in Liquor Board. You know, there's probably less than 100 in the public service pension plan. But the public employees pension plan remains an open plan and this, the RRO could apply to PEPP [public employees pension plan].

**Ms. Sproule:** — So the changes being made here is not to *The Liquor Board Superannuation Act* but to the superannuation Act itself, which could apply to a lot more people than the people in the Liquor Board.

**Mr. Wild:** — That's correct.

**Ms. Sproule:** — Okay. Well thank you for that clarification. I think it was pretty obvious but I needed it clarified anyways. Okay. And *The Children's Law Act*, I assume the change is just to refer to the correct name of the statute?

**Mr. Wild:** — That's correct.

**Ms. Sproule:** — Why would that be brought under amendments to superannuation plans? Like what's the connection with *The Children's Law Act*?

**Mr. Wild:** — Pension Acts generally have provisions around maintenance of enforcement issues. There also are survivor benefit issues that touch on children. So that's the connection.

**Ms. Sproule:** — All right. Well thank you very much for that helpful explanation. Mr. Chair, I don't have any more questions on this proposed statute.

**The Chair:** — Thank you, Ms. Sproule. Seeing no more questions, I would ask that clause 1, short title, is that agreed to?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 4 inclusive agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: *The Miscellaneous Statutes (Superannuation Plans) Amendment Act, 2017*.

I would ask a member to move that we report Bill No. 77, *The Miscellaneous Statutes (Superannuation Plans) Amendment Act, 2017* without amendment. Ms. Lambert. Thank you. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

**Bill No. 78 — *The Municipal Employees' Pension Amendment Act, 2017***

**Clause 1**

**The Chair:** — Okay, we'll move along now. We will now be considering Bill No. 78, *The Municipal Employees' Pension Amendment Act, 2017*. We will begin our consideration of clause 1, short title. Ms. Harpauer, you have the floor please.

[19:15]

**Hon. Ms. Harpauer:** — Thank you, Mr. Chair, and the officials do not change for this particular piece of legislation. So Chair and committee members, I'm pleased to be here today to speak about Bill No. 78, *The Municipal Employees' Pension Amendment Act, 2017*. *The Municipal Employees' Pension Act*, also known as MEPP [municipal employees' pension plan], is currently in a good financial position. The Municipal Employees' Pension Commission wants to ensure that this continues long into the future. In the interest of ensuring the long-term financial sustainability of MEPP, the commission has proposed two actions.

The first action is to remove the option to transfer the value of pension benefits from the plan once a plan member attains eligibility to retire and receive a pension, effective January 1st, 2019. This requires an amendment to *The Municipal Employees' Pension Act*.

Second, the commission proposed an amendment to *The Municipal Employees' Pension Regulations* effective July 1st, 2018 to increase contribution rates for plan members with an equivalent increase in the matching employer contributions. The amendment to *The Municipal Employees' Pension Regulations* was approved by cabinet and registered with the registrar of regulations on March 2nd, 2018.

If the Act is being amended, it is an appropriate time to include other amendments that are desirable but less critical, and these include: implementing the recommendations resulting from the review of the compensation of the commission; second, removing the section allowing a temporary pension, which will no longer be needed if portability is removed upon a member's eligibility for retirement; also requiring any excess contributions be removed from the plan at a member's termination; removing the provision allowing a terminating member to remove half of the contributions and interest made by the member prior to 1994 as a partial settlement of his or her benefit; also clarifying the definition of full-time hours for all members; and requiring all employers to remit contributions no later than 15 days past the end day of a pay period; and finally, other amendments that are housekeeping of nature.

Communication has been sent to members and stakeholders explaining the proposed changes, how they impact members and employers, and when the changes would occur. Information sessions were held throughout the province to consult with plan members and stakeholders. Both groups support the rationale, the proposed recommendations for amending the Act, and the proposed contribution rate increase. A report summarizing the

feedback of the information sessions is available on the plan's website for members and stakeholders.

Subsequent to the consultations, an actuarial valuation at December 31, 2016 was performed on MEPP. The valuation indicates that the plan can achieve its 110 per cent funding ratio if the amendments as proposed are implemented. That concludes my remarks and I will entertain any questions.

