



DEPARTMENT OF THE PROVINCIAL SECRETARY

ANNUAL REPORT

ON

THE ADMINISTRATION OF THE "OLD AGE PENSIONS ACT"

FOR

THE PROVINCE OF BRITISH COLUMBIA

1943-44

BY

THE OLD-AGE PENSION BOARD

VICTORIA, B.C. :

Printed by CHARLES F. BANFIELD, Printer to the King's Most Excellent Majesty.

1944.



DEPARTMENT OF THE PROVINCIAL GOVERNMENT

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1913-14

THE OLD AGE PENSION BOARD

PRINTED AND SOLD BY THE GOVERNMENT OF BRITISH COLUMBIA, VANCOUVER, B.C.

To His Honour WILLIAM CULHAM WOODWARD,
Lieutenant-Governor of the Province of British Columbia.

MAY IT PLEASE YOUR HONOUR:

Herewith I beg respectfully to submit the Annual Report of the Old-age Pension Board for the fiscal year ended March 31st, 1944.

GEORGE S. PEARSON,
Provincial Secretary.

*Office of the Provincial Secretary,
Parliament Buildings,*

November 30th, 1944.

OLD-AGE PENSION BOARD,
DEPARTMENT OF PROVINCIAL SECRETARY,
VANCOUVER, B.C., November 30th, 1944.

*To the Honourable George S. Pearson,
Provincial Secretary,
Parliament Buildings, Victoria, B.C.*

SIR,—The Old-age Pension Board herewith begs to present the first Annual Report of its administration covering the fiscal year ended March 31st, 1944.

As no Annual Report in regard to the administration of old-age and blind pensions has previously been presented an endeavour has been made to give in the foreword of this Report a summary of the history of such pensions. Included also is a graphical analysis of the trend of pensions and pension costs since September 1st, 1927, the date on which the Dominion "Old Age Pensions Act" became effective in British Columbia.

All of which is respectfully submitted.

J. H. CREIGHTON,
Chairman, Old-age Pension Board.

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Annual Report of the Old-age Pension Board on the Administration of the "Old Age Pensions Act," 1943-44.

THE HISTORY OF OLD-AGE PENSIONS.

GENERAL.

The pioneering in making provision for the aged was done in continental Europe. Germany passed an Old Age and Invalidity Insurance Act in 1889 and France and Belgium followed soon afterward with similar legislation. Italy and Spain developed the compulsory-contributory type of insurance, but it remained for Anglo-Saxon countries to adopt non-contributory pensions.

The first statutory provision for old-age pensions ever made in an Anglo-Saxon country was made in New Zealand when that country passed its Old-age Pensions Act in 1898. Great Britain followed with a similar Act in 1908. The State of Arizona in the United States passed an Act in 1914, but it was declared unconstitutional. Alaska enacted such a provision in 1915, the constitutionality of which was not challenged. Then one by one the various States in the Union followed with similar legislation. As time went on, many other countries instituted this type of social assistance in one form or another until by 1939 the lack of any form of old-age pension in an advanced country was exceptional.

CANADA.

Canada was not far behind these other countries in its thinking on the subject, but it was slower in acting. As far back as the parliamentary session of 1906-1907 a resolution was introduced in the Dominion House calling for something to be done at an early date for the needy aged. This motion was debated but was later withdrawn. The subject was a live issue, however, and in 1908, 1912, and 1913 similar motions were introduced asking for the appointment of commissions to study the subject. In each instance a Commission was actually appointed, met and reported, but nothing further was done toward effective action. As a substitute, in 1908 a Bill was passed authorizing the sale of Government old-age annuities.

On the basis of the reports of previous Commissions another motion was introduced in the Dominion Parliament in 1914 calling for the adoption of an old-age pension scheme, but the debate on this motion was not concluded. No further motion on the question was introduced until 1922, and it was not until 1924 that a committee was again appointed to study the proposed legislation. The report of the committee was presented to the House of Commons in that same year and communications were forthwith exchanged between the different Provincial Governments to obtain their views. Subsequently the committee was able to present a further report to Parliament in 1925.

At this juncture the question arose as to the respective responsibilities of the Provincial Governments and the Dominion Government toward any such legislation under the provisions of the "British North America Act." The Department of Justice, when consulted, gave it as an opinion that, although the granting of old-age pensions would seem to be a Provincial responsibility under the "property and civil rights" clause of the "British North America Act," there was nothing to deny the Dominion Government the right to assist in any such scheme. Therefore, since by this time there was evidence of strong popular support for its introduction, on March 26th, 1926, the Government sponsored an Old Age Pensions Bill which passed the House of Commons on May 28th. Although this measure was defeated in the Senate an identical

Bill was introduced in the following February, passed both Houses, and was granted Royal Assent on March 31st, 1927.

In the preparation of old-age pensions legislation the different committees had made studies of old-age pensions schemes in other countries. The resulting Canadian enactment was much like the British old-age pensions scheme of 1908 in that it included the "non-contributory" feature and the "means test." It differed from the British scheme in regard to "residence requirements" and "property qualifications." England, of course, in 1925 had introduced her parallel "contributory" old-age pensions scheme, but Canada so far has not embarked upon such a plan.

The Government of British Columbia had been keeping in close touch with the progress of old-age pensions legislation at Ottawa and even before the Act had actually received Royal Assent in the Dominion Parliament the Premier of British Columbia, the Honourable John Oliver, on January 19th, 1927, introduced a Bill to give the Provincial Government authority to enter into an agreement with the Dominion Government for a joint scheme of old-age pensions as soon as the latter had passed the necessary legislation. The Provincial Act became effective on March 7th, 1927, though it did not finally become possible to accept old-age pension applications until September 1st of that year. British Columbia was thus the first Province to take advantage of this new measure in the development of social welfare in Canada.

AMENDMENTS TO THE ACT AND REGULATIONS.

