House of Commons
CANADA

Standing Committee on the Status of Women

FEWO • NUMBER 040 • 2nd SESSION • 40th PARLIAMENT

EVIDENCE

Tuesday, November 17, 2009

Chair

The Honourable Hedy Fry

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● (1535)

[*English*]

The Vice-Chair (Ms. Candice Hoeppner (Portage—Lisgar, CPC)): I'd like to call to order meeting number 40 of the Standing Committee on the Status of Women.

We're very pleased to have witnesses here today from Watson Wyatt Worldwide. They are Terence Yuen, senior economist, and Martine Sohier, senior consulting actuary. We also have Jean-Pierre Laporte, as an individual, and from the Conseil d'intervention pour l'accès des femmes au travail, we have Ruth Rose-Lizée.

Each of you has 10 minutes to present, and then we will have questions and answers.

Perhaps the first presenter would like to begin. We'll start with Watson Wyatt Worldwide.

Thank you.

Mr. Terence Yuen (Senior Economist, Canadian Research and Innovation Centre, Watson Wyatt Worldwide): Thank you for inviting us to present at today's meeting.

There are many issues, in fact, that we can discuss under the general theme of women and pension security, ranging from the high poverty rates among women living on their own to the longer average life expectancy of women compared to men. However, in light of the time restrictions, we will focus on the issue of employer-sponsored pension coverage in Canada, and particularly on the difference between men and women working in the private sector.

We note that while statistics indicate that the percentage of women covered by a private pension plan has increased over time, there is still a substantial gap between women and men. As we'll discuss, we believe this gap is caused by a combination of the industries women tend to work in and the percentage of women working part time. We believe there is a need to take steps to increase pension coverage levels for women, and for Canadians as well, and we have some suggestions on how to accomplish this.

Many studies have shown that the number of women covered by employer-sponsored pensions has been rising over time. In 1978, less than 15% of the female working-age population were active members of workplace pension plans. The number has increased to over 20% in 2008. This trend is driven both by increasing participation of women in the labour force and by revisions to pension legislation that require employers with pension plans to include part-time workers.

At first glance, the gap between men and women has narrowed substantially over the past three decades. Indeed, the 2008 numbers from Statistics Canada show that the overall coverage is very similar for male and female workers. However, if we exclude the public sector and focus only on the private sector, the coverage among women, at 23%, remains significantly lower than among men, at 32%.

There are two main reasons. First, female employment in the private sector tends to be more concentrated in the service sector, which consists of a lot of small firms without pension plans. In contrast, a larger proportion of male workers are employed in the goods-producing sector, which tends to have larger and more heavily unionized employers, who are, therefore, more likely to offer pensions to their employees.

The second reason, perhaps a surprising one, is the difference between male and female workers within industries. To give you an example, in 2008, 42% of men working in the manufacturing sector had pension coverage, compared with only 33% of female workers in that sector.

In sum, to increase pension coverage among women working in the private sector, we need to answer two fundamental questions. First, how can we increase pension coverage in small and medium-sized companies in the service sector? Second, what type of pension system would be most helpful to non-standard and part-time workers?

I will now turn things over to Martine, who will discuss some possible solutions to increase coverage in light of the situation I have just described.

Ms. Martine Sohier (Senior Consulting Actuary, Retirement, Watson Wyatt Worldwide): As we think about the solutions to increase pension coverage and the adequacy of pension savings for women working in the private sector, we need to consider the following factors.

Many women face interruptions in their working career, generally to take care of children and other family members. These interruptions translate into fewer years of potential pension coverage for women who have access to a pension plan.

As women leave and re-enter the labour force, they most often transition into new jobs. This means that new waiting periods must be observed before they qualify for membership in a new pension plan.

We know that part-time work is more prevalent among women than men. Part-timers may accrue significantly lower pension accruals during their working period, which can easily range from a decrease of 20% to 40% compared to full-time employees.

Women still have a longer life expectancy than men at retirement, which translates into the need to accumulate additional pension savings. Under current economic conditions, women may need to save between 8% and 10% more than men to maintain the same standard of living during retirement.

As we examine ways to increase coverage for women in the private sector, we need to consider new pension models that offer flexibility to accommodate women's working patterns. Solutions should also consider the longer life expectancy of women as well as the need for portability. Increasing pension coverage is of course more urgent for smaller firms, as well as for industries that do not offer pension plans.

Traditionally, the vast majority of pension plans have been either defined benefit or defined contribution plans. There has been a growing concern among employers about the financial risks associated with DB plans, which has been amplified by the current economic conditions. In response to this concern, many companies have now closed their DB plans. While some have replaced them with DC plans, there are concerns that many such plans will not provide an adequate income replacement stream for retirees. These concerns highlight the need for flexibility in developing possible ways of increasing pension coverage and suggest that plan designs beyond the typical DB and DC spectrum be considered.

One possible solution to the coverage issue is to expand the public pension system. For example, Alberta and B.C. are proposing the creation, either nationally or regionally, of a voluntary supplementary DC plan on top of the existing Canada/Quebec Pension Plan. While there are many ways to add another layer of C/QPP, the fundamental idea is to implement a provincial or national plan targeting Canadians not covered by an employer-sponsored pension plan. While the current public pension system, including OAS, GIS and C/QPP, should replace between 30% and 40% of income for average workers, the additional layer could potentially increase their income replacement ratio to a range varying between 50% and 70%.

Another potential solution is to focus on increasing coverage and pension savings among small and medium-sized companies. One way to do this is to encourage the formation of multi-employer plans that can be industry or trade based. The advantage of multi-employer plans over a second tier of C/QPP is to add flexibility and to actually meet the special needs of employees in different companies or industries.

Under a DC approach, the employer would contribute a minimum fixed amount with a corresponding employee contribution. For example, a 2% contribution from both the employer and employee could bring the income replacement ratio for the average worker to a total target of approximately 50% to 60%, including OAS and C/QPP. Employers would have the opportunity to contribute additional amounts as they wish. Additional employee contributions would be encouraged by the fact that employers would be able to make matching contributions aligned with each employer's desire to contribute. In addition to increasing pension coverage and savings, women participating in these plans would be able to contribute during their years of unemployment as well as to complement their pension savings during their part-time working years.

These larger funds would benefit from lower management fees and professional investment management oversight.

Partial and gradual annuitization should be offered among these plans to guarantee an income during retirement. It could even be mandated to a certain extent to ensure a minimum guaranteed income at retirement. By gradually converting a small amount of the accumulated pension savings each year into a lifetime annuity, a guaranteed income would be built over the years. Unisex rates should be used in the purchase of these annuities.

