

RESTRAINT has taken its toll on teachers in the Prince George area. As a result, some of them are leaving. Page **3**

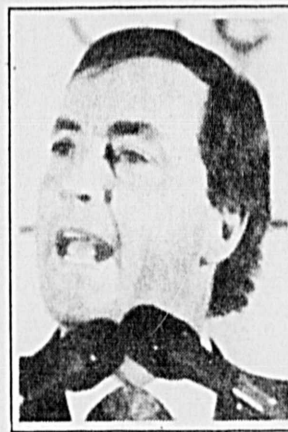
THE SPRUCE Kings lost a close one to the Vernon Lakers, but they proved they can compete with B.C. Junior Hockey League teams. Page **13**

LOOKING for Christmas gifts for a friend or relative who invests in the stock market? You have a wealth of items to choose from. Page **18**



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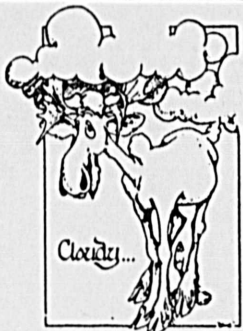
Sadrack says

It should be mostly cloudy tonight with a few snow showers this afternoon with fog patches Sunday morning and clear skies later in the day.

The expected high today should reach -2, the low -8, rising to a high of 0 Sunday.

The high Friday was -5, the low -12, there was no sunshine recorded and just a trace of precipitation.

This day last year it was cloudy, the high



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was 0, the low -16 and five cm of snow fell.

Sun sets today at 3:49 p.m. and rises Sunday at 8:23 a.m.