In common with most original legislation the "Old Age Pensions Act" of 1927 has been found to have its imperfections and to correct these several amendments have been required. It is interesting to note that these amendments were initiated largely at the request of the Provincial and municipal authorities who were actually administering the Act in their own local areas. From a study of the requests for the amendments and of the manner in which these requests became effective two important lessons may be drawn. Firstly, the legislation should be flexible so that it may easily be modified to suit either the different areas to which it is to be applied or the changing conditions that changing times bring about. Secondly, it should be made comparatively easy for the local authorities administering the legislation to obtain a hearing from the central legislative body. It is only when legislation is actually being applied in local administration that its values and faults are clearly seen; therefore, so that no time may be lost unnecessarily there should be the greatest facility in the manner in which local representations may effectively reach the central legislative body to obtain the necessary amendments to augment the values and reduce the faults of the original Act.

The first amendment to the "Old Age Pensions Act" was that of 1931. Its main purpose was to provide that the Dominion Government would pay 75 per cent. of the costs of old-age pensions rather than the 50 per cent. stipulated in the original Act. Section 3 of the Act of 1931 read, in part, as follows:—

"The Governor in Council may make an agreement with the Lieutenant Governor in Council of any province for the payment to such province quarterly of an amount equal to seventy-five per centum of the net sum paid out during the preceding quarter by such province for pensions. . . ."

In addition, while the Dominion Government had reserved, by the Act of 1927, the authority to approve any Provincial plan for old-age pensions, it assumed in 1931 the right to inspect and audit the records of Provincial old-age pension payments.

From the beginning the Act required the applicant to have had twenty years' residence in Canada immediately preceding the date of the proposed commencement of pension. The original regulations modified this by presuming that the applicant

had the required twenty years' residence if, during that time he had actually resided in Canada a total of 4,384 days and had not been absent from Canada for more than 731 consecutive days; provided, however, that he had lived in Canada for some time at least twenty years prior to the beginning of the requisite period of twenty years.

In 1937 the regulations were amended to provide that an applicant should be presumed to have lived in Canada for the required twenty years if he actually had lived therein for at least 5,844 days during the twenty-year period and at least 700 days in the last two years of this requisite period; provided that he had lived in Canada for some time twenty years prior to making application. This modification meant that an applicant could have been absent from Canada for a period longer than 731 consecutive days and still be eligible as far as residence is concerned.

In the matter of Provincial residence the Act required that the applicant must have resided in the Province in which the application for pension was made for a period of five years immediately preceding the date of the proposed commencement of pension. This was modified by the original regulations which presumed that the applicant had resided in the Province for the requisite five years if he was then living there and had lived there a total of 1,095 days during this five-year period, and provided also that he had lived in that Province for some time at least five years prior to the date of the proposed commencement of pension.

To relax further the severity of the original Act, Regulations 10 to 17, inclusive, were amended to provide as well that it would not interrupt a person's residence in Canada if his employment necessarily took him outside of the country for periods longer than a month.

The amendment to the Act of 1937 also for the first time made provision for pensions for every blind person 40 years of age or over who, among other things, is:—

“(a) unmarried, or a widower without a child or children or a widow without a child or children and is not in receipt of an income of as much as four hundred and forty dollars a year, or

“(b) married, or a widower with a child or children or a widow with a child or children and is not in receipt of an income of as much as six hundred and forty dollars a year.”

This amendment to the Act provided for a maximum pension payable to a blind person of \$240 a year, except where a blind person marries another blind person after the coming into force of the amendment to the Act. In the latter case the maximum pension is \$120 a year.

On February 3rd, 1938, the Old Age Pensions Regulations were amended with regard to the amount of pension payable to blind persons married to sighted spouses. The effect of the amendment was to provide that the total income and pension of any such persons should not exceed the aggregate amount which may be obtained by a single old-age pensioner and a single blind pensioner.

The Old Age Pensions Regulations provide that, where an applicant is one of two spouses living together, his or her income shall be taken to be equal to one-half of the sum of the incomes calculated as in the Act and the regulations provided (excluding any pension payable to the spouse under the Act) receivable by each of them separately. In calculating the income of a blind applicant who is married to and living with a spouse not in receipt of a pension in respect of blindness under the Act, the income of the applicant must be taken by the pension authority to be equal to the sum of their joint incomes calculated as in the Act and regulations provided (including any Old Age Pension payable to the spouse), less the sum of \$165.

In December, 1939, the regulations were further amended in regard to residence so that an applicant for pension, in addition to fulfilling the requirements of living in Canada at least 5,844 days within the preceding twenty years, and at some time at least twenty years prior to making application, now need only to have lived in Canada for at least 700 days within the last *three* years. These changes in residence requirements seem to show a desirable trend in the direction of a system of old-age pensions related more closely to considerations of individual need than to the accidents of residence.

The Old Age Pensions Regulations as amended in December, 1937, provided that contributions of children should be considered as part of the income of pensioners. After the war began many pensioners were receiving assigned pay from children who are in the armed forces, though often this money was only held in trust. To take account of this situation the regulations were amended in April, 1942, to provide that assigned pay would be disregarded in computing the income of the pensioner as long as he was not receiving dependent's allowance.

Because of the rising cost of living resulting from the war the Government of British Columbia felt the maximum pension of \$240 was inadequate and expressed a desire to supplement it themselves if necessary. To enable them to do this the regulations were amended in 1942, with the result that, from April 1st of that year, British Columbia was able to make provision for a cost-of-living bonus of \$5 a month to all old-age and blind pensioners whose pensions were granted in this Province. No part of this extra payment is recoverable from the Dominion treasury and the payment is still being maintained in addition to the increase granted by the Dominion Government in August, 1943.