● (1540)

An alternative to a DC model would be to implement a plan with a target DB where risks are pooled among plan members. Under this approach, the employer contributions would also be limited to a fixed amount. In the case of asset insufficiency, benefits could be reduced. This model allows for the pooling of longevity risks as well as for the pooling of investment risks between generations. These plans also benefit from lower management fees and professional investment management oversight.

There is clearly a need to expand pension coverage and increase savings for Canadian women working in the private sector. To achieve this expansion, we need to develop new ways for women to save for their retirement, as well as to alleviate for the lower pension savings due to the non-traditional working patterns.

In summary, the key elements to consider include increasing coverage through the creation of multi-employer plans or national or provincial plans, encouraging additional savings through adequate employer matched contributions, increasing pension savings through access to a pension plan in years of unemployment or part-time work, and providing access to larger funds to benefit from lower management fees and professional investment management oversight.

Thank you very much for providing us with the opportunity to address pension coverage issues for women working in the private sector.

The Vice-Chair (Ms. Candice Hoeppner): Thank you very much.

We will now go to Jean-Pierre Laporte, please.

Mr. Jean-Pierre Laporte (Lawyer, As an Individual): Committee members, my name is Jean-Pierre Laporte. I am a pension lawyer with the firm of Osler, Hoskin & Harcourt LLP, in their Toronto office.

I've been practising in the field of pension law since 2001. I was a member of the executive of the pension and benefits law section of the Ontario Bar Association. In that capacity I've assisted in the preparation of submissions to the Expert Commission on Pensions of Ontario. I've also written about pension plan issues. For example, I published an article with Mr. Sheldon Wayne on esoteric products such as individual pension plans, and also on plan administration issues.

My first contribution to the development of pension reform came in 2004, when I proposed for the first time the creation of a supplemental Canada Pension Plan solution to enhance coverage in Canada. I made this proposal in an article published in *Benefits and Pensions Monitor*, a trade publication.

Your standing committee has been tasked with the general topic of women and pensions. I have reviewed some of the evidence given by other witnesses to this committee and I do not think it is useful to go over the statistics that officials from various governmental agencies have already supplied to this committee. Rather, in the limited time that I have, I would like to share the concept of my supplemental Canada Pension Plan solution and why I think it is tailored to assist Canadian women in saving for their retirement.

We know that a very large portion of people working in the private sector do not participate in pension plans. At best, their employer might provide access to a group RRSP, a retirement savings plan. Group RRSPs never provide the certainty of a set pension amount in retirement. Also, very often the contributions made by employers under a group RRSP are too low to generate a sufficient pool of assets to ensure a comfortable retirement. Moreover, in a group RRSP, it is the employee who has the ultimate responsibility for managing the retirement contributions and investing them in the market. Finally, the financial products available under group RRSPs are often more costly on a unit cost basis than under a pension plan. This is because pension plans, especially large ones, can take advantage of economies of scale and do not have a lot of marketing costs.

What is the result? Women who work for employers who don't offer any kind of retirement plan are the worst off. The same applies to all the stay-at-home moms who are working but just not getting any T4 income. If they're lucky enough to be in a group RRSP—and I'm talking about those who are not in the home—they pay higher fees. They have to be financially sophisticated to manage their money or else ask for advice, pay for that as well, and hope that by the time they retire the stock market hasn't collapsed.

While I'm oversimplifying a lot, generally this is the lay of the land.

The supplemental Canada Pension Plan solution is designed to overcome all these issues and to ensure that pensions are provided to all Canadians, regardless of whether they work at home, in a small corner store, as professionals, as consultants, or even in a large company. The basic tenets are as follows.

First, why not allow Canadians to contribute in excess of the modest limits currently found in the CPP—this year it is $2,118.60 for an employee—all the way up to the limit found in the Income Tax Act for defined contribution plans? That limit this year is $22,000.

Second, let's use the existing CPP and EI payroll system that every employer has to abide by to collect these additional voluntary contributions from the employees and the employers and have them administered by an impartial arm's-length-from-government body such as the Canada Pension Plan Investment Board. The facilities and expertise are already in place. There would be no need to create a new bureaucracy.

Third, the CPPIB, or a sister board or sister agency, could then turn to the private sector and seek, through open and transparent bidding processes, the best investment management expertise that money can buy. The only difference would be that because of the huge scale of this plan, the unit costs that the financial institutions would charge would be a fraction of what an individual has to pay at the retail level.

● (1545)

Number four, we could also allow people who are not currently employed by anyone to contribute some more modest amount of money to the supplemental plan. There is no reason in my mind why someone who is at home looking after children should not be allowed to save for their retirement.

Number five, employers would have the option of making 100% of the contributions, or no contribution whatsoever—I'm thinking here of a very, very small employer that just doesn't have any money for anything else but paying minimum wage—or anything in between. This means that for small businesses that have trouble making ends meet and that are paying minimum wage, the supplemental CPP would not be an extra payroll tax. However, bonuses could be paid into the plan if the business has a good year; and employers, even if they don't contribute or if they opt not to contribute, would still be obligated to remit the employee portions if the employee decides to put money into the supplemental plan.

So let me talk briefly about supplemental CPP and women. This brings me to the final point. How would this reform help women?

For one thing, allowing a woman to participate in a pension plan even when she is not actively in the workforce is an important first step in building up adequate retirement savings. Moreover, having the professional staff of a world-class pension plan like the CPP invest the moneys instead of having someone who is busy juggling work life and home life is another definite plus, in my mind. Having the reform be purely voluntary also helps, because there would be no job-killing payroll tax for businesses that just can't afford to participate, but there would still be the opportunity for those who want to save to participate—the employees. We know that many women, unfortunately, have been relegated to less-well-paying jobs that fit within that category, so this reform would help them in a very significant way.

The tremendous economies of scale translate into huge savings for Canadians. Some preliminary calculations I have made suggest that each and every year, assuming a modest participation rate, Canadians would be able to put away another $10 billion into their own savings accounts instead of paying those in fees. And this is every year. The beauty of this is that it will not cost the taxpayer anything, because contributions to pension plans are tax deferrals; they're not tax expenditures. This means that while in the year the contribution is made there is less tax collected, as you know, when you get your RRSP refund in April, the money that has been contributed with interest becomes taxable when it is withdrawn from the fund. So it becomes really an accounting exercise. This is very different from the spending on social programs where, once the money is spent, it's gone for good.

