



# ***Financial Measures (2012) Act***

April 12, 2012

The *Financial Measures Act* is a routine part of the budget process. Many of the initiatives introduced in Budget 2012 can be enacted through regulations, while some must be enacted through legislation. The *Financial Measures (2012) Act* provides the legislative authority to enact these initiatives.

## ***Tax Changes***

### **Harmonized Sales Tax**

The *Financial Measures (2012) Act* follows through on the government's commitment to reduce the Harmonized Sales Tax (HST).

Effective July 1, 2014, or such earlier date in 2014 fixed by the Governor in Council, the HST will be lowered by one percentage point; effective July 1, 2015, or such earlier date in 2015 fixed by the Governor in Council, the HST will be lowered by another one percentage point.

### **Small Business Tax**

Amendments to the *Nova Scotia Income Tax Act* are required to reduce the rate of corporate income tax for small businesses.

Effective January 1, 2013, the rate will decrease from 4 per cent to 3.5 per cent. Eligible small businesses can apply this rate on the first \$400,000 of taxable income.

## ***Modernization of the Public Service Superannuation Plan***

The modernization of the Public Service Superannuation Plan is the next step in the process to joint trusteeship that began in 2010. The legislation outlined below is the result of two years of thoughtful stakeholder consultations and research. It incorporates best practices from leading pension plans across Canada.

### **2012 Public Service Superannuation Act**

This legislation will implement a joint governance framework for the Public Service Superannuation Plan (PSSP).

After an approximate one-year transition period, a newly created body known as the Public Service Superannuation Plan Trustee Inc. (PSSPTI) will assume fiduciary responsibility for the PSSP from the Minister of Finance.

The board of directors of PSSPTI will be composed of directors representing employers and employees. The board will be made up of:

- 3 directors as designated by the Nova Scotia Government & General Employees Union;
- 1 director as designated by the Canadian Union of Public Employees Local 1867;
- 1 director representing non-unionized employees;
- 1 director representing retirees; and
- 6 directors as designated by the government.

An independent chair will be appointed by the board of directors, and an appeal committee will be established to manage appeals raised by plan members.

The legislation includes a detailed funding policy that builds on the principles of the changes made in the *Financial Measures (2010) Act*. The funding policy prescribes the actions available to the trustee depending upon the funded health of the plan. On a five-year review cycle, beginning in 2015, the trustee will evaluate the funded health of the plan.

The *2012 Public Service Superannuation Act* does not reduce or change any benefits. It introduces a new approach to governance.

### **Nova Scotia Pension Services Corporation Act**

The *Nova Scotia Pension Services Corporation Act* will devolve the Nova Scotia Pension Agency (NSPA) from the government by creating a non-profit statutory corporation that is equally owned by the trustees of the Teachers' Pensions Plan (TPP) and the PSSP.

This change means governance by plan trustees for the benefit of plan members. There will be no change in the degree of controls or accountability.

This transition is planned to occur over an approximate one-year period that aligns with the creation of the PSSPTI. The new non-profit corporation will provide pension administration and investment administration services for all plans currently served by the NSPA.

The devolution of the NSPA is a collaborative undertaking led by the government, the Teachers' Pension Plan Trustee Inc., the Nova Scotia Teachers' Union, and the Nova Scotia Government & General Employees Union.

## ***Public Service Superannuation Plan – Interim Trustee Board***

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Paul Hagan

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