**The Chair:** — Thank you, Minister. Are there any questions from the committee? I recognize Ms. Sproule.

**Ms. Sproule:** — Thank you, Mr. Chair. Thanks, Madam Minister, for that explanation. Just a few very basic questions on this. I think it's a very straightforward bill. I'm just curious about the employers. In your comments you indicated 737 employers are participating in the plan. Is that all of the municipalities in Saskatchewan or are there some that aren't members of the plan?

**Hon. Ms. Harpauer:** — Thank you again, and I'll get Dave Wild to respond.

**Mr. Wild:** — In terms of municipalities, urban municipalities, the city of Saskatoon, the city of Regina, city of Weyburn, city of Moose Jaw, do not participate; other urban municipalities do.

The plan does cover all of the rural municipalities, but by far the biggest employer group here are the school boards for non-teaching staff. So the clerical, janitorial staff in schools participate in this plan. So the vast majority of the plan members and employers come out of the education sector.

**Ms. Sproule:** — So the 25,000 plan members, how many of those would be in the school system?

**Mr. Wild:** — So as at March 31, 2017 . . . Oh, sorry, I have an even more recent than that, December 31, 2017. Of the 15,366 plan members at that date, 8,904 were from schools — school divisions; 1,880 were from RMs [rural municipality]; 1,699 were from cities; 1,255 were from towns; 531 were from regional colleges; 505 were from villages; 407 were from regional libraries; and then there are other employers comprised the remaining 185 plan members.

**Ms. Sproule:** — Thank you for that. That's very interesting because I wouldn't think of school employees as municipal employees. So the name seems to have maybe morphed over the years. And were the education employees always part of this plan or . . .

**Mr. Wild:** — The plan has been around in this form since the early '70s and all of that time, yes, the school divisions were participating for non-teaching staff.

**Ms. Sproule:** — Just seeing libraries and regional colleges, so there's a large number of people that aren't actually municipal employees. Okay, interesting, and that's the way things go sometimes.

Madam Minister, you said, and I just need an explanation of this too. You're trying to eliminate the portability of the pension benefits for members eligible for pension upon termination of

employment. Could you explain that? I'm not sure I really understand what that means.

**Mr. Wild:** — I'll try my best, because it is a complicated concept.

Under *The Pension Benefits Act* of Saskatchewan, all pension plans must allow pension plan members the right to portability if they're not eligible for pension, which means in the defined benefit world that if a member terminates before they're eligible to commence a pension, they can receive the lump sum present value of their future pension.

So my pension is going to be \$1,000 per month payable at 65. We can, using some assumptions, come up with a lump sum present value. Let's say it's \$550,000 for those future payments. If you're not eligible for a pension, you get to transfer that 550,000 from the plan to a locked-in RSP [retirement savings plan]. So you take it under personal management. You take it out of the plan, put it under personal management. It remains locked in and it remains tax protected, but the administration certainly changes.

That is a right of every plan member of any pension plan in Saskatchewan. Once you reach the retirement window though, once you're eligible to commence a pension in Saskatchewan, *The Pension Benefits Act* does not require a plan to offer portability of plan members. It becomes permissive at the plan level. And very, very, very few defined benefit plans offer portability in the retirement window. MEPP did; it does. It's being proposed that it be removed.

It becomes a cost to the plan though, to allow portability, and it's a function of the measurement. So against the future pensions, the \$1,000 a month future pension, the plan retains assets. It measures its liability, retains assets. It's using a basis which is different than the basis used to calculate the lump sum present value under *The Pension Benefits Act*.

Under these current circumstances, where the plan is being valued on a basis of, let's say five and three-quarter per cent discount rate, which is based on the assets of the plan, the commuted value, the present value that's being transferred out of the plan is being calculated on terms of long-term Canada bonds. So we're talking about 2 or 3 per cent discount rate. The lower the discount rate, the higher the present value.

