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of Ontario**

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Honourable Gary Carr

Président
L'honorable Gary Carr

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LEGISLATIVE ASSEMBLY
OF ONTARIO

Thursday 9 December 1999

ASSEMBLÉE LÉGISLATIVE
DE L'ONTARIO

Jeudi 9 décembre 1999

The House met at 1845.

ORDERS OF THE DAY

PENSION BENEFITS STATUTE LAW
AMENDMENT ACT, 1999

LOI DE 1999 MODIFIANT DES LOIS
CONCERNANT LES RÉGIMES
DE RETRAITE

Mr Skarica moved second reading of the following bill:

Bill 27, An Act to amend the Pension Benefits Act and the MPPs Pension Act, 1996 / Projet de loi 27, Loi modifiant la Loi sur les régimes de retraite et la Loi de 1996 sur le régime de retraite des députés.

Mr Toni Skarica (Wentworth-Burlington): I would like to advise the House that I will be sharing my time with the member for Simcoe North and the member for Durham.

It gives me great honour to speak on second reading of Bill 27, the Pension Benefits Statute Law Amendment Act, 1999. These are changes that have been asked for and have been desired by a large segment of our community for some time. As a result of that demand, our government made a commitment to pension reform in the 1997 and 1998 Ontario budgets. We promised to consult with the pension community about access to locked-in accounts. Consultations were held on the Pension Benefits Act in both 1998 and 1999. These consultations were held by parliamentary assistants to the Ministry of Finance Terence Young and Bill Grimmett, both gone but not forgotten. We promised to design a system which would allow individuals more flexible access to their own funds when they know they need them.

Now we are delivering on our commitment to pension reform in Ontario. These reforms are consistent with the recommendations of the pension community during these consultations. Through Bill 27 and its regulations, we are responding to concerns of Ontarians who wanted early access to their locked-in retirement funds when they have the greatest need. By "greatest need," we mean those facing serious financial hardship or considerably shortened life expectancy due to critical illness, but we intend to define "need" in the broadest term rather than the specific, to enable the most flexibility and fairness to those who need access to their monies in desperate times.

With respect to financial hardship, during the consultations which were held, as I've indicated, by my good friends Bill Grimmett and Terence Young, individuals came forward who were in dire straits financially and who needed access to their locked-in money sooner rather than later. Every MPP in the House has had letters and requests from individuals in dire need of those monies.

For those facing clear financial hardship, the withdrawal of the money today is important to protecting their own or their family's quality of life and best interests. To gain financial hardship access, individuals would have to apply to the superintendent of financial services of Ontario. Specific criteria for eligibility under financial hardship will be announced in the new year and contained in regulations to this bill. What I can tell you at this point is that access under financial hardship would not be restricted to any minimum age and, depending on circumstances, individuals will be allowed to withdraw all or a portion of the funds in their locked-in retirement accounts.

With reference to shortened life expectancy, this bill would entitle individuals faced with that type of unfortunate tragedy, a shortened life expectancy due to critical illness or disability, to withdraw all monies from their locked-in accounts. These locked-in accounts include LIRAs, locked-in retirement accounts, formerly known as a locked-in RRSP, or LIFs, life income funds, and LRIFs, a new locked-in retirement income fund which we are introducing to permit retirees to base withdrawals on their actual investment returns.

I'd like to deal with LRIFs. During consultations, the Canadian Association of Retired Persons, CARP, asked us to change the paternalistic rules governing access to life income funds, LIFs. I myself met with the president, Lillian Morgenthau, a couple of years ago. They indicated to me, as they did to the parliamentary assistants at that time, that there was a substantial need to change the rules that existed at that time. CARP said that pensioners should no longer be forced to convert their retirement funds to life annuities at age 80. There was overwhelming support shown through the consultations for another option which would eliminate the annuity purchase requirement.

That is why we created the LRIF, the locked-in retirement income fund. The LRIF would eliminate the requirement for pensioners to purchase a life annuity at age 80. Pensioners then would be free to transfer their retirement monies among locked-in retirement accounts; that is, LIRAs, LIFs or LRIFs. These rules exist in some

western provinces; Alberta comes to mind. They have worked well there and have given pensioners flexibility and a greater range of choices in how they wish to invest their pension monies. If a pensioner chooses not to withdraw the maximum amount in any given tax year, the LRIF would also provide the option to carry forward unused withdrawal room from current to future years.

I'd like to talk briefly about locked-in accounts with small balances. We believe that with locked-in accounts with small balances the transaction costs are too high. The regulations should be changed to allow individuals over age 55 who have less than \$15,000 in their locked-in accounts to access these funds.

Bill 27 would also help us to streamline and harmonize a number of rules. It is intended that this bill would streamline and simplify pension administration in Ontario and provide for harmonization of our pension rules with those in other Canadian jurisdictions. We received numerous submissions from numerous financial institutions requesting these types of changes, and this will be an extremely good-news item for those types of investors and for those institutions.

In conclusion, we promised to help Ontarians with access to locked-in retirement accounts. We promised to help Ontarians faced with financial hardship or shortened life expectancy. We are doing everything we can to ensure that these people in dire hardship can have access to the monies that they need and which will help them out. We have delivered. The Pension Benefits Statute Law Amendment Act would help those in need access these funds.

I'd like to briefly refer to the MPP pension plan amendments as well, perhaps to clarify some misconceptions. There is no more money going into the plan. MPPs will not receive any additional funds as a result of this change. No additional taxpayers' dollars will be spent on this initiative.

By eliminating the previous gold-plated pension plan, we saved taxpayers \$5.5 million annually. Those savings remain protected. The new MPP program gives MPPs the same access to their retirement savings as every other Ontarian saving for retirement through RRSPs. It completes the transition to an RRSP-type plan for these members, as we committed to in 1996 when we reduced the value of their pensions.

The MPPs who opt to access funds before retirement will be required to pay the appropriate taxes as would any other Ontarian who is withdrawing money from an RRSP. This change will provide MPPs, who took a considerable risk by leaving the job market, some flexibility in planning for their families' futures. This is not double-dipping. Members will not be allowed to collect a pension and a paycheque at the same time. Members who opt to access these funds must be both retired and over age 55.

In conclusion, it is my honour to move second reading of this bill. We did extensive consultations throughout Ontario. There was a consistent and clear demand for changes in the area where people are in hardship. Plus, a

number of financial institutions indicated to us that they needed to have a more streamlined administration and they needed to have greater simplicity and consistency with laws throughout the country. We have delivered on that. That should save substantial monies in administering these plans and that, of course, will make those plans more profitable and give greater access to funds for the investing public.

I have mentioned this twice and I would like to mention it again. My two predecessors, Terence Young and Bill Grimmett, both of whom did not run for election this time, did extensive consultations. I heard from the investing public they did an excellent job, and the people who did give submissions were most grateful for their input and for the opportunity they gave in listening to the various people who gave submissions. Again, I think a lot of credit must be given to Terence Young and Bill Grimmett for the very excellent job they did in helping the Minister of Finance, Ernie Eves, and the government of Ontario prepare for this bill. I would like to congratulate them and make sure they get the credit they deserve.

1900

Mr Garfield Dunlop (Simcoe North): I rise here this evening to take part in second reading debate on Bill 27, the Pension Benefits Statute Law Amendment Act, 1999. I was so pleased on Tuesday when our Minister of Finance, the Honourable Ernie Eves, introduced this legislation. Once again, we demonstrated the leadership that this government has provided to the citizens of Ontario.

Our government promised to design a system which would allow individuals more flexibility in accessing their own funds, their own money, if and when they knew when they actually needed those funds. For example, people of our province who are faced with severe financial hardships or even a life expectancy shortened by injury or health would have easier access to locked-in retirement accounts.

The finance minister stated on Tuesday of this week, "As we committed in the 1998 budget, this government is taking steps to ensure Ontarians faced with difficult circumstances are permitted to access locked-in retirement funds." As he said in 1998, it is another promise made and it's another promise kept by this government. This government is about keeping promises it has made to the citizens of Ontario.

I can think of families in my riding who have been locked into plans and would like an escape clause to allow access to additional funds. I can think of a resident who held a mortgage on his son's farm and became incapable of working himself. Basically what happened was, when the economy was strong, the son invested in the farm and the father held a mortgage with capital he had, and his own pension plan was locked in. This happened when the economy was strong. When the economy weakened and the price of commodities went down, the young farmer found himself in the difficult position of not being able to pay his own father for his

mortgage. This is an example where if the father had the funds—in this case the father didn't foreclose on his own son, but it was interesting to think that he was almost in the position of having to sell that farm back, a farm that had been in the family for a couple hundred years.

I can think of another resident who needed his funds to help his daughter. His daughter had contracted MS. It was very unfortunate. The son-in-law left; he decided to split. He left a couple of little children. The father had an awful time trying to come up with the funds, which he had locked into an account, to help his daughter who was actually in a desperate position. In the end, he in fact did help his daughter get out of that predicament.

These are examples of places where people really do need their own funds, and it was so unexpected at the time.

If passed by the Legislature, this bill and accompanying regulations would permit persons facing considerably shortened life expectancy due to critical illness to withdraw all monies from their pensions or locked-in accounts. Those in financial hardship would apply to withdraw all monies from their pensions or locked-in accounts. Those in financial hardship would apply to the superintendent of financial services of Ontario to determine whether they meet the necessary criteria to access some or all of their locked-in funds.

During recent consultations on the revisions to Ontario's retirement fund legislation, requests to provide flexibility were made by a number of organizations, including the Canadian Association of Retired Persons, CARP. Lillian Morgenthau, the president of CARP, said recently:

"CARP congratulates the Ontario government for adopting our recommendations to do away with paternalistic policies on locked-in funds. CARP has been working to persuade provincial governments to change the regulations on LIFs since 1997.

"We are very pleased that the proposed legislative changes will provide Ontarians with LIFs with an alternative, so that they will no longer be forced to convert to life annuities and will have more flexible access to withdraw money from them. We trust other provinces and territories which have not yet changed their regulations on LIFs will follow Ontario's lead in this matter."

Again, our government has shown the leadership that Ontarians deserve and have come to expect. Perhaps other provinces will follow our lead in our Ontario leadership in cutting taxes as well.

This act has been designed to provide Ontarians with appropriate access to locked-in retirement accounts in cases of hardship. Individuals would be provided with more flexibility in determining their annual withdrawals from locked-in retirement savings. A new locked-in retirement income fund, an LRIF, would permit retirees to base their withdrawals on their actual investment returns.

Unlike life income funds, an LRIF would not require individuals to purchase a life annuity. Retirement monies

are freely transferable among locked-in retirement accounts, locked-in funds and locked-in retirement funds.

For those who do not withdraw the maximum permitted, the LRIF would also provide the owner with the option to carry forward unused withdrawal room from current to future years. The package streamlines pension administration, provides for the harmonization of pension rules with other Canadian jurisdictions and completes the transition to an RRSP-type system for members of Parliament.

Before I comment further on the MPPs' pensions, I'd like to give other examples. Up in my area in Simcoe North, where I'm from, and southern Muskoka, where a lot of people move to in their retirement age, an awful lot of people build retirement homes or purchase campsites or RVs in campgrounds. Quite often it's their second home; it's their retirement area. These people are working towards retirement.