Another amendment to the regulations made by Order in Council, dated March 31st, 1943, affected the calculation of income in cases where only one of two spouses living together is eligible to receive a pension. The regulations prior to this time provided that in a case where an applicant is one of two spouses living together his or her income should be taken to be equal to one-half of the sum of the incomes calculated as in the Act and the regulations provided (excluding any pension payable to the spouse under the Act) receivable by each of them separately. The amendment makes a distinction between two spouses both of whom are eligible to receive pensions and two spouses where only one can qualify for pension. A new paragraph inserted in Regulation 18 provides that where an applicant for an old-age pension is married to and living with a spouse not in receipt of pension under the Act the income of the applicant shall be taken to be equal to the sum of their joint incomes calculated as in the Act and the regulations provided, less the sum of \$365.

On August 10th, 1943, the Act was again amended by Dominion Government Order in Council, P.C. 6367, under the authority of the "War Measures Act." This amendment provided that the maximum payment to an old-age or blind pensioner would be increased from \$240 a year to \$300 a year, thus taking some account of the war-time increase in the cost of living. The total allowable income of \$365 a year for old-age pensioners and \$440 a year for blind pensioners was not increased however; hence, hereafter, the old-age pensioner could have only \$65 a year and the blind pensioner \$140 a year in the form of other income over and above his pension instead of the \$125 a year and \$200 a year, respectively, which they could formerly have. This resulted in more pensioners receiving less than the maximum pension than was the case formerly, even though their pensions might be greater and their total income the same as previously. In other words, quite a number of them were not eligible for the full increase of \$5 a month and this caused much bitterness. Thus the fact that the total allowable income was not increased at the same time that the rate of pension was increased resulted in a great deal of criticism regardless of the merits of the situation.

THE CHANGE IN ADMINISTRATION.

From the beginning, on September 1st, 1927, the "Old Age Pensions Act" had been administered in British Columbia by the Workmen's Compensation Board. In line with widespread developments in social service programmes elsewhere, however, the administration has now been brought into closer relationship with the administration of the various other social services. At the 1943 session of the Legislature "An Act to amend the 'Old-age Pension Act'" was passed providing for the creation of an "Old-age Pension Board" in the Provincial Secretary's Department and for the administration by it thereafter of old-age pensions in this Province. By Order in Council dated March 26th, 1943, this Board was appointed and the administration of the Act was transferred to it from the Workmen's Compensation Board on April 1st, 1943.

The new Board consists of three members. The members originally appointed were: Mr. J. H. Creighton, Chairman; Mr. H. L. Greenwood, and Mr. C. W. Lundy.

In November, 1943, Mr. Greenwood resigned and Mr. J. A. Ward Bell was appointed to take his place on December 1st, 1943.

The Chairman as chief executive officer gives his full time to the administration. The other two members do not give their full time but attend Board meetings which are held approximately twice a month to deal with policy and the more important phases of general administration. The rest of their time is taken up with other duties in the Government Service; Mr. Lundy with his duties as Superintendent of Welfare in the Provincial Secretary's Department and Mr. Bell with special administrative assignments in the Department of Labour.

The new Board adopted a new approach to the administration of old-age pensions. As already intimated, it was planned that it should give a social service administration rather than a purely business administration. In the first place, therefore, it tries to give as much assistance as possible, where needed, to applicants in making out their applications. Then, after they have been granted their pensions, it extends to those who need further help as much in the way of a follow-up case-work service as is feasible.

In carrying out these plans for a wider service the Board works closely with all other divisions and branches of the social services in the Provincial Secretary's Department and in this way brings to the large group of pensioners the advantages of a well co-ordinated organization. An interesting part of the newer programme is the use of the same field staff which has all along been handling the work of other branches throughout the entire Province as well as in the larger centres of Victoria and Vancouver. Contrasting with the previous plan in which a number of old-age pension visitors made periodic trips to the larger communities throughout the Province, the administration now has the services of a staff of workers permanently stationed in the larger centres and in four conveniently located offices in Vancouver.

Briefly, adoption of this plan to use this generalized field service means that the pensioner is served by a worker stationed in the local community who is familiar with its social service resources as well as those of the Province as a whole. It is found that where their interest is particularly needed these workers are able to give much friendly help to pensioners who are finding it difficult to solve their problems without some one with whom to talk them over. In addition, many pensioners are near enough to one or other of the district offices to be able to go there to obtain information or advice from the worker in person.

In order to facilitate the extension of the new service, a Social Service Division was set up under the direction of an experienced and fully qualified supervisor. This Division, consisting at present of a staff of only one social worker and one stenographer, in addition to the Supervisor, is charged with the supervision of case-work services

throughout the various districts, and acts in a consultative capacity with the social service departments of the larger centres of Vancouver and Victoria. Such a service will, it is hoped, mean that pensioners will have the fullest possible benefit of the resources available. The social worker is detailed to the special work of meeting and interviewing all pensioners who find their way to Head Office, in order to make inquiries or discuss some problem. A large share of the responsibility for fostering a good relationship between the Old-age Pension Board and the pensioners rests with this receptionist, more technically known as the intake worker. In the hands of a tactful and understanding person interviews should prove to be pleasant and mutually helpful experiences.

The statistical figures presented in connection with this report might seem to indicate that financial provision and efficient office set-up to administer such funds would answer satisfactorily the question of care of the aged. The fact that it has been considered desirable to include this new division in the plan for reorganization, however, suggests that there are, inherent in old age, certain needs and problems to which neither legislation nor cash benefits offer a complete solution. A limited living allowance, relative helplessness and inability of the older person to shift for himself in a highly competitive world, the inevitable loneliness of his position, the commendable desire to maintain independence and the general attitude toward aged persons are all factors which must be taken into account in developing a more socialized programme for old-age pensioners.

The function of the Social Service Division cannot at this time be very easily defined with exactness. In this preliminary period much emphasis has been put upon interpretation of the need for a more personal and understanding approach in all our contacts, and the consideration of each applicant or pensioner as a person in his own right.

In Head Office members of a staff concerned only with the clerical side of old-age pensions, although working under heavy pressure, are becoming more aware of the implications of the written word and the advantage in certain situations of referral to the Social Service Division.