So we have plan members that are transferring out, you know, a million, a million and a half, a million seven in present value out of the plan but the plan's only holding a million, a million two, a million three. So every time the member is moving monies out, the plan's actually suffering a loss. The commission felt that (a) for the long-term sustainability of the plan it was a relatively painless way to shore up financing and ensure that the plan was well funded and (b) it was much more in keeping with the nature of the plan. The plan is a defined benefit plan. It's intended to provide a fixed monthly income. It was never intended to provide an asset for plan members to take out. And so the commission was quite comfortable, the Municipal Employees' Pension Commission was quite comfortable in recommending to the government that this should be done for the betterment of the whole plan.

**Ms. Sproule:** — Yes, thank you very much. That's certainly very complicated and I followed most of it so I think I did okay. But I think that will help for the record as well. If people have questions about this in the future, they'll have your explanation on the record so I want to thank you for that.

Just one other question I think at this point. There's a number of housekeeping changes which I think make a lot of sense, so there's no point raising those at this point. But composition of the commission is being changed under this bill, recommendations being that the elections for chairperson, vice-chairperson are being extended from one to two years and that there be some additional members added to the commission.

And there weren't any particular reasons, Madam Minister, in your second reading speech but I'm just wondering if you could give us a little more explanation at this point in time as to why you're extending the elections for a longer period and why there's been some additions. I think we have firefighters and police officers adding one person and then CUPE [Canadian Union of Public Employees] as well is getting another person on the commission. So what led into that recommendation?

**Hon. Ms. Harpauer:** — The election of the Chair and Vice-Chair is to occur every two years as you mentioned rather than the current one year, to allow for increased continuity of the administration of the plan. So the rotation between members appointed on behalf of the employers and the members appointed on behalf of the employees will continue.

**Mr. Wild:** — So the Act requires that every five years there be a review of the composition of the commission. That generally is done by having the Minister of Finance hire an outside resource to examine the plan, to interview stakeholders, and to make recommendations. And in this case in 2015 there was an external person that examined that issue, the composition issue, and made the recommendation to add two additional members. As you pointed out, one of those members is exclusively for CUPE representation, and the other represents employers who have police and fire officers who participate in the plan.

The current commission has a person that represents all of the trade unions in the plan, CUPE and the other four. I think there's four other trade unions that participate in the plan. And back to our earlier conversation about school divisions participating in the plan, because school divisions participate in the plan, a very large component of the plan is CUPE. Almost all of the non-teaching staff at the school division level are CUPE — CUPE or out of scope.

So there's a very large number of CUPE members that participate in the plan, and the outside consultant felt that CUPE was deserving of its own seat at the table — didn't want to disenfranchise the other trade unions that participate in the plan, so that created the scenario of her recommending at least one more on the employee side. To balance it off, to make sure that there was an equal number of employer-employee representation, she determined that another employer rep should be added. And police and firefighter officers do have special provisions under the plan. They are treated differently than other plan members and she felt it was a good addition to balance off the already existing representation of actual police

and firefighters on the plan.

**Ms. Sproule:** — Okay. Just looking at the existing Act, and I'm looking at section 7(4)(b), it says there "one person appointed by associations that represent firefighters and police officers who are members of the plan." So where's the change there, because it looks like they're already represented?

**Mr. Wild:** — They're already represented on the employee side. The amendments being proposed add it on the employer side.

**Ms. Sproule:** — Which is 7(4)(a)? Oh, there it is there. And 7(4)(a)(v) is being added. All right. Thank you for that. That makes sense. In terms of police officers and firefighters, do you have a number of how many of those are represented in this plan?

[19:30]

**Mr. Wild:** — About 270 members.

**Ms. Sproule:** — All right. I just have to go back to my notes. Just a couple more questions: the administration of the plan is being enhanced, and there's a creation of a definition of full-time hours in order to facilitate a consistent interpretation of full-time hours. Could you share with the committee what sort of issues were being raised in that context and why this is going to help?

**Mr. Wild:** — Yes. The definition of full-time hours applies in a lot of areas. There is a lot of seasonal employees in this plan — grader operators for example — but there's also a number of 10-month employees in this plan. So in the school divisions, of course the non-teaching staff also have a 10-month year just like the teaching staff do, so this plan's always faced a challenge in terms of trying to measure what's a year of service for pension.