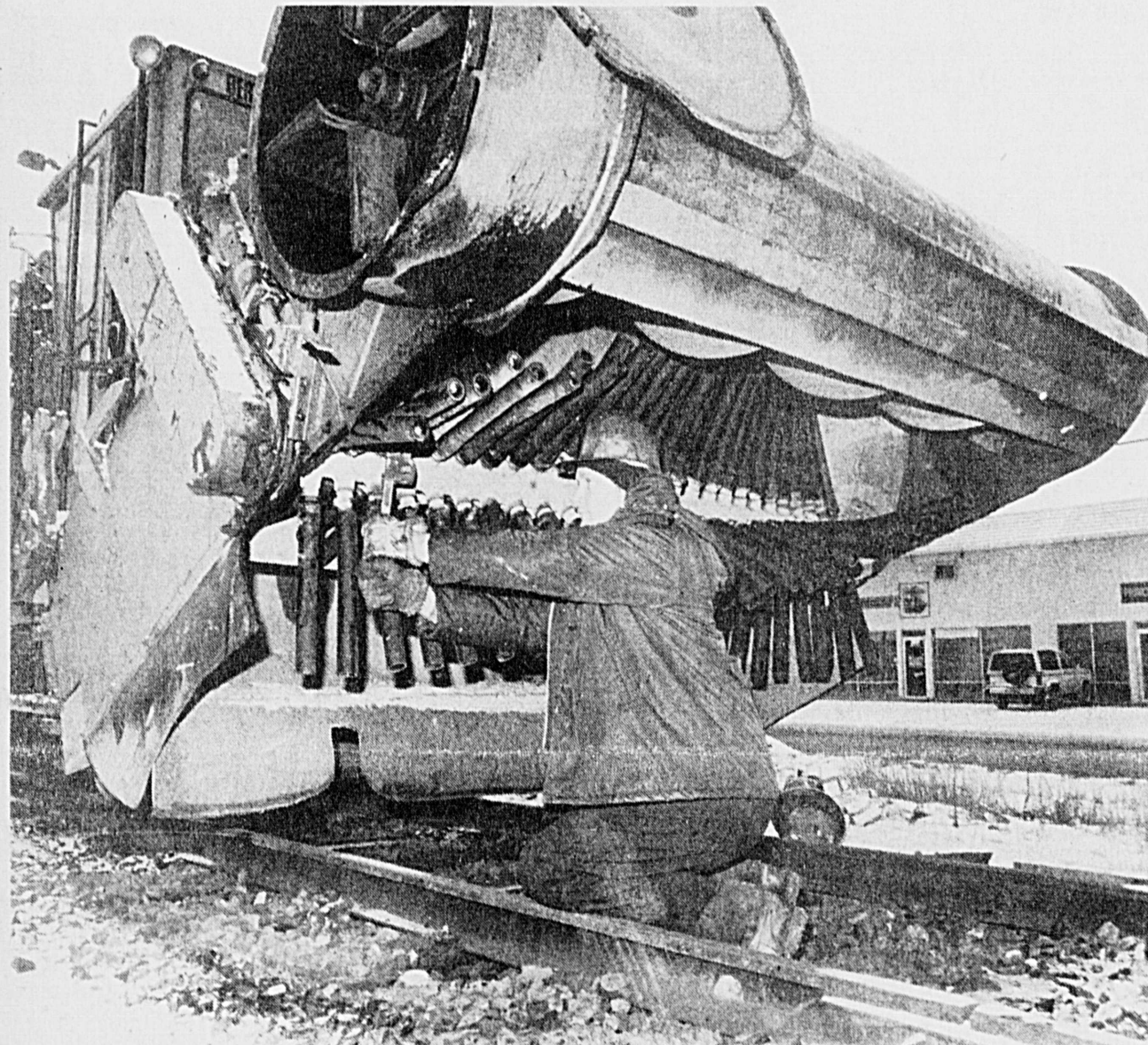
The Citizen

Prince George

40¢

Saturday, December 14, 1985

Pension, tax bills to increase



Preparing for wintry blasts

CN Rail machinist Mike Kaiser changes the brushes on one of three heavy-duty "Bertpyke" snowblowers at the CN yard on First Avenue to prepare for the inevitable. The equipment is used to clear between the rails and to spread ballast on rail tracks in the area surrounding Prince George. Unfortunately, it doesn't do driveways.

Citizen photo by Lisa Murdoch

By LES WHITTINGTON

Southam News

TORONTO — A larger chunk of Canadians' paycheques will go for pension contributions and provincial taxes as a result of new agreements between the provinces and Ottawa.

Beginning in 1987, employees' contributions to the Canada Pension Plan will increase gradually for the next 25 years, federal Finance Minister Michael Wilson announced Friday.

And provincial finance ministers bitterly raised the spectre of tax increases by their governments after failing to budge Wilson from planned reductions in the funds Ottawa transfers to the provinces.

Speaking of Wilson's decision to cut \$6 billion from federal payments transferred to the provinces between 1987 and 1991, Ontario Treasurer Robert Nixon said, "the finance minister indicated he is intransigent."

Nixon said the reductions would have a dramatic adverse affect on Ontario's medical services and post-secondary education.

Hinting at a tax increase, he said, "Obviously we're going to have to raise some additional money."

At a press conference after the annual federal-provincial finance ministers' meeting, Wilson also said "a consensus has not developed" on expanding the CPP to include homemakers. It was a major Tory campaign promise, but Wilson has run into opposition from some provinces which are worried it will drive up their budgets.

The schedule of increases in CPP funding agreed to by Wilson and his provincial counterparts will raise an average employee's annual maximum contribution in 1987 to \$457.90, up \$24.10 from what it would have been under the previous system.

By 1996, an average worker will have \$901.48 a year deducted from annual pay as a result of the increases. This contribution is matched by employers.

The contribution rates for the CPP and the Quebec Pension Plan will remain identical over the next five years.

"The changes we are proposing will ensure the financial health of the CPP in the decades to come," Wilson said.

"They will also result in each generation of working Canadians contributing fairly to the cost of the benefits they themselves eventually receive."

The CPP has not had an increase in funding levels since it was set up in 1966 to pay retirement pensions, and Ottawa has maintained it was in danger of going broke.

The fund now stands at \$30 billion, but Wilson predicted it would begin to decline in 1994 and be completely depleted by 2003 as Canada's aging population makes increasing demands on the CPP.

In exchange for higher CPP contributions, Canadians will become eligible to draw on the pension fund at age 60, rather than 65 under previous rules, Wilson said.