So by pre-funding people's retirements, we are taking pressure off the generations of tomorrow, the taxpayers of tomorrow, our children and grandchildren. This means that we allow for more money or tax dollars for other worthy programs, such as child care spaces, better schools, and the list goes on.

I'll conclude my remarks here. Thank you so much.

● (1550)

The Vice-Chair (Ms. Candice Hoeppner): Thank you very much.

We'll now go to Ruth Rose-Lizée, please.

[*Translation*]

Ms. Ruth Rose-Lizée (President, Conseil d'intervention pour l'accès des femmes au travail): First of all, I would like to add that I am also an adjunct professor of economics at the Université du Québec à Montréal. For 30 years I have been working with key women's groups in Quebec on the issue of retirement plans. This summer, we provided the Minister of Finance with...

Can you hear me?

[*English*]

The Vice-Chair (Ms. Candice Hoeppner): Can everybody hear? Mr. Van Kesteren?

Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC): The audio from the transmission is louder than the translation.

The Vice-Chair (Ms. Candice Hoeppner): It sounds like the audio is louder than the translation is.

Mr. Dave Van Kesteren: How are we going to get around that, then?

The Vice-Chair (Ms. Candice Hoeppner): We'll continue and we'll try to make those adjustments.

You can continue.

[*Translation*]

Ms. Ruth Rose-Lizée: I've been advising women's groups for 30 years. In the summer, we provided the Minister of Finance with our comments on the proposed amendments to the Canada Pension Plan as set out in Bill C-51. So, in essence, I am also speaking on behalf of the 13 other women's groups in Quebec, including the Fédération des femmes du Québec and several other major groups.

I'd like to address three points. First of all, I'd like to refer to the Canada Pension Plan and to the proposed amendments to it as found in Bill C-51. I'd also like to address the proposed creation of a voluntary account, in the manner which was discussed earlier on by my two colleagues. Then, I would like to refer to specific demands from women's groups to enhance their retirement income. Finally, I would like to conclude with a few remarks on statistics which would allow for gender-based analyses to be carried out.

I have also sent to your analyst, Ms. Julie Cool, a brief we tabled before a parliamentary committee in Quebec, having to do with a change to the QPP. This document contains a great deal of statistics and information on women and pensions in Quebec. However, it has not been translated.

Bill C-51 seeks to cut pension benefits for all individuals retiring before the age of 65 by increasing actuarial adjustments. First of all, we are very worried by the fact that this legislation has received practically no media coverage and that no specific parliamentary committee was struck to address the issue, nor have there been any broad-ranging public discussions on it. We are convinced that it will disproportionately affect women rather than men. In Quebec, we know that women retire earlier than men, often because they stop working to care for a spouse, an older person, someone who is ill, or a parent, or because their spouse is retiring and they decide to retire at the same time despite the fact that, in general, they are younger than their spouses. We therefore see no reason for cutting benefits. We believe that would in fact lead to greater poverty for seniors, especially women.

We are not very enthusiastic about the voluntary contribution measures precisely because they are voluntary. Moreover, we believe that it will become an additional tax advantage for the wealthy who are already saving enough for their retirement whereas middle class individuals who contribute a modest amount to their RRSPs do not do so enough to ensure continuing income upon retirement. They would still not be contributing enough to make a difference.

Rather, we support improving mandatory premium-based public plans like the CPP and the QPP. We believe once this becomes the modus operandi for employers and staff, people will adjust. We would also like to note that our contributions and benefits, here in Canada, are far lower than those of European countries, for instance.

Let's get back specifically to measures to assist women. We have also found that only a public plan can consider the fact that people do contribute to a country's economic growth through unpaid work.

● (1555)

There are already three ways to take this contribution through unpaid work into account within the Canada Pension Plan and the Quebec Pension Plan. First of all, a woman who is responsible for a child under the age of seven and whose contributions are less than her average contributions over the course of her career can exclude these years from her pension calculations. We believe that this right of exclusion should be converted into an inclusion, in other words that pension credits should be allocated automatically; we would suggest they represent 60% of the maximum insurable earnings, because those who benefit the least from this measure are, for instance, women with several children and who, therefore, tend to re-enter the workforce less, or often work part time. The automatic allocation of credits would meet the needs of these women, based on the number of children they have.

We believe the same should apply to individuals who stop working to care for disabled or ill adults, a task which is often women's work as well, in 75% to 80% of cases.

The second measure regarding women has to do with surviving spouses' pensions. In Quebec, they are more generous than elsewhere in Canada, but on the other hand, the orphan's pension is lower. In our brief, we would suggest decreasing surviving spouse benefits to help fund the measure I will refer to in a moment. In the past, surviving spouses' pensions were designed to consider the fact that when women got married, they would have children. So, the purpose was to consider the fact that women cared for children. But, increasingly, there is no automatic correlation between marriage or cohabiting and having children. So, we prefer measures that directly recognize the work women do with their children.

Finally, the third measure which would put women's pensions on a somewhat even playing field with those of men is the sharing of credits which is governed by family law in the various provinces. We believe that that is a good measure. It ensures fairness within a couple. That said, in Quebec, we have data on the number of cases of sharing and what that means and for whom, yet in the documents I consulted from Human Resources and Skills Development Canada —

● (1600)

[*English*]

The Vice-Chair (Ms. Candice Hoeppner): Excuse me, Ms. Lizée, your time is actually almost up, so if you could just complete your thought, that would be great.

Thank you.

[*Translation*]

Ms. Ruth Rose-Lizée: I said I would conclude with a few remarks on statistics, but on the specific issue of the sharing of credits, I was unable to find any statistics. I did a search and managed to find almost all the statistics I needed, but I would have liked to have found them within one publication or a series of publications to be found more readily on the Service Canada site.

Thank you.

[*English*]

The Vice-Chair (Ms. Candice Hoeppner): Thank you so much for that.

We will begin our first round of questions. I'll remind you that the question and answer time for this first round is seven minutes, and that includes both the question and answer portion.

We will begin with Ms. Neville.

The Honourable Anita Neville (Winnipeg South Centre, Lib.): Ms. Lizée, I wonder if you could elaborate briefly on the statistics. You didn't give them to us. Where are you referring us to?

[*Translation*]

Ms. Ruth Rose-Lizée: I referred to the Quebec Pension Plan and to the percentage of people receiving benefits from the Quebec Pension Plan and the Canada Pension Plan. You can find figures in publications, but they are not expressed in terms of a percentage of the population. That would be an interesting thing to do.