The policy that existed until this point was that essentially the employers told us what a full-time year of service was, and that raised all sorts of inconsistencies across the province. The commission determined that it should set out what a full-time member looks like. They've declared it 30 hours per week to be a full-time member. So it varies between a 12-month employee and a 10-month employee, but nevertheless it will be consistent across the province for any given employment situation.

**Ms. Sproule:** — For the 30 hours a week figure, would that help the people in the 10-month situation? Is that what it averages out to if you're a 10-month employee?

**Mr. Wild:** — So it would be 10 months times four weeks times 30 hours, is the standard for the 10-month employees. It's a different standard for 10-month employees than 12-month employees.

**Ms. Sproule:** — Do you have the reference to that section that creates that? Is it in the Act, or is it in regulations?

**Mr. Wild:** — No, in fact it will be in commission policy.

**Ms. Sproule:** — All right. One more question, I believe. Oh

yes, the 15-day remittance time frame now, was there a problem with people not remitting within 15 days before? I'm assuming there was; otherwise you wouldn't be making this change. But what sort of problems were you encountering?

**Mr. Wild:** — This is a plan that can be challenging to administer when you have 700-plus employers, and some of those employers can be extremely small. We have employers that have one or two members in it. You get a variety of quality of service and co-operation. And it can be challenging. Late remittances are not acceptable and we take it quite seriously that we make sure that remittances do come in on a timely basis. Contributions that aren't in the plan are not being used to fund the plan for the benefit of the plan members, so we are challenged and we do take it seriously. Every tool we can find is a plus for us.

**Ms. Sproule:** — So what will the consequences be if someone is not remitting within that 15-day period?

**Mr. Wild:** — Our efforts always initially are to try to correct the situation, work with the employer to determine what's causing the issue, what's causing the concern. But the commission certainly does have the authority to work up to a levying of a charge against the employers if it's a wilful, repeat offender.

Ultimately if it was found that an employer was, you know, being fraudulent in terms of not remitting contributions, it can go all the way up to criminal charges. But it's a matter of working with the employers and making sure they understand the obligations and why it's important to get the money into the plan.

Quite often it's caused by turnover at the employer level. You know, the payroll people are changed or the human resource people are changed and no one's bothered to train them. So it's a lot of effort.

**Ms. Sproule:** — Thank you. Just one last follow-up: for those organizations that are smaller and challenged and having these difficulties, is there any opportunity for them to perhaps engage another larger organization to do that work for them? Like is there ways to pool those resources so that individual employers don't have that burden?

**Mr. Wild:** — That would be beyond PEBA's [Public Employees Benefits Agency] remit. We take what's provided to us. How the employers are organized really is not part of our responsibilities.

**Ms. Sproule:** — Madam Chair, do you know of any initiatives amongst municipal employers where they can share those resources and perhaps be able to deal with these issues better?

**Hon. Ms. Harpauer:** — Some do for sure. I know of situations in my home area where a village and a municipality will share administration staff and an office building, but it is totally . . . The decision-making is at the local level in order to do that.

**Ms. Sproule:** — All right. Mr. Chair, I have no further questions for the committee.

**The Chair:** — Thank you, Ms. Sproule. Seeing no further questions, we will move to agreement.

Clause 1, short title, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 23 inclusive agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: *The Municipal Employees' Pension Amendment Act, 2017*.

I would ask a member to move that we report Bill No. 78, *The Municipal Employees' Pension Amendment Act, 2017* without amendment. Mr. Bonk. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

**Bill No. 79 — *The Public Employees Pension Plan Amendment Act, 2017***

**Clause 1**

**The Chair:** — We will now be considering Bill No. 79, *The Public Employees Pension Plan Amendment Act, 2017*. We will begin our consideration of clause 1, short title. Minister Harpauer, please proceed.

**Hon. Ms. Harpauer:** — Thank you, Mr. Chair. And again there will be no change in officials for this bill.

Chair and committee members, I'm pleased to be here today to speak about Bill No. 79, *The Public Employees Pension Plan Amendment Act, 2017*. The six proposed amendments will, if enacted, enhance the provisions of the public employees pension plan, also known as PEPP. They will improve the right of PEPP members and their spouses and improve the service provided to PEPP members.