The odd time, something will happen. I'm not saying this is with every couple, but as they approach their retiring years, and these people are often on pensions, something may happen to one member of the couple, perhaps a stroke, a heart attack or something like that, where they're just completely unable to work. Suddenly their investment becomes a liability and they have a problem maintaining their cottage or their second home, their campsite or even their home in the major city or area where they've come from. This would also allow them to take advantage of access to those funds. I compliment the minister for bringing this forward at this time of the year especially, when there are a lot of people who are looking at the Christmas season and seeing the need for additional funds not only at Christmastime but in requests they may have for access to the funds for needs for their family.

A lot of people in our province do not have large sums of money for retirement. They count on their pension investment, because in most cases they have spent their lives educating their children, paying off mortgages, perhaps buying a small cottage or campsite. I'm really encouraged by the fact that pensioners can now have the flexibility this act provides.

Let us dwell for a moment on the MPP pension plan amendments. I do not want to have anyone think for even one moment that the government is about to return to the days of gold-plated pensions. There are a few key messages that should be provided to everyone. There is no more money going into the plan. MPPs will not receive any additional funds as a result of this change. No additional taxpayers' dollars will be spent on this initiative.

By eliminating the previous gold-plated pension plan, we save—this is our government, the Common Sense Revolution government—the taxpayers of Ontario \$5.5 million annually. Those savings remain protected.

The new MPP program gives MPPs the same access to their retirement savings as every other Ontarian saving for retirement through RRSPs. It completes the transition to an RRSP-type plan for these members, as we com-

mitted to in 1996 when we reduced the value of their pensions. It's interesting that even though we did reduce those pensions to people, most of the people in the province, I think, still believe that we have a gold-plated pension plan here and that it's a cash cow for people who retire. Nothing could be further from the truth. I think we did set a strong example for the people when we introduced that legislation back in 1996.

MPPs who opt to access funds before retirement will be required to pay the appropriate taxes, as any other Ontarian would.

This change would permit MPPs, who took considerable risk by leaving the job market, flexibility in planning for their families' futures. This is not double-dipping. Members will not be allowed to collect a pension and a paycheque at the same time. Members who opt to access their funds must be both retired and over the age of 55.

1910

As a government, we obviously take criticism from the members opposite. It's only common sense. I've heard that over the years. As I grew up and watched the parliamentary channels and came here at different times as a high school student, I was always amazed at the criticism the government showed against the opposition, or vice versa. But as we quickly approach the Christmas holiday season—it's a time of the year when people get together a lot more than normal—I find, as a new member, that we have brought forward legislation that I believe is important to the people of our great province. Not only does our legislation promote public safety and a strong economy, but I believe it does so in a very passionate manner in many ways.

Bill 27, that I speak on this evening, allows flexibility to those who need access to funds. I hope it's a great Christmas present to people who require that accessibility later on in the year.

I want to talk for a moment about Bill 22, the Sergeant Rick McDonald Memorial Act, another piece of legislation we brought forward. This is an act that not only honours a Canadian hero, an Ontario hero, but it follows on a commitment for improved public safety of our citizens and our police officers by enforcing more discipline and heavier fines. This follows in conjunction with our commitment to honour our fallen officers with a memorial here at Queen's Park. Again, I'm sure there are some families of our officers who are happy at this time of year that the province of Ontario has honoured their lives. I think both of the opposition parties agreed to most of this legislation as well.

Today was an interesting day to be here, to watch David Tsubouchi, the Solicitor General, introduce Bill 31, Christopher's law. As a member who has a family—my family is on our Christmas card this year. My wife was actually here at the same time, sitting beside the family when it was introduced. I thought it was a fantastic thing for this assembly to do today, when this law was introduced. It has been a long time coming. I was pleased to see it here as well, particularly at this time of the year.

I have no other comments at this time, but I'm pleased to be able to speak on the second reading here tonight. I now see Mr O'Toole here.

Mr John O'Toole (Durham): It's a pleasure to follow the member and to address this bill. I always like to examine the bill from the perspective of my constituents from the riding of Durham. I think it's important to phrase the comments I may make in the next 34.5 minutes—that's the time I've been allocated—

Interjection.

Mr O'Toole: Yes, exactly; it's more like 34.8, which is a long time.

Respectfully, my riding of Durham is one of the fastest-growing areas of the province. Yet, according to demographers, it also has a disproportionately high number of people who are of retirement age. If you look back at the history of not just Bowmanville or Port Perry or Blackstock—which, by the way, are three very important little communities in my riding—it was an agricultural community that has grown, so there's a very large proportion of people who live with a very high quality of life, and people live a long life.

This particular bill will affect those people in a very positive way. I think that's primarily the motive for the bill. As I've said before, I've always tried to look at why legislation comes forward. I believe that would be defined as the motive. The motive is that there are a lot of people living longer. Through the improved health care system and drugs and other kinds of therapies and quality-of-life issues, people's needs and support systems are absolutely critical. I want to assure people that if you look back at the commitments made by the Premier and our Minister of Finance, the Honourable Ernie Eves, in the 1998 budget, this particular issue was brought forward as a promise. It has always been my experience, as a member of this caucus, that a promise made is a promise kept. That's the balanced equation of accountable government. I'm proud to be a member of that team. I could reflect on that for some time, because it's the reason I ran again.

Bill 27, the Pension Benefits Statute Law Amendment Act, 1999, is something that benefits the people I've just addressed in my riding. Providing more coverage for this particular piece of legislation at this particular time in this particular year—Mr Speaker, you would know full well, if you weren't snoozing, that 1999 is the International Year of Older Persons.

Hon Rob Sampson (Minister of Correctional Services): We're attentive.

Mr O'Toole: I know, and paying diligent attention to the reflections I'm placing before the House on this particular bill.

The year 1999 is the International Year of Older Persons, so in a general sense it's a compliment to that generation and a compliment of our cabinet and our ministers for bringing this sort of complimentary legislation forward. There probably will be those this evening and during the course of this legislative process in second and third reading who will try to reflect some disparaging

comments. I would say to you with all respect, it's their duty as members of the opposition to oppose. Their elected duty as opposition members is to oppose.

I've made two important points, but I want to make this one, one more time; I want to drive it completely home to my riding: We talked about the motive, populations living longer, and we talked about my riding of Durham and the importance of addressing the escalating aging and people wanting to live in some sort of dignity in the last decade of their lives. I have in my riding another community which I haven't had the occasion to address very often. It's Wilmot Creek, which is a residential retirement centre, a very nice area adjacent to Lake Ontario. It's run by the Rice family, and they are moving towards independent lifestyles with a community of interests of people of retirement age. I can tell you it's a very active community. What I've found by representing those people, meeting with them and listening to their issues and concerns—very important to me—is that on occasion one partner, the spouse, may pass away or fall ill, which brings us to the very substance of this legislation.

I want to commit to the record—this is the legislation, by the way; it's not particularly elaborate or cumbersome. It has a few definitions, which I will in due course cover. However, the Ontario Pension Benefits Act is being updated. That's first, and I believe the prior speaker addressed that. The member for Simcoe North is new to the House, but he's not new to caring about people. That's why most people get elected. He has made some of these particular points in his comments. So at the risk of repeating some of that, I want to put on the record again that senior citizens will no longer have to return their LIFs—life income funds—to annuities at the age of 80, so at the age of 55 they make decisions based on some other kinds of regulations. They now have an alternative with locked-in retirement income funds, RIFs, as they're referred to by the financial planning community, which by the way is a growing community, and hopefully at a future date we'll look at that as well. This means that money originally placed in vested pension plans would not have to be transferred to annuities at a certain point in time. This gives the individual a lot more discretion and control over certain circumstances of their lives. We've all seen the Freedom 55 television commercials, and then certain things happen to one of the spouses or individuals and the plans they set up—the annuities, the RIFs, the registered income funds—don't work; they don't apply.

1920

This is a tragic story, and I think it's appropriate to put it on the record at this time. In all cases that you can make the legislative process more human, so that people can actually visualize what we're trying to do to help people—and I think the motive of members of all sides is ultimately to help people here. I think there are sometimes differences in what you might do to address that. This is a case I'm somewhat familiar with, and I will read it. It does take some time, but it's a story that needs to be

told, with your permission, Mr Speaker, because this bill addresses the need.

"In December 1996 my husband suffered a debilitating stroke." This could be the story of my own family, as I think and reflect, so if I get a little melancholy here, I want you to forgive me. I remember my father, quite early, at 62, and my mother, and how our life as a family changed. I don't want to move it down to a personal level, but this is a story that needs to be told, and you can make this legislative connection of a government that cares about people. The motive of compassion is clear in the response.

"After several months of rehabilitation, it became apparent that he would never be able to return to work." That's a sad point we all face at some point. I'm perhaps in that generation as well, and all the more melancholy here.

"It's now over 18 months since he had his stroke. His sudden incapacity has left me facing considerable debt. We're living in a home where we can't afford the heat and the maintenance." See how things have changed? Most of us don't plan adequately, yet we contribute to pension plans and buy RRSPs.

"We have no bath or shower. Walking is impossible without a cane, and at nighttime manoeuvres are very dangerous in our home. We must move or renovate to reduce the overall cost." They are getting home support but, nonetheless, their life and their revenue picture has changed dramatically.

"We've been desperately looking for solutions that will allow us to pay our debts and retain our independence." That's what I hear from people. They really don't want to lose the dignity of independence, and most couples are stronger and their love is nourished by supporting one another if they can stay in their own home, maintain dignity—just what they're saying here, "without relying on government subsidies, a retirement home." It's essential that they sell all their possessions to stay afloat.

This couple has several hundred thousand dollars in life insurance. The children—dealing with estate matters becomes another very complex issue, but that's debate for another time. This fund has been paid in full. However, they themselves note that to access the funds needed, the payout, they have to die first. So it becomes an issue of the latter stages of life with the debilitating stroke of a partner and one of the spouses being driven into the ground because of the stress and pressures of a dramatic, sudden and unplanned change. This premium has been paid; however, they themselves note that to access the funds needed they would have to die.

"In closing, we've sponged off family and friends and have nowhere else to turn." They really have no other options, and perhaps this government has provided this family with a real option.

Certainly all members here have constituency offices, and all people in need, irrespective of their political point of view—that's not what those offices are for. My office in Bowmanville is there to serve the people, and that's

what we're there for. This legislation is another tool to help people live in independence and dignity. Perhaps there would be those here saying that in some respects I have a conflict, because I am getting to that point in life. I'm in my 57th year and hopefully will never need one of these. But none of us can plan every day of our lives. Every day of our lives is a gift, and we should cherish it and hold on to it. By the way, we should save as well for that rainy day.

What we've done is unlock some of that rainy-day money that my children might be anxiously looking for. I don't want to be cynical about the argument, but clearly this becomes an issue of making the choices to access those funds.

There are a couple of other issues on this bill that I think would be important to put on the record. I'm not certain if the member for Simcoe North addressed this, but CARP, the Canadian Association of Retired Persons, has clearly come out in support. I give a lot of the credit to their effective communication—some would refer to it as lobbying—with the government to force them to address this issue. I think we have to share the success with that group. I think the only thing that's reasonable to assume here is that government doesn't go about making legislative change without some motive.

I've tried to tell you before that we have the demographics of people living longer. The whole ball game has changed for people who thought Freedom 55 was a picture. But now we have very well organized groups representing various interests, one of which is CARP, the Canadian Association of Retired Persons, which I just mentioned. I have met with them, and I know Minister Jackson, when he was the minister responsible for seniors' issues, and I know that Minister Johns, the minister responsible for seniors' issues, would also be free to meet with those people. They bring those concerns raised by constituent groups to the cabinet table, and our minister and our Premier respond. Clearly Bill 27, this very small bill, is responding.

