

## **Bill 45—The Teachers' Pensions Amendment Act**

**Hon. Peter Bjornson (Minister of Education, Citizenship and Youth):** Mr. Speaker, I move, seconded by the Minister of Conservation (Mr. Struthers), that Bill 45, The Teachers' Pensions Amendment Act; Loi modifiant la Loi sur la pension de retraite des enseignants, be now read a second time and referred to a committee of this House.

His Honour the Lieutenant-Governor has been advised of the bill, and I table the message.

### ***Motion presented.***

**Mr. Speaker:** His Honour the Lieutenant-Governor has been advised of this bill, and a message has been tabled.

**Mr. Bjornson:** This legislation is a combination of consultations over the past several years to provide a fair cost of living allowance to retired teachers. As minister, I've been committed to working with teachers in the Teachers' Pension Task Force to address concerns about COLA or the cost-of-living allowance.

Since 1999 this government has taken many steps to improve teachers' pensions, including an increase in the contribution rate and a plan to address the unfunded liability in the pension plan. The current bill is based on recommendations from the Teachers' Pension Task Force that will improve the ability of the fund to pay cost-of-living increases over the next 10 years. Under The Teachers' Pension Act, cost-of-living increases in a teacher's pension are funded, in part, by the pension adjustment account. A portion of teacher contributions is credited to that account, and it earns interest at the fund's rate of return on fixed income investments.

This bill modifies the rate of return on the pension adjustment as follows: For a 10-year period, the rate of return will be the three-year average of the better of two annual rates of return, namely, the fund's rate of return on fixed-income investments and the fund's rate of return on all of its investments. After that, the rate of return will be the three-year average of the fund's annual rate of return on all of its investments. During the 10-year period, the cost-of-living increases will be limited to 5.33 percent or two-thirds of the yearly increase in the consumer price index, whichever is less, and by available funding in the pension adjustment account. After that, the yearly increases will be limited by the yearly increases in the consumer price index. However, any increase is still subject to available funding in the pension adjustment account. Any surpluses arising in the pension adjustment account during the 10-year period are to be reserved for use after the end of that period. Any surplus in the account at the end of the period, or arising after that, may be used only in accordance with the regulations.

\* (14:40)

Mr. Speaker, this bill also makes various administrative and technical amendments to the act and they include: amendments limiting a teacher's contributions to contributions in respect of salary for which a defined benefit can be accrued under a registered plan, and enabling prior contributions in respect of salary above that level to be refunded. It includes enabling teacher contribution rates, which are set out in the act, to be varied by regulation on the recommendation of the Teachers' Pension Task Force. It includes recognizing that the school year may be shorter than 200 days, and it recognizes changes respecting the process for appointing the chair and vice-chair of the board of the pension fund.

It also includes changes enabling teachers hired as employees of the Manitoba Teachers' Society or the Manitoba Association of School Trustees to be designated at the employer's request as eligible employees retroactive to the date they were hired, so that they may remain in the fund continuously, and enabling teachers hired as employees of the school division or district otherwise then, under a teaching contract, to be similarly designated as eligible employees.

In conclusion, this legislation reflects the best efforts of government and teachers to find a fair and reasonable approach to the COLA issue. This government remains committed to addressing all teacher pension issues in a manner that is fair and reasonable to both active and retired teachers. I thank members for granting leave for second reading of this legislation and I thank you for the opportunity to speak to this, Mr. Speaker.