Moreover, we need numbers and amounts. That is how we see that women's contributions are less than those of men, because their salaries are lower than those of men. Equivalent statistics can be found for Old Age Security and the Guaranteed Income Supplement. Again, I found partial information in one publication. You have to look into data on revenue sources to find this information.

● (1605)

[*English*]

Hon. Anita Neville: I'm sorry to interrupt you because I have very limited time.

Would you mind letting Ms. Cool know where those statistics are or forward them to her? It would be very helpful to us. Thank you.

My question is to Mr. Yuen and Ms. Sohier.

You presented a very creative approach to us for private pensions. At least—maybe it's my ignorance—I haven't heard it before. Has what you're presenting been implemented in any other countries?

Ms. Martine Sohier: It's actually being implemented in the United Kingdom. There are similar models around the world that are being implemented—maybe not exactly the way we have anticipated it, but there are similar models around the world.

Hon. Anita Neville: Obviously people are subscribing to them?

Ms. Martine Sohier: Yes.

Of course, you need to think about whether it would be mandatory or voluntary. Again, that's something crucial that the government would need to think about. If you mandate a small employer and employee contribution, then you can at least encourage savings for those who do not already belong to a pension plan. We're not talking about those people who are already covered by a pension plan; we're thinking about those who are not covered, maybe mandating a small amount of contributions from both the employee and the employer and having the opportunity to contribute to a larger-scale fund, which could contribute to additional savings.

Hon. Anita Neville: One of our concerns—and Mr. Laporte, you certainly addressed it—is about women who are not in the formal workplace but who are in the home. Would this have any applicability to them, and if so, how?

Ms. Martine Sohier: We were thinking that you could actually use deemed earnings, so maybe earnings when you quit the workforce and increase it with indexing. This already exists in some pension plans when you have a period that you can recognize to that effect with indexing, but you would have a maximum amount of time to do so. But then if you interrupt your work, you cannot be covered by a pension plan. Under the proposed model, you could actually use deemed earnings and contribute on the basis of these deemed earnings.

Hon. Anita Neville: Thank you.

I have lots of questions. I'm going to go back to Ms. Rose-Lizée, because you made a comment about—don't make a face—survivor benefits. You're recommending to reduce survivor benefits, but I didn't understand what you were suggesting to replace it with.

Could you speak to that?

[*Translation*]

Ms. Ruth Rose-Lizée: I was speaking about giving money directly to mothers. Often, a man and a woman have children together and then separate. The man may find a new spouse, and should he die, the children's mother will not receive the survivor benefits. They will go instead to the new spouse, even if the union has only lasted four years and they have never had children together. She may even already be receiving a pension from another spouse, which is funded to a large extent by other taxpayers. And all that is a result of simply having lived together as a couple. It could be given to those who had the children.

Some European countries have systems that work that way, including France, Germany and Sweden. I could also forward this information on to Ms. Cool.

[*English*]

Hon. Anita Neville: That would be very helpful.

Mr. Laporte, could you expand a little bit further on support to women who are not in the workforce as we know it, but who are at home? How we can most effectively work to provide some recommendations for pension benefits there?

● (1610)

Mr. Jean-Pierre Laporte: The problem lies in the Income Tax Act, which says that you cannot have a pension plan unless there is an employment relationship, meaning T4 income. If you have someone working in the home, someone who is not remunerated, that person is shut out from the whole registered pension plan world. One quick fix is to scrap this antiquated rule and simply allow women who work in the home to participate in a pension plan.

The question is, where are they going to find the money to put into the pension plan? That is a broader problem, but at least if they have access to the plan, they can save for their retirement. Right now they're completely shut out; they have to rely on their spouse's pension, if he or she has one, and survivor benefits.

The supplemental CPP is not a silver bullet; it's just one way of tackling the problem. However, under that scheme, deemed earnings could be used, or there could be a lump sum amount, similar to what you have for tax-free savings accounts right now, with a maximum for each year that is indexed to inflation. They could say that you could save up to, let's say, $5,000 in the supplemental CPP, and that builds up every year. You could at least create a pension stream for yourself.

Hon. Anita Neville: I'm out of time, but that's what I was going to ask: whether those could be—

The Vice-Chair (Ms. Candice Hoeppner): Thank you very much.

Go ahead, Monsieur Desnoyers.

[*Translation*]

Mr. Luc Desnoyers (Rivière-des-Mille-Îles, BQ): Thank you, Madam Chair.

Welcome everyone.

My first question is for Ms. Sohier.

You spoke about poverty among elderly women, about the fact that a woman's life expectancy is longer than that of a man, and about protecting pension plans for women. These are questions that we all want to address. In fact, we want to be able to make recommendations to improve the situation of women with respect to the CPP. We were discussing private plans. You referred to transportable models, and in addition, provincial and national plans. However, this was not completely clear.

I imagine that contributions will come more or less from everybody. We know that women's situations do not permit them to contribute very much to plans, including RRSPs. You and many others have spoken of a lack of job security, part-time work, and so on. You are putting forward interesting solutions, but are they feasible?

Ms. Martine Sohier: We believe that one of the easiest solutions to implement would be to use the Canada Pension Plan. In order to not put an additional burden on future generations, we would opt, of course, for a defined contribution scheme. Everyone could contribute to it, even those who are not linked through employment, as was mentioned earlier. Those individuals with a lack of job security nevertheless have an employer. We could think about asking these employers to make a contribution, even if it is only 1% or 2% of the employees' salaries, which would help them put away funds for their retirement.

Of course, a rate of 1% or 2% will not mean very significant amounts, but it is a start all the same. In our example, we referred to 4%. Half of this contribution could come from the employer and the other half from employees. Based on our projections and economic considerations, that could amount to additional replacement income of between 12% and 20% at retirement. It is a modest amount, but it will help to improve people's retirement.

Mr. Luc Desnoyers: It is not much, indeed. Especially since defined benefit schemes, particularly in Canada, have dropped in value quite significantly due to the current economic crisis.

My next question is directed at Ms. Rose-Lizée.

You spoke a lot about Quebec. You referred to the Régie des rentes du Québec, and the CPP, but they are two completely different entities. I always say that things are different in Quebec from the rest of Canada, given that we have child care and pay equity systems in Quebec.

You also referred to Bill C-51 which was introduced by the federal government and which deals with the budget implementation. There were a couple of sentences about the Canada Pension Plan slipped into it. Also, you said you tabled a document for the Quebec National Assembly in which you are calling for certain things, and you did likewise at the federal government level.

Could you elaborate on this?

● (1615)

Ms. Ruth Rose-Lizée: Indeed, the Quebec Pension Plan and the Canada Pension Plan are two separate systems, except that, in general, they try to coordinate themselves and contain the same provisions.