There is a section that the member for Simcoe North did mention, which I think is a tempest in a teapot. I'm going to digress for a moment and deal with it. It doesn't affect me. In fact, I'll say here publicly that in some ways I wish it did affect me, but it doesn't. There is no pension. It's gone, finished. There is no provincial pension. Whether that's a good or a bad thing is for future governments to decide. It was a decision of this government in 1995 to axe the pension.

Ms Marilyn Mushinski (Scarborough Centre): Another promise we kept.

Mr O'Toole: That's right. It was a promise made and a promise kept. We were a bunch of naive MPPs at the time, and there are complications with that. But what they've done here is try to harmonize the rules. There are people who are 55 whose circumstances have changed, who are involved in what was the valid plan of the day. I have no problem with Floyd Laughren and Bob Rae, who served this House well—

Interjection.

Mr O'Toole: No, no, they did. I would say Mr Conway and others served this place well, with dignity and integrity. Those were the rules of the time, and if they got whatever they got, they were entitled to it and good for them. That's genuinely stated.

But I want to be clear and straightforward. Their circumstances are not unlike the circumstances I have just described. They're people. Their life needs and circumstances and demands changed. To artificially lock them into some set of rules—when they collect the money, they're going to pay tax. If they collect it in a lump and their marginal tax rate is X, guess what? It's taxed. And they should.

But I want to be perfectly clear for anyone who might be watching. Any current members in this House who did not serve before 1995 don't get one cent of pension. The provincial pension is gone. I want that to be understood. I'll tell you why. I may go off a little on this—I hope I don't get into too much trouble. I think we're not able to be libelled. Is that true, Mr Kwinter? I will say this in a general sense, though.

1930

In my riding of Durham—I won't mention any other names—it was quite an issue when the federal members' gold-plated pension was being dealt with. Most people would know that in Ontario all but one of the members are Liberals. The person elected prior to 1995 as the federal Liberal MP made a huge issue out of signing off the pension. I should make it clear for the record that, first, under the pension rules they are not entitled to a pension until the second term. So in fact when he said publicly he was resigning, he didn't resign because he wasn't entitled to it. That's an obsequious way in which politicians eventually lose their credibility.

I brought this up in a public forum, perhaps out of my own frustration and resentment, because no sooner was he elected the second term, bingo, he signed on to it. Then, five years after he's first elected, he made the unchallengeable claim that because he qualified, he made some assessment, he should re-enter the pension plan because he's now five years older, he'd given up this income and he should get the pension.

When I looked at our pension agreement in 1995—and I do have a financial background. I'm not an actuary and I'm not a registered insurance person, but I dealt with pension plans as a member of a personnel staff for some time. I find that in fact in some respects politicians need to be held accountable; it's those very demonstrated things that I just described, someone making an issue out of resigning and then re-engaging the pension, signing on to get it and then not even fully disclosing what their benefit is.

When we wrapped up the pension in 1995, there were those who, under the previous rules, were entitled to in excess of \$1 million. I have a couple of friends who are actuaries, and we looked at the pension reform issues. I talked to one on a personal level and on a professional level, and I could, for the record, name the person. He's very much involved with the actuaries of Ontario. He

showed me actuarially that a person like Bob Rae, at 51 getting \$1.3 million, would actually actuarially collect about \$3 million, and by him settling for one point something million, the taxpayers of Ontario were actually getting off the hook, because what they were doing really was buying an income fund for that person.

Without spending any more time on this issue, I think it should have been dealt with when the original pension was wrapped up. There are 60-some members involved, past, present and whatever. I think they have the right to the money, and if they want to take it, they should get taxed and it's finished. In fact, I would say to you in the House, my position on that is that they should have taken the 55 factor out, and if they want it—for instance, we had young members on both sides of the House at that time. Not to embarrass any members, but Chris Stockwell would be a fine example, perhaps, of a young person. He can choose to leave the funds in to mature or he can collect. What if one of those younger members got defeated and was unemployed? We know the record of many young members who are defeated and their success in the employment market is somewhat “diminished.” What do they do with no pension and their pension is locked in and not accessible? I've made this point, I might say, in caucus that we shouldn't have excluded anyone. I would have made another provision, which I could talk to, but it isn't in this bill. I would have perhaps addressed that, but I don't need to.

I think it's important to dwell on the most fundamental parts of Bill 27. Despite what may or may not be said, I'm certain the members across—I know them to be members of fine character—will recognize that certainly there are portions of this bill that no one could argue with. The growing number of seniors in this province—it would be categorically a significant error to make. We all represent people, regardless of the party politics part of it, and I think that portion of the bill unquestionably is long overdue, it's important and it's necessary. It's clear, for all of the reasons I've given, that I would expect this would be passed unanimously.

Every piece of legislation of course is written by lawyers. In that respect, I always have questions. That it's languaged in such a way as to define the word “entitlement,” I have to go to court to get half my money—I won't go off on that tangent. The regulations in this bill aren't here before us, and I'd certainly be interested in following rather rigorously what those definitions of “entitlement” were.

When they go through and talk about someone who has had an illness or has shown severe financial hardship, it's exactly at that point as a layperson that I would have plain-language definitions so that people's entitlement would not result in a \$10,000 legal bill to challenge that. I'm putting that on the record because I am an ordinary person and I'm an ordinary Ontarian. Basically, I feel that this legislation is attempting to address those particular people; I might be one of them.

Again I'm going back. Some of this definition stuff is important. As I conclude or draw near the conclusion—

financial hardship is one of the requirements, and funds locked in retirement accounts would be available to individuals in cases of serious financial hardship. I suspect you define the word “hardship” in regulation, and that's where I'd like to see the actual game finished. It's like leaving before the last five minutes of a basketball game: You really don't know what happened. The last five minutes of a basketball game, of course, is when everything happens.

Another part to it, in today's world of medical and health issues, is shortened life expectancy. I suspect there are more diseases that are diagnosed that are life threatening now. Perhaps before people used to just die suddenly. Now we have all sorts of detection technology that's able to warn people they're in the early stages of life-threatening disease and illness. For those people and their families and their support people to have access to funds, whether it's a LIF or LRIF, is an important entitlement. I've said this, and I'm repeating it for the record.

The elimination of the required annuity purchase, in other words, rather than buying an annuity, which is like a regular paycheque, you might say, out of some fund of money that you have, it may be a large savings, it may be some other registered retirement that you flip over into an annuity or purchase it or someone else purchases it for you, there is no longer a requirement to just purchase an annuity. You could in fact see a couple experiencing some difficulties and having to, as I said in that one example, move from their home into more appropriate accommodation that was designed for people who need supports. It could be a medical bed, medical equipment, wheelchairs, walkers, single-storey living, a whole bunch of issues that would be appropriate for them and their family, and then the issue becomes how much resources they have. I would hope that this does provide that resource for those people.

I'm a little bit surprised. We're always characterized as the buddies of big business, as Peter Kormos would like to say—I see him coming in there—but more importantly he would probably wonder why the insurance companies might be in some discomfort with this particular legislation, because really we've changed their rules. Like I said, you're going to have these funds about which some actuary said: “They're going to last this long. If you buy this business complex, you're going to get this return and you'll likely only have to pay out this much.” I'm convinced even more assuredly that it's the right decision, because it is, after all, that individual or that couple or that family's money. If they're prepared to take it out and pay the essential tax portion of it, I think it's important.

1940

The federal investment rules portion here is something I'm reading—I have to comment on this—because I haven't read this section that well. Ontario is harmonizing its pension investment standards by adopting the federal investment rules. I think that's good. Any time you can harmonize—I don't want to get too far down that

road and bring out all the harmonization issues—as long as it's the right thing to do and it makes common sense, I think any person, particularly from this side of the House, would want to look fundamentally and say that maybe Ontario's suggestions are more of the way to harmonize.

We've got the issues flying off the walls. We've got the issue that I'm involved in as co-chair of the task force on the price of gas. I've looked at Mr Colle's bill and Mr Bradley's bill, and I've also looked at some other issues on that. On one hand they're saying that this is an Ontario problem; if I look at it, it's a federal problem and it's not politics—prices are out of whack in Newfoundland and they're out of whack in BC—and they should show some leadership. Naturally, as the largest part of the economy of this country, Ontario is leading the challenge. Think of all the revenue to Paul Martin that has come out of the 650,000 jobs created in Ontario. Those people are paying federal tax.

Getting back on track with the harmonizing issue here, quite often, under the leadership of some of our very fine civil servants, under what I believe is one of the best ministers of finance that this province has had in perhaps a decade or two, there are some important decisions. I was disappointed when the discussions about the Ontario Securities Commission and harmonizing some of the rules there were set aside, that they didn't want to follow Ontario's leads and recommendations, because we as the leader have some social responsibilities across this country to take the leadership.

I believe the current federal leadership isn't there. I don't say that disparagingly or politically. I don't think they're up to the job—or is that provincially? No, that's the federal. We have these lines that we use. No. I think that Paul Martin may serve as a nice segue from current leadership—without endorsing anyone, because I'm not a voting candidate, obviously, in that particular party.

That harmonization issue does bother me to some extent, but I'm confident that our minister and the civil servants will have looked at that to a very large extent. Federal investment rules harmonization I mentioned.

Streamlining of pension administration: This is a little techy, but it's a very important one. A number of reforms would be implemented to streamline the pension administration. The reforms respond to the submissions received during public consultations in February and March, very early in 1999. I believe member Skarica and Terence Young, no longer a member, led those consultations. A very important part of some of the administration issues that this legislation addresses was as a result of the public consultation process.

The Financial Services Commission of Ontario will provide details of these streamlining reforms through the Internet Web site and their Pension Bulletin early in the year 2000. I would say for the record that all members on all sides and in all parties will have this information in their constituency offices, so first of all, find out who your local member of provincial Parliament is. Contact that member regardless of their party affiliation. I'm certain they will be there to help you, and I'm sure you'll

realize that the legislation and the changes are as a result of this government's determination to help the seniors of this province and those people with shortened life expectancies. The important thing is the changes in annuities; locked-in provisions are important.

I think it's important to put one more testimonial on the record. The real stories are why we're here. As an elected member, I'm just that. I'm actually the person who's occupying that office that belongs to the person the people in Durham decide they want to represent them, and that's a temporary position. It's a position that I take very seriously and it's my first responsibility.

This is a story that I think is—"My disability pension is not enough to live on." We've heard that. "My health is getting worse. Financial planners say that I'd get money only if I was terminal. It's terminal, all right. When I die it's going to be because of the health problems I have now." So we have somebody who has a disability pension and their life expectancy is shortened. Those people then would, by definition, have access.

"A great many of us use all our savings and are just surviving on small, fixed incomes. This money would make our forced early retirement, forced through illness, less financially stressful and afford us a better quality of life." That's a real story of a couple who thought that retirement was going to be something. Their income is kind of locked in on some kind of pension fund. All of a sudden one of the partners gets ill and their supports and their costs are not what they had planned on, and so this legislation is there to help them.

It's like all legislation. I don't think it is without its problems, but I am confident this government is prepared to listen. This government is prepared to make the difficult decisions.

I want to thank the member for Wentworth-Burlington, Mr Skarica, who spoke earlier and did lead some of the consultations. I want to thank our minister for bringing this forward. As I said earlier, at this time of year, and also this year, 1999, the International Year of Older Persons—but I go right back to the beginning. I want to thank our Premier, and the Minister of Finance. That's the leadership that's listening. That's the leadership that's making the decisions at the cabinet table, putting the priorities down there. Legislation without controversy must be legislation that's innocuous.