Supervision of the field staff must in this Branch, as in others, be largely by written communication. Because of the large number of cases at the receiving end in Head Office, and also the heavy case-loads in the districts, supervision during the first year has been confined almost entirely to guidance on social problems specially referred by the worker, or revealed in the field service reports submitted. The field staff were for the most part unfamiliar with the work and requirements in relation to the Old-age Pension Board. In spite of these facts it is felt that a conscientious effort was made to meet the situation, and there is evidence of the development of a better relationship between Board and pensioners.

In handling a new and heavy case-load it was inevitable that the problems first presented would be those of an emergent nature; hence, by far the greater number in this first year proved to be those of medical services and placement, with housing running a close third. Of 1,017 cases dealt with by the Supervisor of Social Service 40 per cent. were related to medical services apart from institutional care.

Through the Social Service Division it has been arranged that all workers newly appointed to the field should spend at least one day in the Head Office of the Old-age Pension Board. It is felt that such a contact is invaluable in developing attitudes toward the old-age group, in obtaining a clearer understanding of what the Board requires, and in familiarizing the worker with the volume and character of clerical work involved.

MEDICAL SERVICES.

Perhaps the most outstanding advancement in the field of care for the aged during the past year was their inclusion in a broadened programme of medical services. The Old-age Pension Board neither administers nor provides the funds necessary for this service, which is offered through a plan developed by the Department of the Provincial Secretary, designed to cover all persons in receipt of Social Assistance. While much is still to be done in clarifying and extending the services, the large number of cases which have already benefited and the varied problems presented during one year's operation of the plan are proof of its value to old-age pensioners. There are three or four factors which tend to restrict the service and create certain difficulties as far as the pensioners are concerned. These are the scarcity of doctors under present conditions, the hesitancy of many municipalities to accept the plan with the involved expense, the heavy demands made upon the medical profession by old people in general, and the isolated areas in which numbers of our pensioners reside. The first two will, of course, eventually be overcome. The same cannot be said of the last two, and constant interpretation of the services is necessary in the interest of every one concerned.

For those in the aged group who are no longer able to function without close supervision or specialized care, there are four Provincial institutions. These are the Old Men's Home at Kamloops; the Provincial Infirmary with three branches at Marpole, Victoria, and Allco; and the Home for the Aged at Essondale. In all of these old-age pensioners make up a large percentage of cases. Through the services of the field staff, more careful consideration is given to each placement and the earlier contact makes it possible, within the limits of the accommodation, to place the patient in the institution best suited to his needs and at the time when the help is most essential.

There is no question but that the public is concerned with the welfare of the older folk. Interest already expressed from time to time in Vancouver seemed to receive a fresh impetus with the new developments in the administration of old-age pensions. In November, 1943, a Committee on Care of the Aged was set up under the Family Division of the Greater Vancouver Council of Social Agencies. The Supervisor of the Social Service Division is serving actively on the executive of this body. Projects include the development of friendly visiting services, recreation with club-rooms for older people, and consideration of housing possibilities. It is felt that such activities could give a lead to some of our larger district centres.

CHANGES IN POLICY.

During the year under review certain changes in policy were made. These may be outlined briefly as follows:—

RESPONSIBILITY OF CHILDREN FOR THE SUPPORT OF THEIR PARENTS.

Regulation 17 contains a requirement that "contributions by children or contributions reasonably expected to be made by children" must be taken into account for the purpose of determining the income of any applicant. It will be noted that this requirement is couched in very general terms. For a time after this feature of the regulations came into effect the administration in British Columbia made fairly substantial demands on the children of applicants. Later these demands were modified somewhat and a scale of exemptions was adopted. Under this scale—

- (1.) A single son or daughter was given an exemption of \$1,100 a year plus the total amount of income tax paid before he or she was expected to contribute to the parent's support.
- (2.) A married daughter was entirely exempt except where she had an income independent of that of her husband.

- (3.) A married son living with his wife was given an exemption of \$1,800 plus the total amount of his income tax plus \$300 for each dependent child.

This scale of exemptions is still in use, but the present Board regards it more as a guide than as a strict rule. When it appears that the son of an applicant may be in a position to assist his parent his financial circumstances are investigated. If his income shows a surplus after all exemptions are allowed an inquiry is made to see whether there are exceptional circumstances that would justify his being excused from using part or all of this surplus to assist his parent. If there are no such circumstances he is interviewed by the worker for the district or is written to with a view to securing his co-operation. The regulations and the Board's policy are explained to him and his willing assistance is sought. Usually he responds favourably, but no applicant for pension is allowed to suffer want because of the persistent refusal or inability of his children to support him. In general, therefore, it may be said that the demands made upon children for contributions towards the support of their parents have been considerably relaxed.

TRANSFER OF PROPERTY.

Regulation 19 makes provision for appropriate action by the pension authority where an applicant or pensioner divests himself of property for wrongful reasons. If it is determined that a voluntary transfer has been effected by the applicant "for the purpose of qualifying for a pension" he is held to be ineligible until or unless the person to whom the property was transferred retransfers it to the applicant. Formerly retransfers were frequently required or applications were refused regardless of the value of the property transferred. It is now held, however, that if the value of the property in question is sufficiently low that at 5 per cent. it would have an income value to the applicant of less than the total amount of income allowed a pensioner under the Act the transfer could not be deemed to have been made "for the purpose of qualifying for a pension" because in such circumstances the applicant would have been eligible even if he had retained the property.

During the period under review the maximum income allowed by the Act was \$365 a year. At 5 per cent. it would require a property valued at \$7,300 to produce an income of that amount. Therefore, the transfer of a piece of property would not prevent the granting of at least a partial pension provided the value of the property involved was less than \$7,300 and there was no other income. As the properties owned by the great majority of pensioners are much less than this in value the effect of the new policy outlined is that very few applicants are now refused pensions because of voluntary transfers.

This change in policy affects costs in several ways. In the first place more pensions are granted. In the second place the pensions granted where voluntary transfers have taken place are apt to be larger than if the transfers had not been made because they will not be reduced to the extent of 5 per cent. of the value of the property as they might have been had the property been retained by the pensioners. Finally, the estates of deceased pensioners against which the pension authority in certain circumstances might have made claims for the recovery of the money paid out in pensions are likely to be less productive from that point of view.

