

A PRESENTATION TO THE  
LAW AMENDMENTS COMMITTEE  
APRIL 29, 2010

I am speaking to your committee because the action proposed by this government in Bill 24 will beyond any doubt diminish the benefits that we retired government employees had every good reason to believe we would receive.

The benefit I refer to is the Superannuation allowance that is indexed to Canada's Consumer Price Index (CPI).

You might ask why would I believe my pension would continue to be indexed and thus provide the continuity of buying power I would need to maintain my standard of living? Please consider the following:

Just prior to my retirement I received a letter from the Acting Director of Public Service Pensions, Department of Finance that stated "Regulations under the Act (Public Service Superannuation Act) 'call for the indexing of your Superannuation Allowance on January 1 of each year, to a maximum of 6 percent per year...."

The Cost of Living Regulations made under the Public Service Superannuation Act outline progressive increases by linking the pension to the CPI, subject to maximum limits. Beginning in 1968 the maximum annual increase was 2.0%. That limit was raised to 4.0% in 1976. In 1979 the annual limit was raised to 6.0% and that limit remains in place to this day. Why would those increases be put in place if there was any doubt about the adequacy of the plan's funding?

The Superannuation Act states "If at any time the Superannuation Fund is insufficient to make all payments by this Act required to be made, the Minister shall pay into the Superannuation Fund an amount out of the Consolidated Fund of the Province sufficient to enable such payment to be made." Surely I am to believe there can be no risk of the province not fulfilling its undertaking.

A year or two after I retired, the Superannuation Fund was so over-funded that the surplus was paid out. It was paid to the employees and to the Province. No portion of the surplus was paid to the retired employees who helped build that surplus.

In October 2008 the Minister of Finance issued a statement reassuring retired employees that there would be no change to their benefits.

The foregoing measures gave me reason to believe the Fund was secure and guaranteed by the Province.

Now this government proposes to replace the CPI increases with a token 1.25% annual increase for a 5 year period with no certainty of any other increases. Reductions to the benefits are contemplated. It also intends to eliminate the guarantee of payments from the Consolidated Fund of the Province. What are the consequences for the retired government employees? Statistics Canada tables clearly provide the historical annual increases of the CPI. The average annual increase over the last 30 years was 3.60%. Who can tell me that will not reoccur over the next 30 years? If it is repeated the pension proposed by this government will diminish the purchasing power provided from my pension by 50 % in just 22 years. It will continue to decrease every year thereafter.

None of this will matter if I check out in the next year or two and leave no spouse. But what if I, or she, lives to be 75, 85 or 95? The answer of course is the standard of living drops significantly. And what about the pensioner whose pension is around the \$18,000 average noted by the Nova Scotia Government Retired Employees Association? How well will those individuals do with a \$9,000 pension in just 22 years? How many will be alive 22 years after retirement? Look at the obituaries in yesterday's issue of the Halifax Chronicle Herald. You will find the average age of those who passed away after the standard retirement age of 65 was 80.25 years of age. Six of the 20 in that category were 90 years or older. If the proposed pension changes are implemented the impact on the pensioners who worked for, and trusted in, the policy makers of this province will be immense and devastating.

In Robert Service's poem "The Cremation of Sam McGee" he wrote "A promise made is a debt unpaid, and the trail has its own stern code..." I do not want to believe the government of the Province of Nova Scotia will leave the debt that is due its pensioners unpaid. If it does I have no doubt it will find the trail does indeed have its own stern code.

Another point that must be made pertains to numerous sections in Bill 24. In essence they state that regardless of any act, omission, contract or representation made by the Minister, Department of Finance or the Province one shall have no cause of action or claim against those parties. I hope you understand how repulsive that is to me and I expect to every Nova Scotian who reads those words.

How can one not take responsibility for one's actions?

I respectfully request this government to revisit this topic and honour its obligation to the retired government employees.

Submitted by a retired Nova Scotia government employee.