Again, I'm really quite close to being finished here, and that's a relief for everyone. I share this with all members of caucus. There are a number of ministers and would-be ministers here tonight, and former ministers, I might say, and some of them will be speaking shortly. I think all members of the House will stand and perhaps pass this unanimously as a gesture of goodwill to men in this season of the year.

I always like to leave a little time in case I have more to say later. So with 40 seconds left on the clock, I'll relinquish the floor, believing that the point's been made.

Mr David Caplan (Don Valley East): I certainly want to congratulate the three members who spoke. They made some very interesting comments.

The member for Durham spoke about the harmonization of the rules between the federal and the provincial governments in this particular bill on this particular matter. I'm intrigued because he said that it was a desirable kind of quality and something that we should look forward to and encourage, yet I didn't hear him make an address when his Minister of Finance mentioned that Ontario would now be decoupling the Ontario tax system from the federal system. We have a harmonized system in place; we're now no longer going to have that. We're going to have twice the bureaucracy, twice the red tape. In fact, it's going to end up costing Ontario taxpayers quite a bit more.

I certainly agree with the member for Durham on the need for provincial, federal and, for that matter, municipal governments to work together.

I also want to comment because both the member for Durham and the member for Simcoe North made comments related to seniors and some of the promises that have been made by the Harris government. I remember one. It was in bold in their first election campaign document. It said that there would be no new user fees. I'm sure that the member for Simcoe North and the member for Durham have heard from seniors in their communities what the user fees for prescription drugs have meant for people in their ridings. I know I've certainly heard about that in Don Valley East. You see, we have a seniors population which is above the demographic which exists across the province. It has proven to be a significant hardship for many people. In fact, I know as well that in 1999, the International Year of Older Persons, both the member for Simcoe North and the member for Durham would want to comment on the changes to home and community care.

The Community Care Access Centre in North York, where I am a member and where the seniors in my community live, have had their hours cut. They've had reductions to the level of service. I had an 80-year-old gentleman tell me that he could no longer provide the kind of care that his 82-year-old wife required. That's the kind of commitment that—

1950

The Deputy Speaker (Mr Bert Johnson): The member's time has expired. Comments and questions?

Mr Peter Kormos (Niagara Centre): I was rather pleased to hear the member for Durham—I'm not sure if he was quite trashing the insurance companies, but he did take a little swipe at them and I appreciate that. I have no qualms about taking shots at the insurance industry, taking swipes at it or, quite frankly, totally trashing it. As a matter of fact, I could live with a major set of alternatives to the private-sector, corporate, for-profit insurance industry. There's no ally to the insurance companies sitting over here in the seat from Niagara Centre.

I should indicate to you that our critic, David Christopherson, has deferred his leadoff on this. He will be speaking to this at the first opportunity after this evening. My colleague Rosario Marchese from Trinity-Spadina of course—and he's well known to people in his

riding and across the province—will be speaking to this bill in the brief time allowed to him in a very few short minutes. So if people would please wait until Rosario Marchese has a chance to address this, he'll give a different perspective.

At 9 o'clock I'm going to be over at CITY-TV. That's channel 57, cable 7 down in Niagara. So, folks in Niagara interested in what's going on at CITY-TV this evening at 9 o'clock, I'll be on there with Frances Nunziata, and I would invite people to tune in from 9 to 10 this evening on CITY-TV, channel 57, cable 7 down in Niagara. I'm sure folks will find it extremely interesting.

I do very briefly want to mention the interest expressed by CARP, the Canadian Association of Retired Persons. I want to tell them and any of their membership that I am very well aware of the huge efforts they make on behalf of seniors and retirees, and I appreciate the comments they've made to the press with respect to this bill. I look forward to hearing more.

You'll be hearing from Rosario Marchese in a few minutes. I'll be on CITY-TV, channel 57, cable 7, at 9 pm.

The Deputy Speaker: That's a political announcement. The Chair recognizes the minister for children.

Hon Margaret Marland (Minister without Portfolio [Children]): I certainly wasn't planning to make any comments, but you get so enthusiastic about hearing all the other comments that it's very hard to withstand the bait. I guess I am rising somewhat to debate for the member for Niagara Centre, who actually stood in this House at one time—I think it was for maybe 17 hours non-stop—and conducted a filibuster. I can even tell you where he sat.

Mr Kormos: I stood.

Hon Mrs Marland: Stood. Pardon me. Correct. He stood for 17 hours non-stop in the back row over there and read one pink slip telephone message after another when he was fighting for government-run automobile insurance. That was when he was in the opposition. And then he became the government.

When he became the government, he also was the minister until he posed, fully dressed, in the centrefold of the Toronto Sun, as I recall. History is actually a very interesting thing in this place, and I would suggest to this member that when he says he is no friend of the insurance companies, in fact, as a member of Premier Bob Rae's cabinet, he never pursued government-run automobile insurance. I find it interesting that now he is simply serving the purpose of being here to plug his television appearances later on tonight for those members in the Niagara region who would choose to watch.

I would suggest that he really still makes a contribution in his own way from time to time, but somewhat questionably, I understand, in some things that he says. That's what I heard.

Mr Bruce Crozier (Essex): I was glad this evening that the member from Durham brought up gasoline prices, because they certainly are of concern to all of us in Ontario, but perhaps at times more particularly to

seniors who are on fixed incomes. I hope that if the latest version of gas-busters can find collusion among the oil companies, they will in fact bring it to the attention of the federal government because it is their responsibility.

But the member well knows that he lives in the province that has the highest rate of gasoline tax in the country, number one, and secondly, that gasoline pricing is under the purview of the provincial government. I've watched very closely the experience in Prince Edward Island, where they in fact control gasoline prices because it is a provincial issue. I would hope that on conclusion and when they bring the report forward, number one, if there is collusion among the major oil companies and they prove that, information be given to the federal government, and I will be right with you to have the federal government act upon it.

But if they don't find collusion and gasoline prices are still too high for our seniors in this province, I would expect then that Mike Harris will make good the comment he made over a year ago, in September 1998 I believe it was, that he will bring the oil companies to heel because he knows gasoline pricing is the responsibility and comes under the jurisdiction of the provincial government. I will also help the latest version of gas-busters, if they find that's the case, to make sure that Mike Harris brings those oil companies to heel.

The Deputy Speaker: The member for Durham has two minutes to respond.

Mr O'Toole: I want to acknowledge all of those who were listening attentively and took the time to respond. I must take two issues, one with the member from Don Valley East. Harmonization is a federal tax grab. You only have to look at the current issues where they're harmonizing provincial and federal taxes. Really, it is to impose more tax on more items. Our Premier said he's here to cut tax, not to increase tax, but of course the Liberals at any level, federal, provincial or municipal, for that matter, love taxes.

The member from Niagara Centre, I'm actually probably more interested in his comments, but I can't wait for the member from Trinity-Spadina. I love his oratory; his content's rather dubious nonetheless.

The member from Mississauga South of course is right on message, but I must take some exception with the member from Essex on the issue of gas. For the record, he's categorically wrong.

Ms Mushinski: He's full of it. Right?

Mr O'Toole: No, no. I should tell you, I co-chair that. You know that and it's important that you know the correct information. I'm not trying to be smart. I don't criticize you for not knowing. How would you know? But the highest provincial tax—the province of Ontario by far is one of the lower, in the lower quartile. The provinces that are higher have the harmonized tax because the tax goes on the whole package.

Interjection.

Mr O'Toole: No, no. Their provincial tax, when you wrap it up at 15%, you whack it on the whole bill. Do you understand? Ontario's is not a tax; it's a flat tax.

I have a couple of things to tell you. First of all, the highest is Newfoundland and, second of all, your government raised the tax from 8.3% up to 10%, and they raised it to 14.7%. We've frozen it. You raised it; we've frozen it.

The Deputy Speaker: The member's time has expired. Further debate?

Mr Crozier: I'm pleased to stand to debate Bill 27 this evening because, if nothing else, it gives my wife Joan at home an indication of when I'm done speaking and that I'll be there in four hours.

I really have to point out that I'm going to share my time with the member from York Centre and the member from Kingston and the Islands. In fact, I would like to have the whole time to debate this because the issue of gasoline taxes and their effect on seniors and pensioners and those who need more pension money comes to the front.

Mr O'Toole: He's actually cut taxes.

The Deputy Speaker: Member for Durham, come to order.

Mr Crozier: I have here—I think it was when Mike Harris was in government in 1981—where he voted for a fuel tax increase on gasoline of a cent, on diesel fuel of 1.1 cents. At that time, it resulted in a \$135-million tax grab. In the 1982 budget, they decided to increase retail sales tax, OHIP premiums, tobacco tax and beverage tax. Mike Harris voted for that, I'm sure. In 1983, again they increased OHIP premiums and they increased taxes on alcohol and tobacco. Corporation income tax was increased. Mike Harris voted for that, and the social maintenance tax came out. In 1984, when Mike Harris was also around this place, he voted to increase OHIP premiums and water power charges. We're not all without having some blemish when it comes to taxes.

2000

But more to the point is the bill we have before us this evening, Bill 27. Earlier this year, as all members know because we all received a copy of it, back in February the Ministry of Finance issued a consultation paper, entitled Harmonization and Streamlining of Pension Administration and Regulation in Ontario. It was a significant step towards determining what changes may be suggested to the Pension Benefits Act in Ontario. Much of what this act contains is a result of this consultation paper.

Following the government's commitment in the 1998 budget, we are told by a press release from the Ministry of Finance, they have moved through the development of some of these pension benefits regulations. As the Ministry of Finance has pointed out, this bill should provide individuals with more flexibility in determining their annual withdrawals from locked-in retirement savings plans. These are all individuals in Ontario.

The reform package that's being presented to us streamlines pension administration, which I don't think any of us would argue with. It's expected that the regulations regarding shortened life expectancy, the locked-in retirement income fund and the withdrawal of small balances will be enacted early in the new year.

The member from Simcoe North, as a matter of fact, mentioned this, although he mentioned it in the context of being a Christmas present. We're only, what, 16 days away from Christmas. Obviously this bill will take a few days to get passed. I don't think it's going to be a Christmas present in quite the context he meant because of the regulations that aren't contained in the bill. We're told those will be brought forward in the new year.

I only point out from a personal point of view that I sincerely wish regulations more often accompanied the legislation because, as we often know, the devil is in the details. I'm interested in knowing what "shortened life expectancy" will be defined as. We look at it as perhaps, if someone has a catastrophic illness, it's going to be difficult to define exactly what that is because everybody's circumstance is different. What might be a catastrophic illness under one circumstance may either result in a shortened life expectancy, or that person hopefully may be cured and not suffer quite so extremely from that shortened life expectancy.

"Financial hardship" too I think is going to be a difficult one. Again, it was mentioned by the member from Simcoe North that somebody might have a cottage—I think it was given in that context—and those of us who don't have cottages might say, "Well, I don't know to what extent someone's cottage should be protected in allowing them to withdraw pension funds." I don't know that a cottage is something that everyone in life should expect to have. I don't know whether it's a right that any of us should have. "Financial hardship" is going to be a difficult one to define. Once those regulations are drawn and put into effect and once there's some experience, you can rest assured that someone will come into our offices and will have what they describe under their circumstances of life as a financial hardship. So we'll certainly be looking forward to the definitions that are made under those two categories, "shortened life expectancy" and "financial hardship."