VALUATION OF PROPERTY.

Regulation 17 reads in part as follows:—

"17. (a.) For the purpose of determining the income of any applicant, the pension authority shall take into account all sources of income including—

"(i.) . . .

"(ii.) real property at the rate of not less than five per centum of the assessed value or market value thereof (whichever be considered

the more equitable standard) exclusive of encumbrances, or, in the discretion of the pension authority, the net income from real property if the net income exceeds five per centum of the assessed value or market value thereof (whichever be considered the most equitable standard) exclusive of encumbrances."

Previously when calculating the income-producing capacity of real property owned by a pensioner under the above quoted regulation the administration used one standard of value only—namely, assessed value. During the past year, however, the new Board noted that the assessed value was not always in keeping with the fair market value. It was decided, therefore, to use "fair market value" as the standard of value thereafter. The assessed value is still used but only as a guide in arriving at the "fair market value." When the fairness of the assessed value is questioned by either the pensioner or a member of the field staff estimates of the real value of the property are obtained from not less than two, or preferably three, disinterested persons or agencies best qualified to judge. With these and the assessed value as guides the Board then determines what the fair market value is. The adoption of this policy has removed a considerable amount of criticism formerly received from pensioners who felt that their property was overassessed and that this was being permitted to work a hardship against them.

DISTRIBUTION OF PENSION COSTS AMONG PROVINCES.

Section 10 of the Act provides that when an applicant for pension has lived in another Province for part of the twenty-year period of residence necessary to qualify for a pension that other Province is responsible for its proportionate part of the cost of the pension. Previously, therefore, if the other Province had not yet accepted its responsibility on the date when the pension was due to commence British Columbia paid only its own portion and the pensioner did not receive the balance due him until the other Province concerned had received satisfactory proof of his residence there and had signified its acceptance of responsibility for its share. This often resulted in the pensioner failing to receive the full pension for a long period, and in some instances where it was not possible to prove residence in the other Province he never received it.

Now, however, as soon as the Board is satisfied that the applicant is eligible in every respect for full pension it pays him the maximum from the beginning, even if the other Province has not yet accepted its responsibility. In other words, the Board does the waiting for the balance of the pension instead of the pensioner. Usually it is only a matter of waiting, for the other Provinces are most co-operative and are always ready to accept their share of responsibility when given the proof of residence that is required. Occasionally, however, it happens that the necessary proof simply cannot be obtained. In that event British Columbia itself assumes responsibility for the cost of pension for the period of residence involved; hence the pensioner is not allowed to suffer any hardship. In fact, he is usually not even conscious of the fact that there was a problem involved in distributing the cost of his pension. By adoption of this policy the Board has removed at least one of the disadvantages to the pensioner of the residence qualification.

AGREEMENTS FOR SALE.

One of the minor but nevertheless troublesome problems of administrators of the Act has always been to determine how to deal most fairly with payments received by pensioners on agreements for sale. Under Regulation 17, which deals with income, it is stipulated that the income-producing capacity of real property should be estimated as being equivalent to 5 per cent. of its value. On the other hand, the income value of cash and securities or personal property is supposed to be estimated on the basis of the amount of the Canadian Government Annuity which they would buy for the

pensioner. When a pensioner sells a piece of property for so much cash and so much to be paid in instalments it is of course clear that the cash received (less any exemptions) must be considered on the basis of the amount of annuity purchasable with it. As for the instalment payments, however, the question arises as to whether they should simply be regarded as income in the same way, for instance, as wages would be regarded, or whether they should be considered on the annuity basis or the 5-per-cent. basis.

For some time in this Province instalment payments had been treated as income and there was much to be said for this policy. To say the least, as long as such payments were coming in the pensioner had these funds for his maintenance. But the greatest merit in the policy lay in the fact that when the last instalment was received the effect of these payments ceased and the pensioner could be put back on full pension once more—provided, of course, there were no other reasons for his receiving less than the maximum. Moreover, the plan was simple and was fairly readily understood by the pensioners.

On the other hand this plan was subject to the effective criticism that the payments on the agreement of sale constitute a return of capital and consequently cannot properly be regarded as income. During the first half of the year under review much criticism was heard on this score. For this reason the policy was discontinued. But the annuity plan presented objections also. In the first place, if the pensioner were told that his pension was to be reduced by the amount of the annuity which he would be able to buy with the payments when received, he might well ask how he could be expected to live in the meantime, for he would not be able to buy an annuity immediately since he did not yet have in his possession the money with which to secure it. It would hardly be feasible, on the one hand, to require him to buy an annuity on the receipt of each monthly payment and on the other to adjust his pension downward each month.

After making a study of the policies followed in each of the other Provinces, therefore, and after considering the problem from every angle, it was decided that in future the amount of the unpaid balance involved in the agreement for sale would be considered on the 5-per-cent. basis until the final payment was made, whereupon it would be considered on the annuity basis. This policy, though open to criticism on some grounds, has been found to work satisfactorily to date.

OFFICE REORGANIZATION.