Bill C-51 contains a major cut. There were four measures in this bill. However, the measure that concerns us is the one that seeks to increase the actuarial adjustment from 6% per year to 7.2% per year for people who retire before age 65.

Quebec made a similar proposal in its consultation document this summer, and we suspect that the province intends to do the same thing with the Quebec Pension Plan. It should be recalled that any amendment to the CPP must be adopted by the parliaments of two-thirds of the provinces representing two-thirds of the population.

We hope that there will be a bit more discussion than what has taken place to date. We are convinced that these measures will affect women more than men. I have not yet had the time to conduct the same type of analysis on the CPP as the one I did on the QPP, because I am having a great deal of difficulty finding the right figures. But I will forward them to Ms. Cool.

Mr. Luc Desnoyers: You state that the federal government, in Bill C-51, wants to impose cuts that will impact on women substantially. I understand that you fear that the Quebec government is going to do the same thing. You also talked about votes: two-thirds of the provinces representing two-thirds of the population.

When you refer to these votes, they don't affect Quebec because, given that the Régie des rentes is a separate creature, Canada does not have a voice on that topic. However, the CPP must indeed be accepted by two-thirds of the provinces representing two-thirds of Canadian citizens.

I would like you to tell me a bit more on this subject.

Ms. Ruth Rose-Lizée: The proposal comes from the Department of Finance of Canada, which consulted the departments of finance in each province and territory. So in a sense, there has already been preliminary approval on the part of the provinces.

As concerns enhancing the Canada Pension Plan, we can see that two-thirds of the provinces includes Quebec, if you carefully read the texts concerning the CPP.

Of course, Quebec does not represent one-third of the population, so it does not have a veto, but it is still part of the consultations. What Bill C-51 says is that henceforth, changes may be made by regulation. In this case, there would be approval by two-thirds of the provinces, but this would exclude Quebec.

So indeed, Quebec would also have to legislate separately.

Mr. Luc Desnoyers: So the QPP is definitely a separate creature from the CPP. Is that correct?

Ms. Ruth Rose-Lizée: Major changes have been made in recent years by mutual consent or by negotiation between the provinces and Quebec, which carries a certain weight in these negotiations.

[*English*]

The Vice-Chair (Ms. Candice Hoeppner): Thank you very much.

We will go on to Mrs. Wong, please.

Mrs. Alice Wong (Richmond, CPC): Thank you, Chair.

First of all, I'd like to thank everybody appearing here today as a witness. My questions are addressed to the two of you who came from Watson Wyatt Worldwide.

As you know, in January the government launched a lengthy consultation to improve the legislative and regulatory framework for federally regulated private pension plans. Also, a few weeks ago our minister, Minister Flaherty, announced several reform proposals that came out of this consultation. I have three questions relating to that, and then you can use your time to see how much you can contribute towards those three questions.

First of all, can you comment on and explain your involvement in this process?

Second, in your consultation paper you also recommended that employer contribution holidays be limited. In my understanding, this was one of the recommendations that the Minister of Finance took into consideration. I would like you to expand on this, please.

Third, can you outline and comment on the other measures that the reform proposal package included?

● (1620)

Ms. Martine Sohier: With regard to your question about our involvement, to my knowledge I don't think we are involved.

You also mentioned the contribution holidays issue. I had a hard time understanding the question, so would you mind expanding on it a bit?

Mrs. Alice Wong: I think you did present a consultation paper, didn't you?

Mr. Terence Yuen: Yes, we did.

Ms. Martine Sohier: That was not with the new consultation, though.

Mrs. Alice Wong: No, that's in the consultation paper. That's the one probably Mr. Yuen would be more familiar with.

In your consultation paper, it's actually your idea—your company's idea—that employer contribution holidays be limited, right? That's why I want you to explain.

Ms. Martine Sohier: I don't have this consultation paper. I apologize; I don't have it in front of me, so I cannot really comment on everything that's in there, but in general you need to be careful with contribution holidays.

You're talking about a defined contribution plan. In a way, it may create unstable contribution patterns, and taking contribution holidays may eventually create the need for greater contributions. In the new model, we're proposing stable contributions for the employer, so that you don't disrupt the pattern of contributions. You stabilize the contribution pattern, so that if you contribute every year, you then can systematically accumulate pension savings for your members.

I don't know if that answers your question or if you have a further question to that effect—and what was your third question?

Mrs. Alice Wong: My third question asked you to outline and comment on the other measures that the reform proposal package included. It's out there, and I know that your company has submitted a consultation paper. You probably would like to see how much of your recommendation is actually in it.

Ms. Martine Sohier: Again, I apologize, because I don't have this consultation paper in front of me. I didn't think that was the object of this discussion, but I'm more than pleased to comment in general.

At Watson Wyatt we believe we need to come up with new, flexible, innovative arrangements. We don't believe the burden should be only on employers. Some employers are small and do not have the capacity to actually come up with and implement a defined benefit plan, which can turn out to be a mini-insurance company over the long term. We've seen that in our country and we've seen it in other countries. Sometimes the obligation of a pension plan becomes larger than the company's assets themselves, and that can create a big burden on the company for generations to come.

We believe that the pooling of risk is key in setting up new arrangements. Pooling of risk means that you take a group of members and bring them together into a pension plan. That's the object of our paper here; it's what we call a target benefit. By setting a defined benefit target, you aim to get to a certain level of pension.

You may not get there, and we know defined benefit plans are facing issues with their financial positions right now because of the current economic situation. We know that a target is a goal that you should have, but it may not mean that you get there, and members need to understand that they also need to be flexible in terms of getting a certain level of pension and also having the flexibility to sometimes reduce benefits if you cannot achieve your target.

We believe you need to set up new arrangements like that so that risks are pooled among members. By getting a group of members together, you can pool longevity risk, as well as some investment risk, among generations.

Mrs. Alice Wong: Are you aware that in some college pension plans—and that's not federal, that's provincial—people who take time off on unpaid leave can actually opt to contribute the employer's portion as well? That is the provincial college pension plan. Is that the idea you're looking at?

● (1625)

Ms. Martine Sohier: Yes, although you need an employment relationship in that circumstance. What we're saying is that we need to go beyond that, because some women have interrupted periods of work and don't keep the relationship with their employer; therefore, they are not linked to any pension plan. We're suggesting implementing a large fund so that women in these situations could actually continue to contribute and, as you mentioned, could contribute the amount that they would have contributed into another plan, as well as maybe more, beyond what they can, to perhaps replace the portion that the employer could contribute.