We, in the few days we've had this bill, have been able to review the bill. It has raised some questions. It has, in our view, satisfied some of the concerns of constituents who come to our offices. I think as we go through the second reading debate of this bill we are going to find that there are more questions that have to be raised; perhaps we can have some time in public hearings or in committee, where those questions can be answered and amendments proposed to the legislation that will allow us to improve on this piece of legislation.

The Pension Benefits Act itself is a large construct that guides the administration of private sector pension plans, for the most part. It doesn't really spell out the entitlements and the contributions under the plan, but it does provide a framework covering such issues as employers and employees sharing contributions, the assignment of benefits for early retirement, minimum terms and contributions, surpluses etc. So the Pension Benefits Act is really a large guidebook to how the province feels pension plans should be administered and carried out in Ontario. It would perhaps interest some to

know that the Pension Benefits Act doesn't cover OMERS, OPSEU and the teachers' pension plan—several huge pension plans in Ontario that are not covered under the Pension Benefits Act; whether they should be may be something for discussion as we go through with this legislation.

In this act—as was pointed out earlier, it's a relatively short one; it's nine pages long—there are a number of small amendments, a number of technical amendments that we certainly have no quarrel with. But the substantive amendments to the Pension Benefits Act will allow early payouts from pensions, as I mentioned earlier, for catastrophic illness. I think that requirement has been needed for some time. I only caution that we need to define as best we can what a catastrophic illness is, so there's no abuse, yet at the same time it should provide the benefits that some people need when they do have a serious life-threatening, sometimes life-ending, illness.

As well, there are provisions in this act to allow paying out the entire accrued value of an individual's share in a plan in the case of financial hardship. That again we'll have to take a close look at. I would have hoped those regulations would have accompanied the bill, so we could discuss them in their entire context.

Lastly, there's a provision allowing spouses or same-sex partners to waive their entitlement to pre-retirement death benefits in order to direct the payments to other individuals. I suggest that those amendments as well came from the consultations that were carried out earlier this year, yet when this bill gets to committee we'll have the opportunity to review them again, and those who may not have been consulted the first time will have the opportunity to comment on them.

2010

There are, though, some controversial amendments to the legislation that affect pension buyback provisions. As you know, Speaker, the practice has been that if an employee wishes to buy back additional years of contributions to move up their date of entry into a pension plan, usually in order to meet future entitlement requirements, the employer has usually contributed 50% of the cost.

The amendments to the Pension Benefits Act that we're discussing take out that requirement for employers to contribute that 50%. It can be argued, I'm sure successfully in some cases, that that provision under the Pension Benefits Act resulted in some employers simply not offering buyback provisions. If, through discussions in committee, we can determine that it has resulted in fewer people in Ontario being offered pension buybacks, then that may be good reason that it should be excluded. But I hope that most employers will continue to look at the needs of their employees and will offer to contribute 50% to the pension buyback if an employee chooses to do that.

We suggest, or at least ask, if this is being changed to provide discretionary authority to employers as to whether they want to participate in the buyback, or if the government says this will encourage more buyback

opportunities, as previously employers were opposed to having to foot 50% of the cost. Maybe it will make more employers offer that option to employees, where it's been left out of plans until now. Conversely, though, it can be argued that without an employer contribution there is no incentive for an employee to spend the full cost of a buyback provision. In the next few days or weeks before this bill goes to committee, I hope we are able to get some of that information and be able to better judge whether it will reduce or increase the offers for buybacks.

We think this confuses the matter a bit, in that the government compendium—the information given to us with the bill when it's printed—says this clarifies the existing rules, while the explanatory notes with the bill say employers are now forced to fund 50% of the buyback. So we don't know whether they are forced to do this or merely encouraged to do it. When this bill goes to committee and when we have third reading debate, I hope we have some of those answers and I hope the government will help us provide those answers.

The way the amendment on buybacks actually works in relation to benefit requirements, and not planned contribution payments—there's been a general, long-standing rule, as I mentioned, that the employee must not be required to pay more than 50% of a plan's original contribution premiums before investment growth, and buybacks without employer contributions would often eventually break the 50% rule. Now, debate in this Legislature is no place to go into this, because pension plans are very technical and the Pension Benefits Act is a very technical document. But we want to make sure that if the employer not making contribution breaks the rule where employer contributions would require employees to pay more than 50% into the plan, we want to have a close look at it.

I want to talk for just a few minutes about the MPPs Pension Act amendments. The member from Simcoe North said, and I think I understand what he meant, that MPPs must be retired and over the age of 55. In my view, that means retired as an MPP, not fully retired. Again, that is something we're going to have to clarify. It's my understanding that you can continue other employment, ie, someone could be appointed to a government agency, board or commission and then be able to collect their pension. So we have to clarify what is meant by "retired." I think it just means you have to be retired as an MPP and over the age of 55.

The existing act requires that the value of MPP pension benefits be transferred to a locked-in retirement account and be subject to the requirements of the Pension Benefits Act, and also that benefits cannot be paid out until the later of age 55 or when the individual ceases to be an MPP. That's why I think that's really what they mean by "retired."

A concern I have, though, is that when the golden pension plan was axed, it did come under the Pension Benefits Act. What this does is remove MPPs from the Pension Benefits Act. I'm concerned that it will treat MPPs differently from the rest of the citizens of Ontario.

Let me give you an example. Earlier there was mention about some of the rather large payouts that were made when the MPPs Pension Act was wound up. It's my understanding that by removing MPPs from the Pension Benefits Act, someone, it was suggested, if paid \$1 million will be able to remove that whole \$1 million. I'm not sure at this point, and we'll save that for later in debate and in committee, that the citizens of the province of Ontario enjoy that same flexibility.

In my view, a former MPP shouldn't enjoy any more privilege when it comes to access to pension benefits than any other citizen of Ontario. So I hope in the weeks to come we'll be able to determine some of this, that we'll be able to ask questions of the government and other experts, and that we'll have those answers when it comes to clause-by-clause in committee and debate on third reading.

With that, I'll turn the time over to someone who is much more experienced when it comes to pensions in the province of Ontario, the former, as the minister referred, great minister of the Liberal Party, my friend from York Centre.

Mr Monte Kwinter (York Centre): I'm delighted to participate in this debate. It's true, I do have a passing interest in this issue.

On December 9, 1986—by sheer coincidence, 13 years to the day—I introduced Bill 170, when I was Minister of Financial Institutions, and it was An Act to revise the Pension Benefits Act. At the time it was introduced, it was the largest act ever to be introduced and also had the distinction of being the first under Bill 8 that was fully translated in French. That bill was 67 pages long, and it is still the basis for pension legislation in Ontario.

Pensions and pension regulation is a living organism. It has to be, because things change. To give you an example, we are now looking at amendments to the act that contemplate same-sex individuals getting benefits. In 1986 that wasn't even on the radar screen; it wasn't something that anyone would even contemplate. Things change, and I think it would be interesting to point out, historically, the impetus and what happened and why this evolution in pensions is taking place.

2020

The big issue in 1986, and I'm sure my colleague—
Interjection.

Mr Kwinter: No, I was looking to see if Mr Kormos was there, because he would have certainly been aware of it. The issue was this: There are two types of pensions. One is known as a defined benefit plan and one is known as a defined contribution plan. Under the defined benefit plan the employer, the pension manager, tells you as an employee what you're going to get. It is a promise of financial compensation under certain terms and conditions at a certain time. So you knew, and we used to have that in the legislation, when you retired and when you got to age 55 you got a fixed amount of income for the rest of your life. That was a promise that was made and, in most cases, it was a promise kept because the pension com-

mission monitored those funds to make sure that they were actuarially sound. That's a defined benefit plan.

The other type of plan, and this is the more common today, is the defined contribution plan. You put money into a plan, the managers invest the money and whatever that return is, that's the return you get. It's just like when you buy an RRSP and if you buy it through a mutual fund, or whatever it is, you take your chances as to what your return is going to be depending on the market. It's a little riskier because you don't have a defined amount that you know you're going to get.

What happened in that time and what was the impetus for the total restructuring of the Pension Benefits Act in Ontario is that companies would take the responsibility of managing that act. What they would do is they would put their money into the pension plan and, because of an anomaly in the tax regime, any money that they put in they wouldn't have to pay tax on. Many companies actually overloaded the plan to get some tax relief. They would administer it and they would have professional managers who would manage this fund. When the time came for an employee to retire, regardless of how the fund did, that employee got his pension benefit. Sometimes the plan was in deficit—it didn't matter—the company had an obligation to make that commitment good. Other times there was a huge surplus and that was accrued to the managers.

What happened is that suddenly someone got wind of this—I mean, it wasn't hidden, but they suddenly realized that this was an issue. The famous case, at the time I was the minister, that triggered this was Conrad Black and Dominion stores. He had made application to the pension board to withdraw a substantial amount of money from the pension plan and of course labour, unions, others cried foul and said, "That money belongs to the employees."

Interjections.

The Deputy Speaker: Order. There is another place for it, not in here.

Mr Kwinter: The company said: "We were at risk; we managed the fund; we put the money in. We have fulfilled our commitment and as a result the money belongs to us." This was a cause célèbre in those days and, let me tell you, it was a major concern. As a result of that, the amendments were brought in to the pension benefit plan to make sure that when a pension plan was structured, there had to be a provision in that plan that indicated where any surpluses were to go. Up until that time that wasn't the case, and when it went to court, the court ruled in favour of Mr Black and said that they said they were the ones that were at risk and if they made a profit by managing it well, and as long as they made their commitments that they had contracted to do, the money belonged to them. Now, of course, there are very few defined benefit plans, but the ones that are in effect, under this act, now indicate how any surpluses or any deficits are to be assigned. That was the major impetus, that was why we went through this huge act, and while

we were at it, we restructured to bring up to date the requirements of the Pension Benefits Act.

Governments normally—and I have to say this with a bit of reservation because sometimes I think this government does not follow that rule—don't get up and say, "Who are we going to get today?" and decide to do something just for the sake of doing it. They usually respond to a need, and at that particular time, that was a huge need. It was a very difficult situation, very charged, and that is why that was done.

Now we have another set of circumstances. I am totally sympathetic to the aspirations of the Canadian Association of Retired Persons to be able to restructure the way they handle their money as they age. It's very simple: People are living a lot longer, people are working a lot longer, and they are confronted with making some decisions that may be to their detriment, and by allowing that flexibility, it really addresses a major concern. I am totally supportive of that. I think it's long due. But again, in 1986 it wasn't an issue.

You should know that things change. In the 1980s, when labour-management negotiations were taking place, the major issues on the table were hours of work and rates of pay. That was it. They weren't terribly interested in anything else; that's all they really wanted to negotiate. As people came to grips with their mortality, and when the economy went into a bit of a slump where they couldn't justify increasing wages, the unions shifted their attention and the big issue was pensions. Usually the young employee would say: "What do I care about my pension? It's 40 or 50 years away. I want my money now. I want to be able to get my income now so I can go out and do the things that I want." As they got a little older they suddenly realized, "I'd better start worrying about my old age and making sure that I'm going to be able to financially survive when my wage-earning years are over." As a result, these packages were enhanced.

You have to also understand that pensions are a vehicle of social policy. The reason that governments encourage pensions is self-serving, because, you know, "You pay me now or pay me later." If people don't have pensions, and when they get to the point when their earning time is over and they suddenly are in dire straits, they are going to be looking to their government to provide them with assistance. What happens is that there is a provision and an incentive for people to save for their old age and that incentive is: Put the money away under a formula and you don't have to pay any tax. As your wage-earning years decline, you can take that money out and get taxed at a much lower rate because you won't be earning as much money. That is the rationale for government involvement in pensions. It's a matter of social policy.

