

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Third Session – Seventeenth Legislature
61st Day

Thursday, April 19, 1973.

The Assembly met at 10:00 o'clock a.m.
On the Orders of the Day.

ADJOURNED DEBATES

Second Readings

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Cowley that Bill No. 97 – An Act to amend The Income Tax Act be now read a second time.

Motion agreed to and Bill read a second time on the following Recorded Division.

YEAS — 33

Messieurs

Blakeney	Pepper	Taylor
Dyck	Michayluk	Matsalla
Meakes	Byers	Richards
Wood	Thorson	Faris
Romanow	Whelan	Cody
Bowerman	Kwasnica	Gross
Thibault	Carlson	Feduniak
Larson	Engel	Mostoway
Kowalchuk	Owens	Rolfes
Baker	Robbins	Kaeding
Brockelbank	Cowley	Flasch

NAYS — 10

Messieurs

Loken	MacDonald	McPherson
Guy	(Milestone)	Lane
Grant	Gardner	Wiebe
Boldt	MacLeod	

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Taylor that Bill No. 102 – An Act to amend The Public Service Superannuation Act be now read a second time.

Mr. W. A. Robbins: — (Saskatoon Nutana Centre) May I first of all assure the Hon. Minister, the Member for Kerrobert-Kindersley, that I had no intention of disrupting his schedule when I adjourned debate on this Motion. I actually entered the House just before the question was put and I did want to raise one point with respect to this particular Bill. I have had some discussions with the Minister and with some other people with respect to a clause in The Public Service Superannuation Act and also in some of the other Acts which causes me concern and I should just like to make a few

remarks with respect to it and bring it to the attention of the House.

I believe the Minister indicated that Bill 102 will have a proposed House amendment to it removing the ceiling on which superannuation contributions will be made. Might I say I agree with that proposal. Checking back in the records I find that at one time the ceiling on which contributions could be made was \$10,000. It was later raised to \$11,500, then to \$16,000, then to \$18,000 and it is now proposed to be removed entirely. However, I think this creates some anomalies in terms of pensions and I'm talking not only of this particular Act but of some of the other Acts. There are some people who elected to make contributions beyond 35 years. I'll just cite one or two examples without naming names because this is confidential. I think of examples of people not only in the Public Service but also in SaskTel and Sask. Power who had 35 years of contributory service in their early '50s, some of them as early as 52 and 53 years of age. They were in a rather peculiar situation at that time when they were not old enough for retirement. They had completed their 35 years. They were under the ceilings then applicable in relation to pension and they were asked the question, "did they wish to continue to contribute or not?" They could have chosen not to continue to contribute, that's true. I can cite examples to illustrate, in the light of existing conditions at that time, that it made sense for some people to make the choice that they would continue to contribute. The Act also says that once they made the choice to continue to contribute they must continue to contribute until they were actually retired or ceased work. My contention is that removing the ceiling upon which contributions may be made in terms of superannuation is fine but serious consideration should be given to raising the ceiling on which the maximum pension may be paid.

May I cite an example to illustrate? A person with more than 35 years of contributory service and a pension under the \$7,000 ceiling gets two per cent times the six highest years, times the years of contributory service. If that person had an average income of \$6,000 in that particular period, two per cent of that is \$120, multiply that times that persons total contributory service and you can come out with a pension of \$5,400 per year, which is actually 90 per cent of their average income in their best six years. However, if that individual had a \$9,000 average income in his best six years, taking two per cent, \$180 times the 45 years for which he contributed, he would be entitled to a pension of \$8,000. But he doesn't get it. He's cut off by the \$7,000 maximum. Now either one of two things should happen. The ceiling should be raised or it should be removed.

I know what the argument is. I know the argument is that this might not be fair to people already retired and who have had the ceiling applicable to them. Frankly, I can't agree with that argument. Obviously the rules that applied when a person retired do apply. It seems to me we are being very remiss because the previously mentioned factor if we do not make some adjustment in that ceiling at the present time. The theory is, of course, that it's a statutory pension, that's it payable for 35 years and, therefore, the individual gets 70 per cent of his six best earning years up to the maximum, but how could people ten years ago who had 35 years of contributions in, visualize that inflation would raise salaries appreciably. How could they possibly know that the in-current position would be that they are now making contributions to their pension

plans with no probably result for them in terms of those contributions?

I can cite you cases of individuals who are paying seven and eight and nine hundred dollars per year into the pension plan who might just as well burn their money. It is largely pointless insofar as they are concerned in terms of arriving at more pension. They are, in the main, cut off by the \$7,000 ceiling. They are not, however, permitted to cease contributions. If they could they could take that money and put it in a registered retirement plan and increase their pension. There are not a great many people in this category but it is obvious that these people are caught in a very, very difficult situation. In addition, I should point out, that although they are having the contributions taken off and it flows into the Public Service Pension Plan or Power or Telephone or whatever, they do not get any benefit in terms of the Canada Pension Plan because it's integrated in those plans. If they had elected to cut off contributions at 35 years their employer would be deducting for them and paying directly to the Canada Pension Plan and they would end up with a second pension out of that plan. Mr. Speaker, there is no way these individuals could have foreseen that situation because the Canada Pension Plan came into effect in 1966 and I can tell the House that of the examples that I know of, some of these people made the choice back in 1963, 1964 or 1965.