Mrs. Alice Wong: I have several other questions and also a remark for Mr. Laporte.

You mentioned the fact that some people don't have the income and therefore are not eligible to pay into the registered savings plan. Are you aware of the fact that a new recommendation is already in effect, as of January 1, that people do not need an income to pay into a tax-free pension plan, for $5,000 a year? Anybody in the family who is 18 or older can pay into that. Are you aware of that measure?

The Vice-Chair (Ms. Candice Hoeppner): Excuse me. Could you answer that question very quickly? The time is up. Thank you.

Mr. Jean-Pierre Laporte: Yes, I am very aware of how the tax-free savings account rules work.

Mrs. Alice Wong: It would help the pension.

The Vice-Chair (Ms. Candice Hoeppner): Thank you very much.

Ms. Mathyssen.

Ms. Irene Mathyssen (London—Fanshawe, NDP): Thank you very much.

I appreciate your being here. This is a very complicated issue and your expertise is certainly appreciated.

I'd like to begin with Monsieur Laporte.

I was following you up to a point. You were talking about a voluntary or extra pension plan in connection with shoestring businesses that might not necessarily be able to provide a pension plan for employees. You indicated people who are earning minimum wage, and then you talked about how, in the event that the business had a good year, it could be compelled to pay a bonus into the employee pension plan.

I wasn't quite following. I wonder if you could explain that again.

Mr. Jean-Pierre Laporte: Sure.

The idea is that if you are in a small business and you can barely make the payroll in paying minimum wage, typically you would not be a candidate for a registered pension plan. You would not even offer a group RRSP, or you might where it is only employee contributions and you administer it on behalf of the members.

So the supplemental CPP would allow those types of companies to say that they, the employers, would not contribute anything because they just don't have the money, but that they would collect whatever contributions the employees want to make. Instead of putting the contributions into their personal RRSPs, the employees would put them into this plan and the employer would collect them for the employees and remit them to the Receiver General. They might also reserve the right, if they have a good year, to voluntarily pay a bonus into those accounts as a bonus from the company.

There are plans out there called deferred profit-sharing plans that work roughly along those lines. This supplemental CPP reform is flexible enough to allow that type of structure as well as the ongoing regular contributions.

Ms. Irene Mathyssen: I wondered how you could ensure that in a good year this bonus was paid.

I also wondered, if people are indeed earning minimum wage, how they could hope to contribute to such a plan with such a very confined income. How could they manage to make that contribution?

Mr. Jean-Pierre Laporte: That is a very good point. Everyone always says that you can't draw blood from a stone, and that is a real problem when incomes are so low that it may not even be economically efficient to be saving. It might be better to pay down debt or do other things with your money rather than put it into a tax-sheltered plan.

Nevertheless, the supplemental CPP is such an advantage over existing products because there are no fiduciary obligations placed on the employer. They can't be sued for poorly administering the plan. The economies of scale alone could generate probably at least a 2% risk-free rate of return. So it's as if you went into the market and got a 2% product with no risk.

If you can contribute even 1%, the fact that you get your money administered on such a scale means that you end up with a higher real return on your money than you would anywhere else. If you were to put 1% in an RRSP, in a mutual fund that's invested in equities, the company would charge you a fee of 2% to 2.5%, so you would actually be wasting your money. These economies of scale would actually generate wealth. That's why I talk about the $10 billion. This is money that would go into your pockets instead of the pockets of financial institutions.

● (1630)

Ms. Irene Mathyssen: I believe in this committee we heard that those charges, in terms of administering an RRSP, could be as much as between 35% and 45% over a 40-year period, which is quite staggering. It makes one wonder why anyone thinking rationally would invest all of that money, if they had it, in an RRSP.

Mr. Jean-Pierre Laporte: It's not all RRSPs. If you invest your RRSP moneys into exchange-traded funds, or bonds, or GICs, you would not be paying those types of management expense ratios. If you are in international equities especially, you would be in that range. It depends on the company, and I don't want to make any generalizations, but there is a Harvard study out there that has looked at the fees charged across the developed world, and Canada ranks at the very top.

Ms. Irene Mathyssen: That's very interesting.

Madame Lizée, I have a question for you. You talked about the concern you had about the increased penalty for early retirement, and we see that in Bill C-51. I wondered if you had a concrete proposal, any idea about how we could encourage people to retire later without penalizing those who retire early. Was there something you had in mind in regard to that?

[*Translation*]

Ms. Ruth Rose-Lizée: Naturally, once there starts to be a labour shortage, people who are considering retirement, especially women between the ages of 55 and 64, see their activity rate increase swiftly.

It should be pointed out that there is already an actuarial reduction of 6% per year. So there is already an incentive in the rules governing the CPP or the QPP, which means that some retirements are delayed. On the other hand, we realize that so many people lost money from their RRSPs or their employer's plan that Freedom 55 is not possible for them. They must continue to work. It is mainly the employers' interest in keeping their experienced, senior workers that will make a difference.

[*English*]

The Vice-Chair (Ms. Candice Hoeppner): Thank you very much.

We will now go to our five-minute round of questions and answers, and we'll begin with Madame Zarac.

[*Translation*]

Mrs. Lise Zarac (LaSalle—Émard, Lib.): Thank you very much.

My question goes to Ms. Rose-Lizée. You mentioned that it is important to avoid creating tax shelters for people with money. The committee is studying this subject for the very purpose of ensuring that women will have an adequate pension fund.

You tabled a detailed brief with the Department of Finance and you consulted more than 14 women's groups. I would like you to tell the committee about the impacts on women who retire without an adequate pension fund. What is the impact on these women?

● (1635)

Ms. Ruth Rose-Lizée: Fortunately, in Canada, there is a guaranteed minimum income for seniors, which is made up of OAS and the Guaranteed Income Supplement.

According to certain figures, in Quebec, 53% of women are so poor that they are still entitled to the GIS, whereas this applies to only 43% of men. In general, the average income of elderly women is 62% that of men. As we get older, we have additional expenditures. The poorest people are primarily those who live alone, because they must pay the rent all by themselves. After having paid the rent, many seniors do not have enough money left to feed themselves properly. This is also due to the fact that they are isolated, because they don't have enough money to go out and be active in the community. When they retire, women are often much more alone than men. This is because men die earlier and because it is much easier for men who lose their wives to find a new spouse than for a woman to do the same.

Mrs. Lise Zarac: Thank you.