In order to keep that whole—and we've often heard about how the CPP is bankrupt or that people won't be able to get old age pensions—governments have to make sure that, actuarially, they are sound. The minute you start tampering with that, it changes all the parameters. We have a provision now that is put forward in Bill 27

which provides for catastrophic illness and financial hardship, both of which I am very sympathetic to. I've had constituents come in and tell me that they have X thousands of dollars in an RRSP or in a pension, their house is being foreclosed upon, and if they don't get the money, they are going to lose their house. What good is having a pension they're going to be able to access 20 years from now when they're losing their house now? I'm totally sympathetic to that, and I think that aspect of these amendments is commendable and necessary.

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Where I have the concern, and my colleague from Essex touched on it, is that it then boils down to a means test. What is the catastrophic illness that qualifies? Who makes that decision? Who makes the decision where someone may be profligate and wants to go to Las Vegas, or if they're really conscientious, they'll go to Windsor, take their money and think they're going to hit the jackpot and really get on to Easy Street? Then, of course, if they lose it, what happens? You're back in exactly the same position. This person is going to be in financial trouble, no longer has a pension to fall back on, and how do you deal with that?

It's the same thing with catastrophic illness. There's no question that if someone is terminally ill and is in an incapacitated position, there's got to be some realization and some compassion.

I will be anxious to see the regulations as to how that's going to be addressed, because I think it's critical that we not set up an environment where there will be abuses. We hear constantly, and we heard it today where the Minister of Community and Social Services was flashing a gold credit card, where this person was on welfare and yet had a gold credit card. The minute you open up a loophole, it widens to the point where you can drive a truck through it. I think it's important that we understand that it's going to take some very deft regulations to make sure that in cases that are absolutely in need, we can respond, but we also have to make sure that the whole pension system remains whole; otherwise, we are going to be creating as many problems as we are attempting to solve. So I think it's important that we do that.

I also want to spend a bit of time on the MPPs' pension. The member from Durham has left. I don't disagree with the fact that MPPs' pensions are gone, but I felt he gave the impression to some of the viewers that the members here are getting zero, that they don't get anything, when in fact the government does contribute on a matching basis to their RRSPs. That is a form of participation by the government, and all members have that provision. It's not a big deal, but I just wanted to make sure that was clarified, that people understood that that happened.

What I find difficult in the MPPs' pension provisions is the ambiguity. People make the argument, "MPPs are at greater risk than most people because they come here and then they leave and they're in mid-career and they've got to get some sort of an accommodation for their particular problem." I say to you, with all due respect,

that we are no different than many people who are not MPPs, people who, for whatever reason, are caught up in downsizing, where companies where they think they're going to be for many years suddenly announce to them, "Sorry, we're cutting 2,000 employees and we're giving you a severance package," and they don't have that ability.

As I say, the material I have seen is confusing. It says on the one hand that they will not be able to access their pensions until they are 55 or retired, whichever is later. If that's the case, there's no need to provide any special provision. There are lots of pension plans that have an 80 factor, which is years of service plus age. Particularly because of the trend to downsizing, there are many people who are very young who are given buyouts, given early pension packages, all of these things.

It would seem to me that this requires some further refinement as to exactly what is the intent of these provisions, because it seems on the surface that they're aimed at a very few people who, because of circumstance, are no longer members of this place and may feel they would like to access this money earlier than at age 55.

I want to make sure that this isn't perceived as a special provision that applies only to MPPs and not to others. Obviously if we approve these amendments, and the provisions say that if someone is in financial difficulty, they can do it whether they're an MPP or not—if they have a catastrophic physical illness, they can do it whether they're an MPP or not. I haven't quite come to terms as to why there is a special provision for MPPs. What is the intent? I just don't understand that. That's why I have some concerns.

Quite frankly, notwithstanding that I really support much of what is in here, if that isn't resolved to my satisfaction—this bill will be passed, obviously; if the government is going to put it forward, they will get it passed—I would certainly want to be on the record as opposing it if I do not get a satisfactory answer as to why there has to be a special provision for MPPs. There may be one, and I would like to hear it, but so far, in the material and in the act that I've read and the notes accompanying the act, they are confusing. As a matter of fact, they are contradictory and I haven't quite, in my mind, resolved why this is being done.

I would caution the members on the opposite side and the minister and the people in the ministry to make sure they have a coherent, clear rationale for why this is being done, particularly when you take a look at Bill 170, the bill I introduced on December 9, 1986, where there was absolutely no mention of MPPs, no mention of any particular group other than pensioners. It was totally universal across the whole field of pensions. Why are we now singling out MPPs, and not only MPPs but a very small number who could have access to this provision? Those are things I would like to find out.

I did want to thank the members who have spoken so far. I think this is an important amendment. I think it addresses a major concern, but I want to make sure that

it's done right so it doesn't create as many problems as it solves.

Mr John Gerretsen (Kingston and the Islands): I would like to congratulate the member for York Centre for an excellent presentation, not only about what this bill is all about but also what the earlier legislation he introduced some 13 years ago today was all about. I guess it shows you how times change and circumstances change. We live in an aging society, we live in a society where people live longer, and as a result of that, they are looking much more at their pension rights and entitlements, when they get them and what they can do with them, rather than the pure salary and wage concerns that many were involved in for many years before that.

I, too, would like to address this whole MPPs Pension Act situation. I don't think it's been made clear enough tonight as yet, although the member from Durham referred to it earlier. When we're talking about the MPPs Pension Act, we're talking about those individuals who were in the House prior to 1995 and who received, in most cases, a substantial amount of money when that gold-plated plan was closed down.

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I always find it a bit ironic that Mike Harris ran on the Common Sense Revolution for fewer politicians and let's get rid of the gold-plated pension plan, but as a result of scrapping the plan there were at least 61 members on all sides in this House who benefited from it quite substantially, all the way up from \$100,000 that went into the plan in some cases to well over \$1 million. I often say to myself that I don't think this is what the public had in mind when they thought they were going to scrap the pension plan; that it was going to cost the coffers of the province some \$20 million to \$25 million to get rid of the pension entitlements of those 61 individuals.

There was a problem with the previous pension plan, no question about it. Generally speaking, people found it very difficult to understand why somebody should get a pension at a very young age, particularly for those members who came here at a very young age and may have been defeated or gone on to some other activity in life at age 40 or 45 and were able to immediately get pension entitlements etc. However, I don't think the intention ever was that people should be getting the payouts they did. All right, that was it. So when we talk about the MPPs pension plan we're talking about all those individuals who were here prior to 1995, and some of whom may still be here. As the member for Durham so aptly pointed out, there is no pension plan for people who started here in 1995, or at any time in the foreseeable future. What the government does is put, depending on what your stipend is here, somewhere between \$4,000 and \$5,000 per year into an RRSP.

In my case, for example—and I'm more than willing to share that—after the four and a half years I've served here, and I'm sure this goes for most members who came in 1995, my latest statement was an entitlement of something like \$23,000, period; not per annum, but in total. That's all there was in the RRSP.

Mr Raminder Gill (Bramalea-Gore-Malton-Springdale): That's good.

Mr Gerretsen: The member across says, "That's good." I don't have any problem with it, sir, but there are many people in the general public who somehow still think that MPPs get a pension. I run into it all the time, "You've been there five years, now you're going to get a pension." I have to tell them, no, the pension plan was scrapped. When we talk about the MPP pension plan here, we're talking about the plan that exists for those individuals who were here prior to 1995.

The interesting thing that I find about this piece of legislation—and the government has done this before—is that you tied two pieces of legislation together, one being a very good piece, which is the one that deals with the Pension Benefits Act itself—and we've heard a lot about that for people who get a catastrophic illness or people who go into a financial downturn and are in financial difficulties, that they should be accessing their pension money earlier. That's a good idea. We've already heard about it in a very eloquent way from the member for Essex and the member for York Centre. But what they've tied into this is the MPPs Pension Act for the people who were here prior to 1995, which is in direct contradiction to what the Pension Benefits Act is trying to accomplish.

Just let me read right from the very first line of the compendium. This is a government document about what may happen with the MPPs pension plan. "The bill would eliminate the requirement to comply the MPPs Pension Act with the Pension Benefits Act and remove the restrictions on the amount a member can withdraw from his or her account." In other words, the second part of this act, dealing with MPPs who were here prior to 1995, is being exempted from the very act that they're changing.

Let's be fair about this. If there was ever a case where a piece of legislation needed to be severed, surely this is it. How in one piece of legislation can you say you're going to make necessary changes in the Pension Benefits Act which are for the betterment of seniors in this province and at the same time say you're going to make changes to the MPPs pension plan so that it doesn't have to comply with the act that you're going to change?

It kind of reminds me of a lot of the legislation that's passed in the States. You always hear about this on newscasts where they say Congressman X would only vote for it if there was also a bill attached to a particular act which would do this, that or the other thing in his riding at public expense of so many dollars. I don't know what they call that, gerrymandering or whatever. You get enough riders in there to suit individual members in their ridings so that you can get the main piece of legislation passed. This is the same thing. I really have some major problems with treating the MPPs and their pension plan, for those people who were here prior to 1995, in a manner which is significantly different from the manner in which other people in this province are being treated. That is my main concern with this act.

I'm sure that many people back in 1995, when the MPPs Pension Act was changed at that point in time, would have had no difficulty at all if the old plan had continued to exist with no further contributions after 1995 and be paid out to the individual members at their normal retirement age. We heard something to the effect that the government is saving \$4 million to \$5 million per year since the MPPs pension plan no longer exists. As we already know, it cost about \$25 million to buy it out. But there's the other argument as well, and that is that that money didn't have to be paid out immediately. Not all of these people who were here prior to 1995 were going to retire on the same day.

It kind of reminds me of my municipal days when people used to talk about unfunded liabilities in the sense of, what would happen if every firefighter retired on the same day, or every policeman, and you needed these millions of dollars to pay their pensions? It just doesn't happen that way in real life. In real life you have a number of people retiring in a fairly systematic fashion, and those people should be getting their entitlements at that point in time.

So the question I have is, why was it necessary to pay all the MPPs out in 1996 or 1997? Why couldn't they just have waited and seen what would happen at their retirement? Maybe they would have gotten more money if they live to 85 or 90. But maybe they would have gotten less money.

I realize, and to be totally fair about it, the situation was totally different. Generally speaking, MPPs now make more money than what they made prior to 1995. When you look at the salary structure that was in effect then, it was kind of like a sports contract, a hockey or a baseball contract. The way we used to pay MPPs is they got their general stipend, I think it was around \$36,000 to \$40,000 per year, and then you got paid extra for sitting on committees, and of course if you were in cabinet you got a substantial amount extra, which is still the case now. They certainly weren't as well paid as we are now, but on the other hand it was like a deferred payment plan that was set up. The way I figured it out was that just about for every year the member served here, on average—for at least five years. You had to be here for five years or else you weren't part of the old pension plan. But if you were here for at least five years, on average, you got about \$25,000, up to \$50,000, for every year you were here. It was like saying, "We pay \$35,000, and we pay somewhere between \$25,000 to \$50,000 per year in a deferred plan at some point in time in the future when you retire." It was very hefty, no question about it, as we found out when we paid out all the MPPs who were here prior to 1995.