The new Board had been in office only a short time when a marked increase in the volume of work became noticeable and this increase continued throughout the year. Some of the causes of the increase may be stated as follows:—

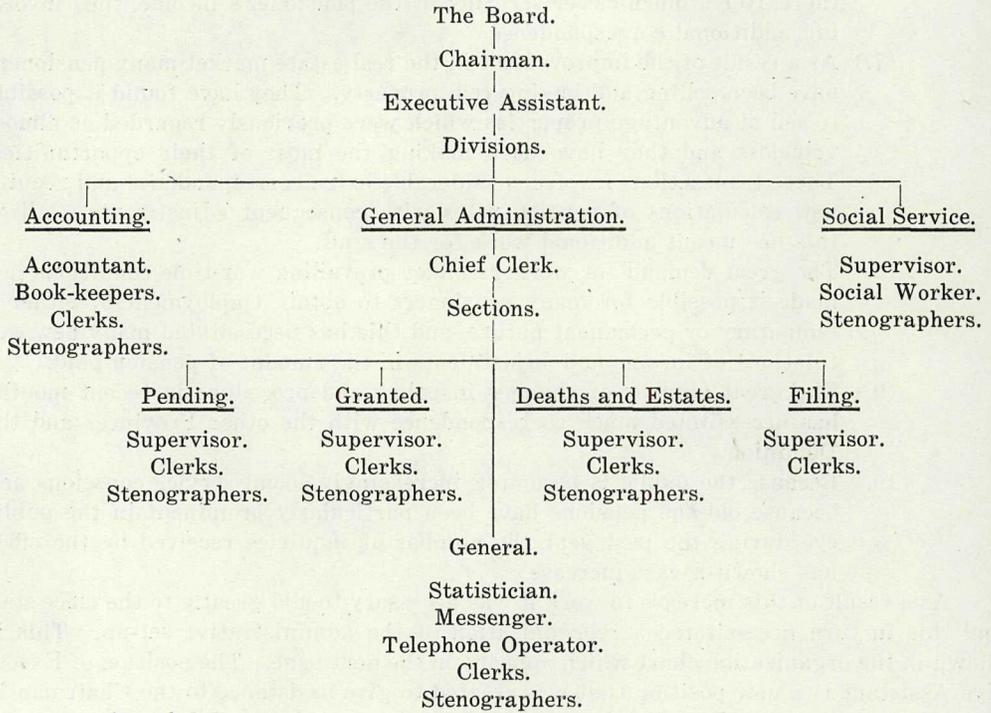
- (1.) The mere announcement of the change in administration and anticipation of changes in policy caused many additional persons to make application for pension and many others to apply for reconsideration.
- (2.) Whereas formerly the office staff had to serve only six visitors working out from head office now it has to serve some sixty field workers stationed throughout the Province. This meant a tremendous increase in the volume of mail that had to be handled.
- (3.) The inauguration of a general follow-up social service added greatly to the work of both the office and the field staff. As explained elsewhere in this report, this is an extensive new service that was not given before.
- (4.) The extension of free medical service to pensioners increased the work to a considerable degree. Inquiries alone in this connection have added extensively to the correspondence.
- (5.) The necessity of writing letters of a friendly and understanding nature has been stressed with the staff. Such letters require more time to write.

- (6.) The increase in pension rate in September, 1943, without a corresponding increase in total allowable income not only meant the initial additional work involved in making the increases in individual pensions but required thereafter a much closer scrutiny of the pensioner's income, thus involving additional correspondence.
- (7.) As a result of the improvement in the real-estate market many pensioners have been selling and buying real property. They have found it possible to sell at advantage properties which were previously regarded as almost valueless and they have been making the most of their opportunities. These transactions involve considerable extra correspondence and require new calculations of pension rates with consequent adjustments. All of this has meant additional work for the staff.
- (8.) The great demand for workers under prevailing war-time conditions has made it possible for many pensioners to obtain employment of either a temporary or permanent nature, and this has necessitated many new calculations of income and adjustments in the amount of pension paid.
- (9.) The great number of changes in policy and procedure in recent months has necessitated much correspondence with the other Provinces and the Dominion.
- (10.) Because the public is becoming increasingly social service conscious and because old-age pensions have been particularly prominent in the public eye during the past year the number of inquiries received by the office has shown a vast increase.

As a result of this increase in work it was necessary to add greatly to the office staff and this in turn necessitated a reorganization of the administrative set-up. This is shown in the organization chart which appears on the next page. The position of Executive Assistant is a new position that was created to give assistance to the Chairman in carrying out his administrative duties. The members of the staff doing the accounting work who had formerly been under the Chief Clerk were grouped together to form a new "Accounting Division" with an accountant at its head while the remaining members in the General Administration Division were grouped into four sections—Pending, Granted, Deaths and Estates, and Filing—with a supervisor over each. As already mentioned earlier in this report, a new division known as the "Social Service Division" was set up at the beginning of the year.

ADMINISTRATION OF OLD-AGE PENSIONS.

ORGANIZATION CHART.



GRAPHIC PRESENTATION.

On the following page will be found a graphic presentation of the trends in old-age and blind pensions in British Columbia from the coming into force of the Act in 1927 to the end of the fiscal year 1943-44.

The three graphs shown are made out on semi-logarithmic paper to indicate percentage variations in trend rather than numerical variations, as the nature of the records on which they are based lends itself better to this type of graph.

The red line shows the trend in cost of pensions; the unbroken black line shows the trend in number of persons in receipt of pensions; and the broken line shows the trend in total population. These graphs are based on statistical records of the Old-age Pension Board and population figures from Dominion census records.