Mr. Laporte, Mr. Yuen and Ms. Sohier proposed the creation of a new plan as a solution. Ms. Rose-Lizée seems rather to advocate the improvement of existing plans. I suppose that both of these are good solutions, but we need incentives. The more people save, the more they will have a nest egg for their retirement.

However, because we know that women have lower salaries and less money to invest in long-term plans, what type of incentive would be required to ensure such a balance in pensions?

Ms. Martine Sohier: We advocate adding another layer to the existing plans in Canada and Quebec. The incentive could perhaps be to add a minimum contribution on the part of the employer. This could encourage employees to contribute more.

As I said earlier, this would not be required of employers who already offer a plan that corresponds to what we would require as minimum contribution. We are talking about 1% or 2% on the part of the employer. For small employers, this can be quite a bit, but at the same time, it can encourage people to save. We know that if this incentive to save does not exist, then people won't save; that is a proven fact. Even if we try to educate people in the long term, part of the population will discount the importance of saving. So I believe that the incentive should be a minimum contribution on the part of the employer to this plan.

Mrs. Lise Zarac: Here is a question for all of you. What is the percentage of responsibility? Globally, we are talking about the government, the employer and the employee, so whose responsibility is it? How should it be shared? I don't think that it is a sole responsibility. How should it be divided fairly?

[*English*]

The Vice-Chair (Ms. Candice Hoeppner): Ms. Zarac, your time is up, so maybe we can have that answer in the next round.

We'll go to Ms. Brown, please.

Ms. Lois Brown (Newmarket—Aurora, CPC): Thank you, Chair.

I'm new to this committee and this is the first time that I'm sitting in, but I do have some comments and a couple of questions I would like to ask.

First of all, my comment would be that small and medium-sized enterprises that are now tasked with the responsibility of pensions would look on this as another tax on their business. I find it very difficult as a business owner to look at this and say that it's just another imposition on a business to have to collect funds or to have to administer funds. My fear would be that small and medium-sized employers would turn to their employees and say, “You're now independent contractors, because it's easier for me to manage my business in that fashion than it is to now have to administer another fund.” I think this is something that needs to be taken into real consideration.

Mr. Yuen, I wonder if you could tell us this. What is the annual average pension contribution in Canada today?

● (1640)

Mr. Terence Yuen: Are you talking about private pension plans, or in total?

Ms. Lois Brown: On pensions as they stand in Canada, either from public contributions or private enterprises, is there an average that you can give us?

Mr. Terence Yuen: There's no average, because it varies, depending on what type of plan you have. It's very different between DB and DC and what types of arrangements you have with your DB plans. When you're talking about contributions, are you talking about employer contributions or are you talking about employee contributions?

Ms. Lois Brown: I'm talking about employee contributions.

Mr. Terence Yuen: Employee contributions, in general, depend on whether you have a DC plan or a DB plan. So for some of the DB plans, basically, the employers take care of all the contributions. Some ask the employees to make a small contribution. So it really depends on the arrangement. It's very difficult. Even if I give you an average, it doesn't have any meaning because it has a lot of variations and ranges.

Ms. Lois Brown: Would you suggest that the average person in Canada is putting $5,000 a year into a pension plan of some sort?

Ms. Martine Sohier: Perhaps I may answer this.

Right now if you have a defined contribution plan in Canada, the average employee contribution would be around probably 5% employer, 5% employee. That's what we see right now, but again, this means you already have a defined contribution plan, and we know that many do not.

Mr. Terence Yuen: For DC, the contribution rates are usually lower. So for DC plans—Martine is talking about DB plans—it's probably low as well. So the contributions could be less than 6%.

Ms. Lois Brown: To build on what Ms. Wong was asking earlier, there is now a tax-free savings account that has a $5,000 per person contribution, so a family, a couple, could put $10,000 into what would be essentially their own pension plan.

I'm going to make a suggestion and I'd like your thoughts on this.

We were talking earlier about a period in a woman's life when she would often be home caregiving for children or caregiving for an infirm aged parent. We recognize that those times happen in people's lives. Would it be beneficial to look at income-splitting for that period of time, when the income earner could transfer a portion of income to the caregiver, thereby lowering the income tax payable by both of them, and yet they could still take advantage of RRSPs or of the tax-free savings account? Is that another approach to how this could be accomplished?

Mr. Terence Yuen: Let me get back to your first question.

When we look at the current system, the entire pension plan system, what we are talking about by adding a second layer to the CPP is that we are targeting the mid-income individuals or families who do not usually contribute the full amount of their RRSPs due to various reasons. Maybe they don't have the money or they are spending too much. There are many reasons for that. What we observe is that we actually need to somehow help that group of people to save more for their retirement.

In other words, yes, you are correct, for small and medium-sized firms it could add a little bit of cost to them, but at the same time we are trying to shift the saving pattern, helping them to save a little bit more, and later on they may get the benefit when they retire.

This is the group we are trying to target. We know from statistics that we need help from the employer side, because even if you give the employees a little bit more money, instead of putting it into saving accounts they would probably spend the money and not save for their retirement. That is the reason we have to set up a system to encourage the employees to save. That's the whole idea.

The Vice-Chair (Ms. Candice Hoeppner): Thank you very much.

Madame Demers, please.

[*Translation*]

Ms. Nicole Demers (Laval, BQ): Thank you very much, Madam Chair.

Thank you all for being here.

A constituent brought a problem to my attention last week. Currently, retirees who decide to return to the labour market, either because their pension plan has a significant drop or because they need to do so, can earn up to $5,000 a year without being penalized under the Guaranteed Income Supplement or the Canada Pension Plan.

However, if that person saves money and reaches the age of 71, they must flip their RRSP into a RRIF. Consequently, that person has to withdraw from that fund a set amount of money every year. The constituent who came to meet with me had to take $5,000 out of her RIFF. She had to pay taxes on that amount. That is fine, because she hadn't paid any in the first place. However, that $5,000 was added to her income, so she lost all the benefits she previously had received.

As a result, because she had put aside savings, she was penalized compared to someone who had not set aside any savings, who returns to the labour market and earns $5,000. I must say that this situation disturbs me somewhat.

Ms. Sohier, you said that your group took part in consultations with the Department of Finance on the issue of pensions.

Ms. Rose-Lizée, did your group also take part in consultations with the Department of Finance?

Mr. Laporte, I would like to know whether you are also able to take part in that exercise?

● (1645)

Mr. Jean-Pierre Laporte: I did not take part in those consultations, but I can give you my opinion on it.

Ms. Nicole Demers: I would very much like to hear it.