I want to draw to the attention of the House that this is an anomaly. It's there and I fail to see why we're not going to choose to alter it. What are the arguments going to be against it? Admittedly, I'm sitting on the Pension Commission and I could raise these points there and I shall, but some of these people are very close to retirement now and have very urgent problems. That, Mr. Speaker, was why I wanted to make some remarks with respect to this Bill.

Some Hon. Members: — Hear, hear!

Mr. K. R. MacLeod: — (Regina Albert Park) I don't know what's happening to the House. I think it's the lateness of the season but I find myself for the second time within 24 hours agreeing with the Hon. Member who just spoke, and I'll put it down to the balmy spring air that we are getting. I believe that one of the benefits of working for the Government may well be a good pension when you retire. And I believe in the principle of a full pension for full service. That has not been the case up to now. Those people at the higher levels of pay in the Public Service have had their tops trimmed off, unfairly I think. And I am in agreement with the remarks just made by the Hon. Member. I must say that in doing so that we ought not to be niggardly in the pensions to the people in the higher branches of service, the higher categories and the higher pay.

One of the incentives to work for a promotion is not only the status it entails and the responsibility involved but also the additional pay at the time of service and the additional superannuation upon retirement. Nothing can be a better sales tool for the public service of Saskatchewan than to point with pride to an excellent superannuation plan. To date our superannuation plan has, under both Governments, both Liberal

and CCF-NDP Governments, been hampered in the sense that the higher you got in the civil service the more we seemed jealous of the pension that we were paying. Because of that, Mr. Speaker, I support the principle enunciated by the Hon. Member.

I want to go on record, however, as stating that there are some other aspects of the pension program that I have not yet fully resolved in my mind. One of them is the full fundable feature of the pension. The pensions which are now being paid by the Provincial Government are not fully funded at all. There have been some pressures to make it a fully funded pension. There are some pressures and suggestions that pension moneys should be portable. I should like to state at this time that I, at this moment, have not yet concluded that either of these additional steps would be justified or in the long-term benefits of either the public servant or the Government of Saskatchewan. That does not mean that I oppose them, but I think there are some arguments on both sides which must fully be examined before coming to a conclusion. But I do agree with the remarks just made.

Some Hon. Members: — Hear, hear!

Hon. A. Taylor: — (Minister of Social Services) Mr. Speaker, very briefly, I appreciated the other day when the Member from Wilkie (Mr. McIsaac) said that they would be supporting this Motion, this Bill before us. He did have one mistake in his presentation. He said that his only disappointment was in what the Bill did not contain and that was an improvement in pensions. I am sure he is aware now that a Bill has been laid before the House with supplementary provisions which will improve the past pensions he was concerned about. It comes under another Act at this time.

The Member for Albert Park (Mr. MacLeod) makes reference to the policy of cutting off the top. This is what this Bill is all about, to get away from that, both to bring us into conformity with other parts of Canada and also to improve employee benefits for recruiting as much as for anything else. I disagree with my colleague who has expressed his concern for the past ceilings that are being maintained, that we have not changed this. The people he refers to did elect to contribute beyond the 35 years. They have received some benefits in terms of a different period on which their pension would be calculated. They received a benefit in terms of dependent benefits that were in force, a type of insurance, in the meantime. It is certainly one of the things that I hope the Superannuation or Pension Commission will look at very seriously, but we are not prepared at this time to make this change.

Therefore, Mr. Speaker, I would move second reading of this Bill.

Motion agreed to and Bill read a second time.

WELCOME TO STUDENTS

Mr. E. F. Gardner: — (Moosomin) Mr. Speaker, I should like to introduce a group of students from the day school at Marieval. Marieval is located

on the Cowessess Indian Reserve, north of Broadview. There are about 50 students and they are accompanied by their teacher, Mr. Laurence Krysor.

Today we are Committee in the Legislature which is a little from the usual procedure. I hope they enjoy their stay here and we welcome them to this House.

Hon. Members: — Hear, hear!

MOTION

Adjournment of House

Mr. A. E. Blakeney: — (Premier) Mr. Speaker, I move, seconded by the Hon. Mr. Thorson, by leave of the Assembly:

That when this Assembly adjourns on Thursday, April 19th, 1973, being today, Mr. Speaker, that it stand adjourned until Monday, April 23, 1973.

The rules now provide, Mr. Speaker, that we come together at 10:00 a.m. so we don't need to put that in the motion.

Motion agreed to.

The Assembly adjourned at 5:31 o'clock p.m.