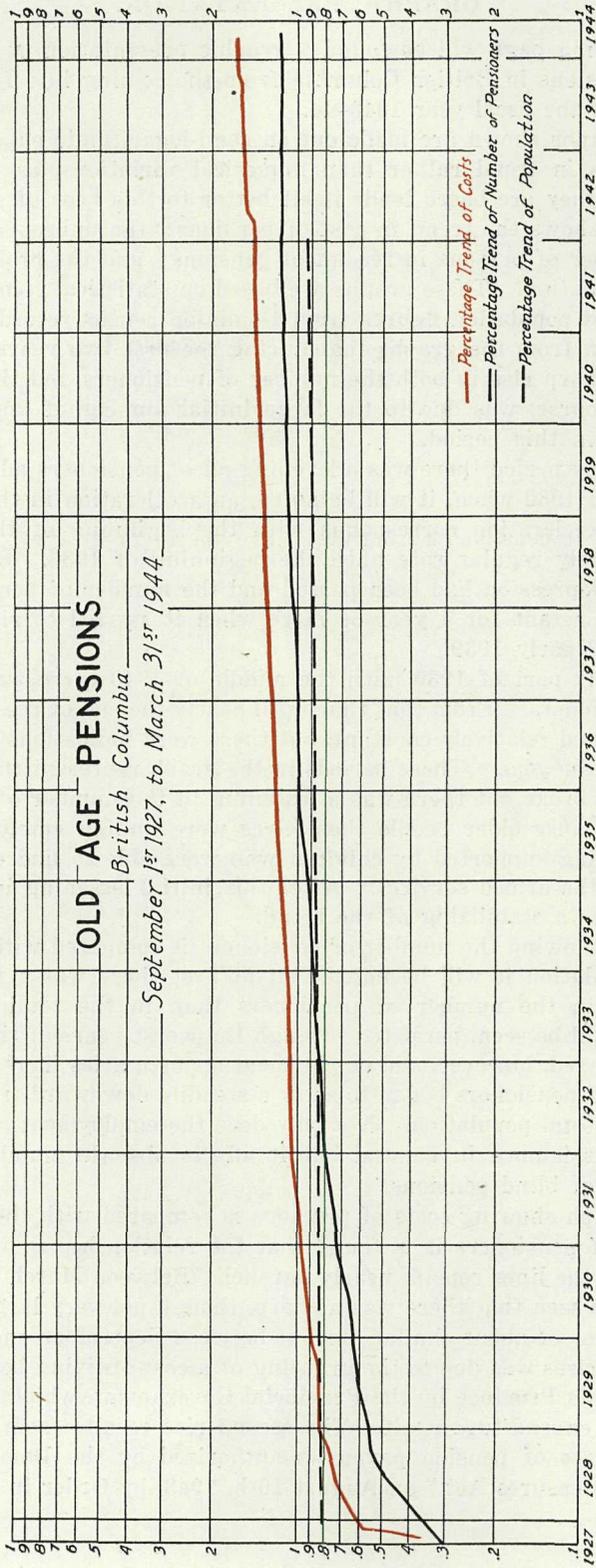
It will be seen from the graphs that during the first two years' operation of the Act there was a sharp rise in both the number of pensioners and the cost of the pensions. This, of course, was due to the large initial number of applicants who were granted pensions in this period.

After this early period there was a levelling-off of pensioners added to the pay-roll until the middle of 1930 when, it will be noted, an acceleration in the rate of increase occurred. This acceleration corresponds with the beginning of the depression and continued at a fairly regular rate until the beginning of 1936. By this latter date the worst of the depression had been passed and the number of pensioners thereafter remained fairly constant for a year or more when it started to rise again and continued rising until early 1939.

From the early part of 1939 until the middle of 1940 there was a slackening-off in number of pensioners. From that time until nearly the end of the year under review the number remained relatively constant, but there were indications of another upturn just at the end of the year. These periods in the graph represent the early war years. At first after war broke out there was a lessening in the number of pensioners added to the pay-roll because older people themselves were finding employment or because they were now being supported by children who were able to find employment either in industry or in the armed services. After this initial lessening in rate of increase, however, there was a stabilizing of the trend.

If the graph showing the number of pensioners is compared with the graph representing total population it will be noted that at first there was a much greater percentage increase in the number of pensioners than in the total population. This circumstance, it will be seen, persisted through the worst years of the depression. As the depression relaxed, however, and employment opportunities increased it is observed that the number of pensioners began to show a steadily downward trend in comparison with the trend in total population. Not only does the employment situation affect the record of social assistance in general but it affects also the number of people who apply for old-age or blind pensions.

When the graph showing costs of pensions is compared with the graph representing the number of pensioners it is found that the relationship is normal for most of the period so that the lines remain nearly parallel. Between March and April of 1942, however, it will be seen that there was a sharp, though not very large, percentage rise in costs and another of about similar amount between September and October of 1943. The first of these rises was due to the granting of a cost-of-living bonus of \$5 a month to pensioners in this Province by the Provincial Government, which bears the full cost of this additional expenditure itself. The second rise results from an increase of \$5 a month in the rate of pension payments authorized by the Dominion Government under the "War Measures Act" on August 10th, 1943, by Order in Council P.C. 6367.



STATISTICS FOR THE YEAR ENDED MARCH 31ST, 1944.

OLD-AGE PENSIONS.

TABLE 1.—DISPOSITION OF APPLICATIONS.

| | Current Year. | Total to March 31st, 1944. |
|---|---------------|----------------------------------|
| Number of new applications received | 1,668 | 31,546 |
| Number of new applications granted | 1,390* | 28,007 |
| Number of new applicants ineligible | 194 | ----- |
| Number of new applications pending | 87 | ----- |

* Includes some held over from previous year.

TABLE 2.—MISCELLANEOUS.

| | |
|---|--------|
| Number of B.C. pensioners returned to B.C. | 70 |
| Number of new "other Province" pensioners transferred to B.C. | 485 |
| Number of B.C. pensioners transferred to other Provinces ... | 113 |
| Number of pensioners from other Provinces transferred out of B.C. or suspended | 242 |
| Number of B.C. reinstatements granted | 185 |
| Number of B.C. pensions suspended | 286 |
| Number of deaths of B.C. pensioners | 1,416 |
| Total number of pensioners on pay-roll at end of fiscal year ... | 14,481 |

TABLE 3.—CAUSES OF INELIGIBILITY OF APPLICANTS.

| | |
|---|-----|
| Ineligible on account of age | 40 |
| Ineligible on account of residence | 22 |
| Ineligible on account of citizenship | 5 |
| Ineligible on account of income | 43 |
| Ineligible on account of assistance from children | 15 |
| Ineligible on account of transfer of property | 7 |
| Ineligible for other miscellaneous reasons | 62 |
| Total number ineligible | 194 |

TABLE 4.—SEX OF PENSIONERS.

| | |
|---------------|-------|
| Males | 676 |
| Females | 714 |
| Total | 1,390 |

TABLE 5.—MARITAL STATUS OF PENSIONERS.