The first proposed amendment would provide immediate vesting and locking in of required member and employer contributions. Vesting entitles the member to the contributions made by the employer on the member's behalf. A member who terminates prior to vesting forfeits the employer contributions, which PEPP then uses to defray administration costs. Currently members must wait one year to become vested. Locking in means that the member's account balance must be used to provide a retirement income. Currently, locking in happens at one year of membership. The proposed amendment will mean that vesting and locking in occur when a member enrolls in PEPP.

Two related amendments would also provide the spouses of PEPP members with additional rights. In the case of a member's death, the amendment would clarify that the spouse

of the deceased member may keep any amount left to him or her in PEPP. With respect to that amount, the spouse would have the same rights as any other inactive member of PEPP — that is, a member who no longer works for a PEPP-participating employer. In the case of a breakdown in a spousal relationship, the amendment would permit the spouse or ex-spouse of a member to keep in PEPP any amount resulting from a division of the member's account balance. With respect to that amount, the spouse or ex-spouse would have the same rights as any other inactive member of PEPP.

A proposed amendment would remove a 15-day waiting period for the unlocking of voluntary contributions on termination of employment. With respect to the authority of the Public Employees Pension Board, which is the trustee of PEPP and the body responsible for administering *The Public Employees Pension Plan Act*, the amendments will clarify that the board may make policy to administer PEPP with respect to out-of-province members and their monies which are subject to the laws of other provinces. The amendments I have discussed thus far are being proposed on the recommendation of the Public Employees Pension Board.

One final amendment is of purely administrative nature. It is an update to the Act to reflect the new name of the Communications, Energy and Paperworkers Union, which is now known as Unifor. That concludes my remarks and I'd be pleased to answer any questions.

**The Chair:** — Thank you, Minister Harpauer. Do we have any questions? Ms. Sproule.

**Ms. Sproule:** — Thanks, Mr. Chair. Thank you, Madam Minister. Very straightforward bill. Just a couple of questions. The first one is the immediate vesting and locking in, and what led to that change as opposed to giving members a year before they lock in?

**Hon. Ms. Harpauer:** — I'm going to answer briefly before I turn it over to my official, but I asked that same question and apparently that is common practice in other governments' pension plans as well as the federal government. But maybe there's other reasons and I turn it to you.

**Mr. Wild:** — Generally speaking, vesting and locking in have greatly shortened over time. When I first joined the pension industry, the rule was minimum age 45 with 10 years of service. That's a long time ago but, but it was 45 and 10. So if you were age 44 and had 20 years of service but terminated, you got no pension. So regulators over time have shortened and shortened and shortened.

The current law in Saskatchewan on *The Pension Benefits Act* is two years as the minimum. You can't make it any longer than two years. But there have been a number of provinces — four, five, six provinces in Canada — that have brought it down to immediate vesting.

It's a trend. At its heart, it's all about equity. It's absolutely unfair for one member to receive a benefit that another member doesn't when they're providing the same service. That's it at its heart. The only reason, you know, you'd have any sort of period at all was frankly just administrative.



You know, there's some practical considerations around immediate vesting. We're going to have some very small accounts, but we'd rather have a small account than have a member walk away from employer contributions.

**Ms. Sproule:** — Fair enough. And I guess the same kind of reasoning would deal or relate to the ex-spouse, the changes for spouses and ex-spouses of members. So is that sort of the same kind of motivations, to make it more equitable and fair for those spouses?

**Mr. Wild:** — A little different motivation perhaps. There is an element of wanting to provide service to the spouse of a deceased member or the ex-spouse in the case of a marriage breakdown.

There is some selfishness too. The larger the plan, the bigger the pool, the smaller the unit cost that plan members have to pay. This plan has 65,000 plan members but 25,000 of them have no connection to the Government of Saskatchewan any longer. They've terminated; they've moved on. They're treating us as a financial institution. They like what we're doing for their retirement. They can move it at any time.

So the larger the base of membership, the larger the pool of assets, the smaller admin fee that we as plan members are paying. You're spreading your fixed costs over a bigger pool. You're enjoying better investment management fees because you've got a larger chunk of money to invest. So there's certainly a service quality element to it, but also some selfish motivation.