Also, survivor benefits will no longer be terminated if a widow or widower remarries, and the right to receive benefits will be restored to those who have lost them. Wilson said about 35,000 people would qualify for reinstatement, although they will not receive back payments.

There will also be enhanced payments to those who become disabled, including an \$88-a-month increase in the flat rate portion of the benefit payment. This brings the maximum possible benefit to \$550 a month at 1985 levels. Wilson said 140,000 people will benefit from this measure.

The CPP contribution rate, now 3.6 per cent on the first \$23,400 of an individual's salary, will increase by 0.20 of a percentage point a year for the first five years of the schedule and by 0.15 of a percentage point for the remaining 20 years.

In 1987, the rate will be 3.8 per cent, rising gradually to 7.6 per cent by 2011. The schedule will be reviewed every five years.

Currently, 1.7 million Canadians are receiving benefits totalling \$4.8 billion annually from the CPP.

Nova Scotia Finance Minister Greg Kerr, commenting on the reduced transfer payments planned by Wilson, said: "It's a pretty difficult problem for the provinces."

As the level of government responsible for providing medical and educational services, Nova Scotia now faces the "very unenviable task of trying to maintain levels without the fiscal capacity to do it," Kerr said.

Manitoba Finance Minister Vic Schroeder said Wilson "made the wrong choices."

"The choices are basically to look after the people of the country or the corporations," he said, referring to tax breaks the federal government has given to business.

Quebec Finance Minister Gerard D. Levesque said he still hopes Wilson will reconsider the cutback in provincial transfer payments.

PLUS!
TABLOID
INCLUDED

Kube delighted with IWA move

VANCOUVER (CP) — The executive board of the International Woodworkers of America has recommended its British Columbia locals re-affiliate with the B.C. Federation of Labor after a one-year absence.

Bob Blanchard, a union vice-president, said Friday the board also proposed a \$20,000 contribution to the federation's Unemployed Action Centres.

The move follows a change in the federation's regulations on delegate entitlement to annual conventions. An amendment passed at last month's convention will mean representation and per-capita dues will be determined by the number of members a union has and not its structure.

Eleven of 13 locals in the 35,000-member woodworkers union have withheld all but token federation dues since last year's convention, when IWA president Jack Munro lost his union's traditional position as federation first vice-president.

Munro blamed the defeat — to forest industry rival Art Gruntman of the Canadian Paperworkers Union — in part on the delegate formula, which gave a relatively large number of delegates to unions with many small locals, and penalized the IWA, with its few large locals.

The woodworkers, the largest private-sector union in the province and a key player in federation policy, also withdrew from federation committee work.

The loss of IWA dues cost the federation close to \$180,000 and Blanchard called the proposed \$20,000 payment to the action centres a show of "good faith."

Woodworkers re-affiliation will be discussed by the federation executive Jan. 8. Federation president Art Kube said he is confident the union will be accepted, adding it is a positive move for labor unity.

Kube also said he will recommend that the IWA be allowed to fill a vacant spot on the 39-member executive council.

Kitwanga band claims victory in land dispute

VANCOUVER (CP) — CN Rail has agreed to return to the 500-member Gitwankak Indian band 11 hectares of property severed from the band's Kitwanga reserve in northwestern B.C. in 1910.

But a band claim to another 28 hectares of railway right-of-way, splitting the reserve 100 kilometres east of Terrace, will be heard later in court.

"It's a victory," said Chief Glen Williams, following 11 hours of negotiation Thursday with CN Rail regional vice-president Thors Walker. "It's taken over 75 years to see some resolution to this."

Walker said he is satisfied with the settlement and "hopefully it will establish a new basis for a long-standing relationship" with the band.

Walker said CN Rail will quash a B.C. Supreme Court injunction prohibiting band members from entering the disputed 39 hectares. In return, Williams said band members will end a roadblock that has blocked access to the property.

The agreement provides for transfer of the 11 hectares to the band within 60 days, negotiation of a lease for a CN Rail maintenance yard currently located on the property and litigation of both the band's claim to the other 28 hectares and compensation for past use of all 39 hectares.