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I don't want to belabour this but I think it is unfair of the government to, in effect, put these two bills together. You cannot put a bill from which the general public benefits with a bill in which you say these specific individuals, former MPPs or MPPs, are going to be exempted. That, to me, is not the right way to do it, because

it places the individual MPPs in this place in a very precarious position.

You may very well be very much in favour of the general amendments to the Pension Benefits Act. I certainly am. I think that people who are suffering catastrophic illnesses or financial problems in their lives ought to be helped and should be able to access money to which they are entitled. To tie that in with what I clearly perceive to be an advantage to those MPPs who are benefiting from the MPPs Pension Act is unfair, because they are dealing with two completely different issues.

The other point that has been made is that the regulations—and I heard the parliamentary assistant talk about this earlier—are going to be passed in January and February. I have some difficulty with that. We all know—what's the expression? The devil is in the details? It's the regulations, whatever they are going to be, that are going to spell it out, and are definitely more important than what is in the act, because that is how the different plans and individuals will be affected on an ongoing basis.

I think the point was very well made by the member for York Centre when he said, "How do you define a catastrophic illness?" Is it an illness where a doctor, for example, says that there is no likelihood of somebody getting better over a period of time, or are we talking about an illness that may affect somebody for a short period of time but may be very financially detrimental to that individual? That's on the health and welfare side.

When we start looking at the other side, at those people who are in financial distress at any one time, I think the point he makes is an excellent one. How do you cut people off? If it's really their money, who is going to judge that, "You are in financial distress, and you are not"? How are you going to come up with regulations that are fair to every individual involved? I think there are some great difficulties here. There should be public debate on the regulations. It should go to hearings.

In a perfect world you would almost say that the regulations should be in place prior to the act being passed so that you know exactly what the government has in mind in defining these two terms and what kinds of situations are covered. Certainly the views of an organization like CARP are extremely important.

I've come to the conclusion in dealing with a fair number of elderly people that most people when they retire are in spending mode, if I can put it that way. Most people who retire look after finances very well, but their ability to do things, their ability to take vacations, their ability to stay down south for a period of time, lasts for a certain number of years after their retirement—maybe 20 or 15 years. But usually by about age 80 or 85, in some cases later, their activity, their desire to do things lessens, usually because of physical detriments, physical state or physical condition.

So I will come to the end of my speech here in a moment, but I would once again—

Applause.

Mr Gerretsen: I'm glad that the former minister from Scarborough Centre is applauding this because I'm sure she agrees with me that MPPs, whether they were here prior to 1995 or after 1995, should not be treated any differently from other seniors.

Ms Mushinski: They're not.

Mr Gerretsen: But she's saying that they're not. Let me just remind her once again of the very first line in the compendium, which is your government document. It says that this bill would eliminate the requirement of MPPs' pensions to comply with the PBA and remove the restrictions on the amount a member can withdraw from his or her account. I would like her to explain, and perhaps she'll get an opportunity in her two-minute response, why MPPs should be treated differently. Again, we're talking about those MPPs who were here prior to 1995. Why should we pass a bill that is to the benefit of the general senior population of this province and in this same bill in effect say, yes, but those provisions of the MPPs Pension Act, those individuals who benefit under that, are not going to be part of the new Pension Benefits Act? It doesn't make sense.

I don't know. I almost think that maybe the first act is being brought in so that the second act, or the second part of the act, would not have to be brought in on its own merits. Hopefully that's not the case.

So I too look forward to some hearings on this situation. Maybe the government can explain why those MPPs, those 61 individuals who were here prior to 1995, ought to be treated differently from the rest of the general public. Perhaps the ministers who are in the House right now—and I'm sure there have been some very heated discussions about this around the cabinet table as to why they ought to be treated differently. Not those individuals who are in the House right now, because all of them came after 1995 so they're not part of this, but why the ones who were here before should be treated differently from the general population out there. I would like somebody to get up and say that. In about a minute and a half you will have the opportunity to say that.

I am positive that the general public out there, when they heard Mike Harris talking about getting rid of the gold-plated pension plan, never thought of the possibility that 60 members who were here at the time were able to draw somewhere between \$20 million and \$25 million. They are not my figures. They were the figures from the member for Durham earlier today. It's kind of like saying, "I'm the Taxfighter but, by the way, let me make sure that we've got our money."

Interjections.

Hon Mr Sampson: What does Bradley think about this?

Mr Gerretsen: There are members on all sides, absolutely, of this House who are benefiting significantly from this. I can remember the way this was discussed three or four years ago. It was on the basis that they wouldn't be able to get at the money, so it wasn't really like giving the money. Look what's happening now.

Three years later, lo and behold, we're going to open it right up, wide open.

I will leave it at that because there are four eminent cabinet ministers in the House right now and I'm sure they will take an opportunity to explain to the people of Ontario why MPPs who were here prior to 1995 ought to be treated differently than other individuals under the Pension Benefits Act.

The Deputy Speaker: I realize it's getting a little late at night and so on. I'd like you all to stay here. I'm very patient, but I would like each one of you to consider this a warning: I'll not tolerate the talking back and forth.

Comments and questions?

Mr Rosario Marchese (Trinity-Spadina): That was a very serious intervention, Speaker, and I'm happy to see you do that from time to time.

I have very little to say in these two minutes. I just want to congratulate the three members for raising important questions, because there are questions that need to be dealt with. But I particularly wanted to praise the member for York Centre. He's one of the few members who stood to speak in this place without notes and spoke intelligently and gave an historical overview; defined, for example, "defined benefit plan." The bankers, I know, would understand these things, but I'm sure a whole lot of other people out there don't know the difference between a defined benefit plan and a defined contribution plan. I thought he made it very easy to understand and made an important contribution. I suspect that during that intervention a whole lot of people stayed on the television set just to try to understand what he was saying by way of this particular bill, by way of his own bill that he introduced in 1970, and the questions he raised. I just wanted to praise him for his contribution.

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Interjection: That's it?

Mr Marchese: I'm speaking later.

The Deputy Speaker: Comments and questions?

Mr Ted Chudleigh (Halton): I would like to make a comment. The member for Trinity-Spadina mentioned that there would be a lot of people who would stay tuned to listen to this debate. I would like to point out to him that there is a Leafs game on tonight and they are playing Philadelphia.

Mr Caplan: What's the score?

Mr Chudleigh: I'm not sure what the score is. I've been in here all night, of course, being involved—

Interjections.

Mr Chudleigh: I certainly take this job extremely seriously, and I want the whip to notice that I've been in here all night.

One thing the listeners might have misconstrued from the debate—"misconstrued" may be too strong a word; perhaps "not understood fully" is more fair. There is categorically no more money going into the plan for the MPPs, the plan which 61 MPPs who were elected prior to 1995 were part of, the old pension plan, that gold-plated pension plan that no government in Ontario had ever had the guts to withdraw, no government ever had the guts to

touch. In 1995-96, our government withdrew this gold-plated pension plan which cost the taxpayers of Ontario about \$31,000 per year for every elected member in this House, a disgustingly rich program which no other person in Ontario would get, other than federal MPs. Federal MPs are still getting an even richer program.

Hon Mr Sampson: Would they be Liberals?

Mr Chudleigh: They would be Liberals. They would be 101 Dalmations, Liberals from Ontario, in Ottawa, unable to reduce that ridiculously rich—

The Deputy Speaker: The Chair would like to mention—

Mr Chudleigh: Damn, I'm out of time.

The Deputy Speaker: The Chair recognizes the member for Don Valley East.

Mr Caplan: Thank you, Speaker. It's certainly interesting to hear the comments of the other members, but I want to say that the members for Essex, York Centre and Kingston and the Islands made some very excellent points about this bill, and I think especially the member for Kingston and the Islands. He asked, why the need to have two parts to pension legislation, one for everyone in the province of Ontario and one for a very exclusive group of people? Why do that?

We on this side of the House feel that you should be able to have fair access, but there should not be any special consideration for a small, significant group of people. I think that really highlights the crux of the matter. If this is such a pressing concern, if this is something that really needs to be addressed, we should have two bills. But like a lot of the legislation that the Harris government comes out with, they wrap various issues into one.

Earlier today we dealt with Bill 23, health care legislation, part dealing with the tobacco industry but another part giving the Minister of Health the power to close hospitals: two distinct pieces of legislation, two distinct ideas, yet they're wrapped up in one bill. It seems to be a common and repeated pattern when this government wants to surreptitiously slip things in, when they want to do public business and policy matters that perhaps have some controversy: slide it into another piece of legislation out of public view. I think that's very dangerous. We need to have full debate; we need to have full discussion.

Certainly the move towards greater regulatory power for ministers of this government—I see the Minister of Municipal Affairs and Housing, who has crowned himself king of Ontario, has given himself unlimited power in his municipal restructuring bill.

Mr Chudleigh: On a point of order, Mr Speaker: Serendipitously, Minister, I'd like to slip in something. I understand the Phillies are leading 2-0 in the Toronto game.

The Deputy Speaker: That was not a point of order. The Chair recognizes the member for Durham.

Mr O'Toole: I think the member from Kingston and the Islands for the most part—I was watching as I was working in my office—did cover a substantive part of the

bill. However, he did at the end deteriorate into an overarching criticism of the MPP pension portion. There are members on his side, long-serving members, who I'm sure would take exception to some of the suggestions he made. I would mention the member for Renfrew-Nipissing-Pembroke, the member for St Catharines, and other members that—

Mr Caplan: Parry Sound.

Mr O'Toole: Parry Sound as well. But I would say the member for Don Valley East—everyone would know that his mother served here, respectfully; was a minister; would have received some of that entitlement; would now be able to collect it; is now serving federally and, when serving federally, will accumulate the pension entitlement and in fact could be triple-dipping. That's almost a record in any Olympic diving event—a triple Salchow or whatever.

If you want to really pay some respect, the member for Trinity-Spadina mentioned the banking community. I think the member for Mississauga Centre, as a minister and a previous, well-acclaimed member of the financial community, should stand and respond to that, because he knows the importance of this legislation to help the people of Ontario.

The Deputy Speaker: The member's time has expired. The member for Kingston and the Islands has two minutes to respond.

Mr Gerretsen: If the member for Durham had listened carefully, he would have heard me say, first of all, that the first part of the bill benefits many people in Ontario, and I totally applaud that.

He also would have heard me say that the gold-plated pension plan—

Interjection.

The Deputy Speaker: Member for Durham, come to order.

Mr Gerretsen: We have beneficiaries in all three parties, and the arrangement that was made and the bill that your government introduced and passed was wrong. I said it then; I'll say it now. I don't care how it affects people on an individual basis in this Legislature, it was wrong.

Actually, Mr Chudleigh, member from Halton, your figures are even better than mine. I said that the deferred payment plan was somewhere between \$25,000 to \$50,000 per year per member for every year that they served here, under the old system. But you actually worked it out to exactly \$31,000. Those plans were wrong, no question about it. What wasn't made clear by some of the earlier speakers is that there is no pension plan for MPPs. I run into many, many people who still think that there is.

Interjection.

Mr Gerretsen: Oh, yes, there's a fair number of people who still think there are.

Now, I know the manner in which the government and the government members have decided to attack this is by attacking the federal plan. It may very well be that the federal plan is wrong too; I don't know enough about it.

But what we're dealing with right now is the provincial plan, and I would like you or someone to get up and say why you are exempting the MPP portion of this act from the new provisions that you're trying to pass in the first part of this bill, under the Pension Benefits Act. There is no justification for it.