[19:45]

**Ms. Sproule:** — Well as a member of PEPP, I appreciate that selfishness. So thank you for that. The 15-day waiting period, again, is that an administrative move that will help things out?

**Mr. Wild:** — I mean it really hinges on the practicality of a 15-day waiting period. The members, on a practical level, really didn't take advantage or were disadvantaged by 15 days. They either kept it with us on a very long-term basis or they moved it immediately. So the 15-day waiting period didn't come into effect. It just didn't have any practical meaning to it, and so the board determined that it should recommend it be eliminated.

**Ms. Sproule:** — Okay. And then one last question related to the board, and this is the change to allow the board to make policy to administer PEPP with respect to out-of-province members. It would seem to me you've had out-of-province members for decades. And I also would think you had the ability to make policy. So what is this section attempting to achieve?

**Mr. Wild:** — We've had members who reside outside of Saskatchewan, but none of them were active employees. So we've actually got PEPP members in 37 countries around the globe. But it's key that we've never had employees who were members outside of Saskatchewan until the Capital Pension Plan was merged into the public employees pension plan in 2015.

They brought that to us primarily SGI [Saskatchewan Government Insurance] employees. SGI has offices in a number

of provinces across Canada. It's the nature of pension law in Canada that it is labour law and so the jurisdiction of employment is what determines what pension benefit Act applies to you. So the SGI employee who is employed in Ontario must have the Ontario *Pension Benefits Act* applied to their plan, their pension plan. We had not had that experience before 2015, but we're faced with that now, and we do have to apply the *Pension Benefits Act* of Ontario.

So this provision would allow the board, without needing the Act amended, to protect the rights of employees who are employed in other jurisdictions, apply the law that's required to be applied by those jurisdictions, and maintain a practical, you know, administration of this plan. It remains primarily for Saskatchewan employees but not exclusively anymore.

**Ms. Sproule:** — And how many employees, active employees, is that affecting?

**Mr. Wild:** — I'm told it's a couple of hundred employees who are employed outside of Saskatchewan but actively participating in the plan.

**Ms. Sproule:** — And you said something changed in 2015, the Capital Pension Plan?

**Mr. Wild:** — There was . . . The Capital Pension Plan was a pension plan that was administered by a unit within the Crown Investments Corporation. It was a pension plan that covered some Crowns. So most of the commercial Crowns — SaskTel, SaskPower, SaskEnergy — have participated in PEPP since the beginning, but there were some Crowns that didn't participate in PEPP. SGI was by far the biggest employer within Capital Pension Plan, but there was a number of smaller agencies and Crowns that participated in the Capital Pension Plan.

In 2015 there was a merger. The Capital Pension Plan was merged into the public employees' pension plan. Their members became PEPP members. Their employers participated in PEPP and they do so on a go-forward basis. So today SGI is a participating employer within PEPP. Its employees participate in PEPP. In 2015 and prior, they were in Capital Pension Plan.

**Ms. Sproule:** — All right. That is the extent of my questions in relation to this bill, Mr. Chair.

**The Chair:** — Thank you, Ms. Sproule. Seeing no other questions, we will now move to clause-by-clause consideration of Bill No. 79. Clause 1, short title, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 9 inclusive agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: *The Public Employees Pension Plan Amendment Act, 2017*.

I would ask a member to move that we report Bill No. 79, *The Public Employees Pension Plan Amendment Act, 2017* without amendment. Mr. Hindley, so moved. Thank you. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

**Bill No. 80 — *The Municipal Financing Corporation Amendment Act, 2017***

**Clause 1**

**The Chair:** — We will now be considering Bill No. 80, *The Municipal Financing Corporation Amendment Act, 2017*. We will begin our consideration of clause 1, short title. Minister Harpauer, please proceed.

**Hon. Ms. Harpauer:** — Thank you, Mr. Chair, and we have a slight change of officials for this Act. I still have with me my deputy minister, Rupen Pandya, but I also now have Denise Macza, the general manager of the Municipal Financing Corporation.