Railway speed limits — now 80 kilometres an hour for passenger trains and 72 kilometres an hour for freight trains — will be reduced to a uniform maximum of 55 kilometres an hour throughout the 1,320-hectare reserve.

CRASH CAUSE UNKNOWN

Ill-fated jet was 'defective'

Citizen news services

A former pilot for Arrow Air, the operator of the U.S. military flight that crashed in Newfoundland with the loss of 256 lives, said Friday the airline's maintenance standards were so lax that he and most British crew members resigned from the Miami-based company.

The former Arrow Air pilot, James Court, said: "My first assessment (of Arrow maintenance) was that the chaps who were trying to maintain the aircraft didn't know what they were doing."

"If an engine is known to deteriorate at 10,000 hours, it would be pulled at 8,000 hours and overhauled to prevent and anticipate breakdowns," Court said. "There didn't seem to be any

procedure like that at Arrow."

In Miami, Arrow Air spokesman Robin Mattell told The Associated Press: "We have never flown an airplane that is not completely safe to fly. We have been and continue to be in complete compliance with all FAA rules and regulations."

In San Diego, Calif., a maintenance worker who said he worked on the DC-8 jet that crashed Thursday said one of the plane's engines had serious malfunctions in July.

Randy Stirrm said the No. 3 engine had faulty valves when it was serviced at McChord Air Force Base in Tacoma, Wash. He said the condition can lead to a buildup of fuel and engine explosion in flight.

Stirrm said two Arrow Air mechanics

installed new valves in July but didn't change a faulty in-line filter, which can lead to fuel buildup in the engine.

Stirrm said he was working at the time for ServAir, a company that does subcontract maintenance work for airlines, including Arrow Air. He now is employed by Pacific Southwest Airlines in San Diego.

Meanwhile, Transport Canada's investigation into Thursday's crash of a chartered DC-8 jetliner in Gander risks being hindered because neither flight recorder on the plane has yielded useful information.

Peter Boag, who is leading a diversified team of 40 investigators, said the so-called black boxes have provided no clues so far into the pre-dawn disaster.

Was UFO claim just hot air?

by MALCOLM CURTIS
Staff reporter

It wasn't Santa Claus, says Victor Holt.

And it wasn't Halley's Comet, the Tumbler Ridge resident says.

And no, he hadn't been nipping at the egg nog.

Holt, a professional photographer, says he saw a spaceship that shone its light on the northeast British Columbia coal town last week.

"Nothing's going to convince me it wasn't a spaceship up there," said Holt, 33.

Unfortunately he didn't have a camera with him at the time.

But Brenda Hillier, a high school student, said she saw something matching the description given by Holt as she walked home from the town recreation centre Dec. 7.

About 10 p.m. Holt said he saw a

barrel-shaped object above the trees while walking home from work.

"It was like a barrel with lights on the side of it," he said in an interview Friday.

"There was a row of orange lights and a row of blue lights, it was kind of like a starburst."

"It hovered down in front of me then a white rotating spotlight shone on Tumbler and then shone right on my face like a flashlight."

"It flickered on me and then it took off like a rocket right into the Big Dipper (a constellation) and faded into the sky with an orange glow until it disappeared."

Holt reported his sighting to the RCMP immediately.

"They asked me if I'd had a nervous breakdown, if I was on any medication, all that," he said.

Mounties believe Holt is the victim

of a prank although they initially sent a report of the UFO sighting to RCMP headquarters in Ottawa.

After an article appeared in a local paper Wednesday, two youths came to the police station and admitted to setting a dry cleaning bag on fire.

"They were just trying to make a hot air balloon," said Const. Dave Downey. "I suppose the light reflecting off the plastic bag could have given off a lot of colors."

The youths used straws to make a frame to which they attached birthday candles. "They lit the candles and off she went," said Downey.

No charges are being laid.

Holt is convinced it wasn't a prank. "I'd like to see how they did it. I saw that thing hover up and down vertically and horizontally for 10 minutes."

See UFO, Page 2