The Deputy Speaker: Further debate? The Chair recognizes the member for Trinity-Spadina.

Mr Marchese: I've got so many fans on the other side. I'm glad they're staying. But before I—

Interjection.

The Deputy Speaker: I'll not warn the member for Durham again. I will try to maintain order in here as I see fit, but I would appreciate it if you would address the comments through the Chair. Member for Trinity-Spadina, I'd appreciate it if you would direct the comments through the Chair.

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Mr Marchese: Speaker, I'm going to do my best to look at you as often as I can, because that is for me the source of all intelligence and knowledge and authority. I'm going to do my best. But before I do that, I need to have unanimous consent to stand down our lead because our critic couldn't be here to do so.

The Deputy Speaker: Agreed? Agreed.

Ms Mushinski: On a point of order, Mr Speaker: Because the member for Trinity-Spadina was speaking so quietly, I wasn't quite sure of the purpose of his request for unanimous consent.

The Deputy Speaker: He requested that his party's leadoff time be set aside and he would take a 20-minute round of debate. Is that agreed? It's agreed.

Mr Marchese: Thank you, Speaker. This is a very odd night.

I am very happy to make a modest contribution to this debate tonight. I say "modest" because it's a small group of New Democrats that we have here, with fewer resources, but we had an opportunity to look at this at 6 o'clock today so we have a few things to say. I want to say, to those who are watching, that you're in competition tonight with two things: the hockey game and with Peter Kormos, who is on City-TV at this very moment.

Mr Chudleigh: What channel is that?

Mr Marchese: City-TV. People know in Toronto, and others.

This is a very complicated bill. If people out there are watching you and me tonight, I say God bless, but I don't think if I were watching this program tonight I'd be out there with popcorn and pop—not for this issue, and let me tell you why. Let me read section 8. If this wouldn't put you to sleep, imagine the audience.

"Currently, a pension plan is not eligible for registration under the act unless it is administered by a person who is described in a list in subsection 8(1) of the act. An amendment to that subsection expands the list of persons to include one or more employers where there are multiple employers and an administrator appointed by the Superintendent of Financial Services under section 71 of the act."

Hon Tony Clement (Minister of the Environment, Minister of Municipal Affairs and Housing): Dispense.

Mr Marchese: One of the members said, "Dispense." That's exactly what the public watching tonight is probably saying: "Dispense."

Interjection.

Mr Marchese: I've got more fans here tonight. I am surrounded by some Conservative friends who came here to support me. I'm very pleased because I need all the help I can get sometimes.

I just read a section that I don't think anybody out there listening—and if they are, I say God bless—understood, and I'm not sure how many people might want to understand. But it does have some significance, and we have some concerns because, while it may appear incomprehensible and very harmless, this is what they're saying: that in a multi-employer pension plan, the administrator may be one of the employers but in fact it would strip away a significant right won by workers.

I know one minister quizzically says, "What?" But it's true, that's why I refer to it. In court cases it has been determined that multi-employer plans must be administered by a board of trustees, with half of the board made up of representatives of the employees.

Interjection.

Mr Marchese: You see, the banker knows. He's been there; he knows. Maybe he was part of those discussions.

Mr Steve Gilchrist (Scarborough East): We read our bills.

Mr Marchese: And some of them read their bills—the former Minister of Municipal Affairs. I credit him with—

Interjection.

Mr Marchese: Not critical at all. You do read your bills. I have a great deal of respect for that member.

But this section undermines some of those—

Interjection.

Mr Marchese: The banker says no again. I outline a problem and he nods his head and says no. Clearly this is a problem, and I think he knows that. I think my other two friends who came to support me know this as well.

We as New Democrats believe that all pension plans should give equal say to the employees, and if they don't they are wrong. I suspect, but I'm not sure, this is a section that employers lobbied very strongly to have in here. I'm sure they wanted the government to quickly take away this right that has been won in court.

Hon Mr Sampson: Read it again.

Mr Marchese: I read it. He listened to it. He says no. I say we have some questions. They say they're right, because Tories are always right. Isn't that so? Always, always. They say they're right, and we say we're raising a question in this regard. We believe this section undermines a right that has been won in court that would have such plans administered by a board of trustees where they would have significant representation by the employees. This section presents a significant problem to me individually and to our caucus, and I know that our critic will speak more to it on another day.

The other section is one that many people have commented on, particularly Conservative members. I could be wrong, but this was almost their entire focus. It is section 67:

“An amendment to section 67 of the act permits the superintendent, upon application, to consent to the commutation”—that’s a big word, isn’t it? I think it’s a big word—“or surrender, in whole or in part, a person’s prescribed retirement savings arrangement in case of financial hardship. The criteria for determining whether a financial hardship exists are to be established by regulation. Limits on the superintendent’s power to consent may also be prescribed.”

Difficult stuff. I think it must be written by lawyers. That’s why it’s always so complicated to understand. That’s why I liked the contribution by the member for York Centre. He made things easy to understand, unlike so many lawyers who make it impossible for ordinary folk to simply follow some of this stuff in ways they could understand and participate. Isn’t that true? Two lawyers nodding in agreement. Because if they don’t understand, they don’t participate.

This section obviously would permit people who otherwise would have had their pensions locked in to be able, in certain circumstances, to take their money out. A few people have commented that that’s a good thing.

The member for York Centre, on the other hand, raises some important questions. Those questions are critical for those who are watching, and for other MPPs, particularly on the other side, to consider. While it may be tempting to have the choice or the power to take your money out where you have locked-in money, what if you decide—however they define “hardship” later in regulation—to take your money out, because it’s tempting, and you spend it all? You might end up spending it in a very short period of time and soon after find yourself bereft of any source of income. What then? You could potentially become dependent on the state—dare I say welfare support? It’s a potential problem.

I can understand, in a situation where someone might be facing a terminal illness and might decide, in that particular instance, to take the money out and use it, either to comfort oneself or to have all the comforts one may want and/or need at a time that obviously is very critical and to decide how to spend that money. Under that particular circumstance, yes, it might make sense. In that regard, I am fully supportive. But we leave ourselves vulnerable, and working men and women leave themselves vulnerable, depending on the definition of “hardship” that is to be prescribed later, to which we have no access because it will be done by regulation. It could present some problems.

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The member for York Centre raised this, and I share with him some of those concerns. I don’t think the members opposite should minimize those concerns, because it is part of the human condition to say: “I’m having a difficult time. I want to be able to take my money out.” It’s part of the human condition to say, “I’m

going to use that money,” and find yourself within a short period of time having spent a great deal of it and then you have very little left. The people who could be tempted to do that, I suspect, are more those who have less money than those who have more money. The very people who need—thank you, former Minister of Culture, for coming, through you, Speaker. Those who have money are not likely to want to do that because they have their own means of protecting themselves, defend themselves or have access to money to be able to do whatever they need to do. It’s those who probably have less money who become more vulnerable, and that is my concern. Pensions were designed in such a way as to protect them for the later years.

We speak to this because I think the members on the other side have to be very careful, when we go into committee for debate, in terms of how this will be defined and how we have those checks and balances, while at the same time I say that this provision in some circumstances can be very helpful.

I want to read another section where we have some problems, and that’s section 93, for the benefit of those who have popcorn in hand or are enthusiastic viewers of this program and are very interested in this subject:

“A new section 93 of the Act authorizes agreements to be made with other Canadian jurisdictions with respect to multi-jurisdictional pension plans. The new section allows the agreements to provide that, in the circumstances specified in an agreement, all or part of the pension benefits legislation of one of the jurisdictions applies to a multi-jurisdictional pension plan and all or part of the pension benefits legislation of the other jurisdictions does not apply to it. The agreements may provide for other matters relating to the enforcement of the pension benefits legislation of the applicable jurisdictions.”

Isn’t that a mouthful? It is. That’s why we need the member for York Centre, because he simplifies a lot of this stuff. That’s what the other members on the other side should do, because they had weeks and weeks to get into this stuff and to, with their whole hour, section by section explain it in simple terms that people watching can understand so they would have the benefit of their experience, knowledge, research, ministry staff and all that.

Section 95 now:

“Currently, section 95 of the Act authorizes agreements to be made with other Canadian jurisdictions about the administration of pension plans. An amendment to section 95 provides for the delegation of the superintendent’s powers under those agreements, and provides for delegations of power to the superintendent from the other jurisdictions.” Mr O’Toole must have read this.

“An amendment to section 106 and the new section 106.1 of the Act concern the powers of the superintendent to make examinations, investigations and inquiries relating to pension plans. The amendments allow the superintendent to require specified persons to pay all or part of the costs of an examination, investigation or”

It really is tiring, isn't it? But that's why I read it, to tell you that unless we help those viewers out there to better understand what you people are presenting, they're not going to watch this program.

Interjection.

The Deputy Speaker: Minister of Correctional Services, come to order.

Mr Marchese: So all of you with your omnipotent, omniscient powers, please help us out. Because they haven't, we're raising this concern. I'm raising this concern with this section because it's a subtle one, but I'm told that some employers have been lobbying intensely for it. I know why employers are behind some of these sections, but they won't tell you. They're going to say: "Oh, no, this is all for the little guy, the ordinary person. Some sections, yes, are good for people because they've been calling our offices," and all of that.

But some of this stuff is snuck in and it helps employers a great deal. Sections 93 and 95 do that especially. They relate to pension plans with members in more than one province, as many have. Currently, such plans are registered in the province where they have most members, which is usually Ontario.

Hon Mr Sampson: Not always.

Mr Marchese: Not always but usually. That's why I said "usually." Each member is covered by pension laws from the province in which he or she lives. So far it sounds simple, but we're coming to a problem. This provision would allow for interprovincial agreements that could allow Ontario workers—"could allow," that's why it's here—to be covered by a plan registered in another province and covered by that province's pension laws.

Hon Mr Sampson: Not if they move.

Mr Marchese: No, not if they move. The problem is that Ontario pension laws, in our humble, modest view, are better for workers in many important ways, and we offer one example, but there are probably more. If we have time, we'll be able to get into that.

Time is running short. Do you see the problem we've got, Speaker? The third party gets so little time to speak in this place. We have but a few minutes to finish this off.

Under Ontario law, when a pension plan is, as they say, wound up, employees have the right to grow into some provisions. For example, if a factor 80 on reduced pension is available, a worker whose plan is wound up when he or she is at factor 78 is forever out of luck if there is no grow-in provision. But in Ontario the clock keeps running, like here. The worker is no longer accumulating years of service but is continuing to get older, so—bingo, right?—two years later he or she hits factor 80 and is eligible for an unreduced early pension. This is a benefit that obviously is good for Ontarians as we have it under the provisions currently, so we on this side want to keep it. Only Nova Scotia has such a provision. Passing this section could only open the door for an agreement that would allow large companies to shop around to register their pension plans in other provinces with less worker-friendly provisions. That is the problem we have with this section.

Last, before I finish, in relation to the MPP provision that is here, it gives retired MPPs special treatment by unlocking their locked-in RSPs with no conditions except that they be age 55. That is what I think the member from York Centre was getting at: not that they're getting more money, necessarily, but this is a special provision. That's all he was saying and that's all we are saying, and if you just say that, it won't be so bad. That is what I'm saying to my good friends on the other side.

Speaker, I thank you for your attention and for keeping this House in the order that you've kept them in today. I appreciate that. Thank you.

The Deputy Speaker: It being almost 9:30, this House stands adjourned until 1:30 o'clock on Monday.

The House adjourned at 2128.

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