The proposal recommends two changes to the legislation of the Municipal Financing Corporation. The first change repeals MFC's [Municipal Financing Corporation of Saskatchewan] 30-year borrowing limit, which is a provision that dates back to the 1970s. Capital markets have evolved since then and now permit provinces to borrow for longer terms. Repealing the 30-year limit would put MFC in line with most other Crown corporations which are subject to a 40-year limit in *The Crown Corporations Act*.

The second change is to increase MFC's debt limit from 350 million to 500 million. MFC's debt limit was set at 250 million in the 1970s and it was raised to 350 million in 2010 to assist local governments in addressing their infrastructure needs. It is prudent to increase the limit once again to ensure that this demand continues to be met.

I'm happy to respond to any questions at this point.

**The Chair:** — Are there any questions of the minister or her officials? Ms. Sproule.

**Ms. Sproule:** — Some very brief questions again, Mr. Chair. Thank you. I guess the first question I had, and I was musing about this in adjourned debates, but there is a change of reference from the Consolidated Fund to the GRF [General Revenue Fund] in I think five or six different sections of the Act: 18, 19, 24, 30, and 31. So I'm just wondering if you could explain why the reference is being changed from the Consolidated Fund to the GRF.

**Ms. Macza:** — So the Consolidated Fund is no longer the proper name for that entity. It's now called the General Revenue Fund, so this is just updating the reference to that in the Act.

**Ms. Sproule:** — Thank you, Ms. Macza, for that. And then the change of the borrowing limit is being increased to \$500 million. Is this fund, are municipalities able to access this fund

at favourable interest rates? Is that why . . . So what interest rate would that fund offer vis-à-vis the banks or the borrowing, general borrowing market?

**Ms. Macza:** — So the 500 million is just their borrowing limit. They can acquire, the corporation can acquire debt up to that limit. Municipalities have the option to borrow funds from the Municipal Financing Corporation, and the interest rate on those funds is dependent on the term they choose. So if they choose to borrow money for five years, they have a certain interest rate. Ten years has a certain interest rate. And the interest rate that's provided corresponds to the cost of funds that the province receives when it borrows.

**Ms. Sproule:** — And you may not have this information handy, but I'm just wondering how much of municipal debt is financed by the fund as opposed to other markets.

**Hon. Ms. Harpauer:** — [Inaudible] . . . able to answer that.

**Ms. Sproule:** — Check with each municipality.

**Hon. Ms. Harpauer:** — Right.

**Ms. Sproule:** — Okay, fine. One last quick question here. The change in section 28, it currently refers to *The Companies Act* and *The Securities Act* which do not apply to the corporation. This is now being amended to add *The Business Corporations Act* so that that Act will no longer apply to the corporation as well. Can you just share with the committee why this change is being made or required?

**Ms. Macza:** — I'll have to get back to you with the answer to that.

**Ms. Sproule:** — Sure. If you just want to undertake to provide it in writing at a later date, that would be fine. Thank you.

Okay, Mr. Chair, I have no more questions on this bill.

**The Chair:** — Thank you, Ms. Sproule. Seeing no further questions, I would move to a clause-by-clause consideration of this bill. Clause 1, short title, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 13 inclusive agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan enacts as follows: *The Municipal Financing Corporation Amendment Act, 2017*.

I would now ask a member to move that we report Bill No. 80, *The Municipal Financing Corporation Amendment Act, 2017* without amendment. Mr. Bonk. Thank you. Mr. Bonk has moved. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried, ladies and gentlemen. Do you have any closing comments, Minister Harpauer?

**Hon. Ms. Harpauer:** — Thank you, Mr. Chair. I just want to thank the committee members and the member for her questions and all of the officials for being here for us tonight.

**The Chair:** — Thank you, Minister, and thank your officials. Ms. Sproule.

**Ms. Sproule:** — Likewise. Thank you very much, Madam Minister and officials, for the important information that was provided tonight. And thank you, Mr. Chair.

**The Chair:** — Thank you, Ms. Sproule. That concludes our business this evening. I would . . . Seeing that we have no further business, I will ask a member to move a motion of adjournment. Ms. Lambert has moved a motion to adjourn. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. This committee stands adjourned to the call of the Chair.

[The committee adjourned at 19:57.]