| | |
|-----------------|-------|
| Single | 237 |
| Married | 562 |
| Widows | 342 |
| Widowers | 146 |
| Separated | 93 |
| Divorced | 10 |
| Total | 1,390 |

TABLE 6.—CLAIMS AGAINST ESTATES.

| | |
|---|-------------|
| Number of cases of deaths | 1,416 |
| Number of cases where claims made | 318 |
| Number of cases where claims were waived or withdrawn in favour of beneficiaries | 45 |
| Number of claims on which collections were made (including some cases from former years) | 338 |
| Total amount collected | \$74,612.61 |

TABLE 7.—PERCENTAGE OF PENSIONERS TO POPULATION.*

| | |
|---|-------|
| Percentage of pensioners to the total population of the Province | 1.61 |
| Percentage of all persons over 70 years of age to the total population of the Province | 4.67 |
| Percentage of pensioners to the population over 70 years of age | 34.48 |

* Percentages based on population estimated as at June 1st, 1943, by Dominion Bureau of Statistics.

BLIND PENSIONS.

TABLE 1.—DISPOSITION OF APPLICATIONS.

| | Current Year. | Total to March 31st, 1944. |
|---|------------------|----------------------------------|
| Number of new applications received | 35 | 549 |
| Number of new applications granted | 27 | 419 |
| Number of new applicants ineligible | 3 | — |
| Number of new applications pending | 5 | — |

TABLE 2.—MISCELLANEOUS.

| | |
|---|-----|
| Number of B.C. pensioners returned to B.C. | 2 |
| Number of new "other Province" pensioners transferred to B.C. | 7 |
| Number of B.C. pensioners transferred to other Provinces | 2 |
| Number of pensioners from other Provinces transferred out of B.C. or suspended | 3 |
| Number of reinstatements granted | 1 |
| Number of B.C. pensions suspended | 12 |
| Number of deaths of pensioners | 22 |
| Total number of pensioners on pay-roll at end of fiscal year | 323 |

TABLE 3.—CAUSES OF INELIGIBILITY OF APPLICANTS.

| | |
|--|---|
| Ineligible on basis of sight | 2 |
| Ineligible on basis of residence | 1 |
| Total number ineligible | 3 |

TABLE 4.—SEX OF PENSIONERS.

| | |
|---------------|----|
| Males | 22 |
| Females | 5 |
| Total | 27 |

TABLE 5.—MARITAL STATUS OF PENSIONERS.

| | |
|-----------------|----|
| Single | 2 |
| Married | 16 |
| Widows | 0 |
| Widowers | 7 |
| Separated | 2 |
| Divorced | 0 |
| Total | 27 |

FINANCIAL STATEMENT FOR FISCAL YEAR ENDED MARCH 31ST, 1944.

TABLE 1.

| | | Bonus. | Pensions. |
|---|----------------|--------------|----------------|
| Total amount paid pensioners in British Columbia— | | | |
| Old-age | \$4,604,070.76 | | |
| Blind | 106,345.79 | | |
| Total | \$4,710,416.55 | \$820,983.92 | \$3,889,432.63 |
| <i>Less—</i> | | | |
| Amount of refunds from pensioners and estates— | | | |
| From estates of old-age pensioners | \$74,612.61 | | |
| From estates of blind pensioners | 85.00 | | |
| Overpayments refunded by old-age pensioners .. | 4,260.29 | | |
| Overpayments refunded by blind pensioners | 50.00 | | |
| Miscellaneous refunds from old-age pensioners .. | 1,674.07 | | |
| Miscellaneous refunds from blind pensioners .. | 30.00 | | |
| Total | \$80,711.97 | | \$80,711.97 |
| Net amount paid pensioners in British Columbia— | | | |
| Old-age | \$4,523,523.79 | | |
| Blind | 106,180.79 | | |
| Total | \$4,629,704.58 | \$820,983.92 | \$3,808,720.66 |
| <i>Add—</i> | | | |
| Amount paid other Provinces on account of pensioners for whom British Columbia is partly responsible— | | | |
| Old-age | \$23,669.17 | | |
| Blind | 427.96 | | |
| Total | \$24,097.13 | \$4,770.00 | \$19,327.13 |

TABLE 1—Continued.

| | | Bonus. | Pensions. |
|---|----------------|--------------|----------------|
| <i>Less—</i> | | | |
| Amount received by British Columbia on account of pensioners for whom other Provinces are partly responsible— | | | |
| Old-age | \$220,391.41 | | |
| Blind | 4,090.76 | | |
| | | | |
| Total | \$224,482.17 | \$33,318.15 | \$191,164.02 |
| <i>Less—</i> | | | |
| Amount refunded by the Dominion Government— | | | |
| Old-age | \$2,791,031.33 | | |
| Blind | 65,828.76 | | |
| | | | |
| Total | \$2,856,860.09 | | \$2,856,860.09 |
| Total amount of pensions paid by British Columbia— | | | |
| Old-age | \$1,535,770.22 | | |
| Blind | 36,689.23 | | |
| | | | |
| Total | \$1,572,459.45 | \$792,435.77 | \$780,023.68 |

TABLE 2.—SUPPLEMENTAL ALLOWANCES.

| | |
|--|--------------|
| Gross amount of supplemental allowances paid in British Columbia | \$825,753.92 |
| Supplemental allowances refunded by other Provinces..... | 33,318.15 |
| | |
| Net supplemental allowances paid by British Columbia | \$792,435.77 |

TABLE 3.—ADMINISTRATION EXPENSES FOR YEAR ENDED MARCH 31ST, 1944.

| | |
|-------------------------------------|-------------|
| Bank Exchange | \$1,546.53 |
| Salaries and Special Services | 44,112.36 |
| Travelling Expenses | 655.07 |
| Telegraph and Telephone | 1,015.00 |
| Postage | 8,546.32 |
| Printing and Stationery | 5,801.89 |
| Maintenance and Equipment | 163.77 |
| Miscellaneous | 2,576.46 |
| | |
| Total | \$64,417.40 |

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1944.