Mr. Jean-Pierre Laporte: In the complementary system to the Canada Pension Plan, or in the parallel plan in Quebec under the Régime des rentes du Québec, the perverse effects need to be avoided, meaning penalizing individuals who set aside savings for their retirement. When someone contributes to a TFSA—or CELI in French—it doesn't count as pension income, guaranteed minimum income. There is nothing stopping us from saying that, up to a certain amount, income from the supplementary Canada or Quebec Pension Plan is subject to the same treatment. We can use that innovation and avoid penalizing those who made the decision to save for their retirement.

Ms. Nicole Demers: I can't write as fast as you are speaking.

Mr. Jean-Pierre Laporte: I would be pleased to send you my notes on this matter.

Ms. Nicole Demers: Please do, because I believe this is important.

Ms. Sohier, you told us that you took part in consultations. Were a number of your proposals retained?

Ms. Martine Sohier: I don't really know what has happened with that file because I was not part of the committee as such that took part in the consultations. So, unfortunately, I am unable to provide you with an answer.

Ms. Nicole Demers: Thank you.

Ms. Rose-Lizée, you took part in consultations on pensions with the federal Department of Finance.

Ms. Ruth Rose-Lizée: Ms. Alexa Conradi, President of the Fédération des femmes du Québec, appeared before the parliamentary committee on Bill C-51. I don't know whether that is what you are talking about.

Ms. Nicole Demers: Yes.

Ms. Ruth Rose-Lizée: She made a presentation last week. The Standing Committee on Finance only met for two days.

Ms. Nicole Demers: The Standing Committee on Finance only met for two days!

Ms. Ruth Rose-Lizée: I am talking about meetings on Bill C-51.

Ms. Nicole Demers: What do you think about the situation I spoke out against, meaning the constituent who had to withdraw $5,000 from her RRIF?

Ms. Ruth Rose-Lizée: Tax exemptions are quite complex. The income of an individual who works is considered taxable income. So this income is taxed. The biggest problem is not taxing retirement income, but the fact that the Guaranteed Income Supplement is cut by 50% of the amount from the RRSP, the CPP or interest from other income. This can be in addition to a kind of taxation. This means that, for rather small amounts of income, people are subject to an 80% tax rate. They lose 50% of their Guaranteed Income Supplement and they also pay about 30% in income tax.

The TFSA is for people who are already quite wealthy. That is why I think that we don't need to try to reinvent the wheel. The decision was made to have a public plan because it's mandatory and it's for everyone. Furthermore, this is a way of recognizing, directly and indirectly, the work done by women at home. I think that if we want to improve the situation of men and women, but above all that of women, we need to do so through our public plan.

The premium rates are 9.9% or 10% for the Canada Pension Plan. If we compare this figure to what we see in the United States or Europe, it is not excessive.

● (1650)

[*English*]

The Vice-Chair (Ms. Candice Hoeppner): Thank you very much.

We'll go now to Ms. Mathyssen, please.

Ms. Irene Mathyssen: Thank you, Madam Chair.

I'd like to ask Madame Rose-Lizée a question in regard to something we heard in the committee. Witnesses told us that they would recommend that pension contributions be made on behalf of those who are providing unpaid caregiving work. In fact, in one brief, a women's group encouraged the government to take its lead from countries like France, Germany, Sweden, and Austria. They actually make a pension contribution on behalf of women or men who are out of the labour force, and that contribution equals 60% of the maximum insurable earnings of those caring for children or the elderly.

Do you know much about this particular system, and is it something you would recommend we consider in our recommendations to government?

[*Translation*]

Ms. Ruth Rose-Lizée: When we start to look at plans in other countries, we see that each country has a completely different system, and we need to compare them. The Canada Pension Plan already includes an exclusion method: it's the contribution by individuals with no children compared to individuals with children. This does not concern women who have contributed the most to our national well-being through unpaid work. That is why we would like to see not only an exclusion but also an inclusion. Another way of proceeding would be to give through Old Age Security, for example, an additional $1,000 per child raised per woman. This would be funded from general funds, which would improve the income of older women who are the worse off, and who had less opportunity to contribute to RRSPs or employer pension plans.

We hope that you will include this in your recommendations.

[*English*]

Ms. Irene Mathyssen: Thank you very much.

I wanted to throw out another suggestion we heard. The CLC talked to us about a plan whereby we would be able to double the average earnings replaced by CPP from 25% to 50%, over a period of seven or so years, by asking workers to contribute up from the current 5.3% to a contribution of 7.7%. They said that would make a significant difference in terms of CPP.

They also suggested that GIS be increased by 15%. They also wanted the government to protect pension plans that were defunct.

The cost of this would be less than $700 million. It's interesting in light of what Monsieur Laporte said about $10 billion being available, which is now paid in fees. Is the CLC on to something positive here? Do you see this as another recommendation that we should include in our brief to government?

● (1655)

[*Translation*]

Ms. Ruth Rose-Lizée: When I spoke about improving the Canada Pension Plan, it was also with regard to increasing the income replacement rates. I think that it is a bad idea to increase the Guaranteed Income Supplement, because this is creating coordination problems with other sources of income. I would rather see the Guaranteed Income Supplement clawback rate drop so that people are subject to a 35% or 40% rate instead of a 50% plus 30% tax rate.

In any case, actuarial analyses will need to be done, if we are to improve the Canada Pension Plan. This will ensure the immediate entry of funds, at a time when grandfathering is delayed, which could help resolve the problem of equity of access to the plan because of the demographic imbalance and baby boomers.

[*English*]

The Vice-Chair (Ms. Candice Hoeppner): Thank you very much.

We will go to our final questioner of the day. Ms. McLeod, please.

Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC): Thank you, Madam Chair.

Certainly it will be a long time before I feel that I have expertise on or an understanding of this. It's a fairly complicated issue. To be honest, before I entered Parliament I had no idea that there even was something such as OAS or GIS. I had always heard the Canada Pension Plan was going to be broke so I had better not count on it.

So it has been actually quite pleasant to hear that not only do we have OAS and GIS for people who are really struggling, but also that the Canada Pension Plan isn't going to be broke. That was certainly good news and that is probably not out there. That really speaks to me. I consider myself to have some knowledge about a number of things, but it really talks to the idea of financial literacy. In this case, we've saved like mad, because I didn't think there was anything else there.

But I'd certainly like to talk a little about that particular issue and, really, how do we ensure people know and are thinking.... I'm not sure if I like the comment that we have to force people to save for retirement. I think people need to be making choices around those sorts of things.

So first of all, I'll open that up for some comments.

Mr. Terence Yuen: In terms of financial education in general, I think that is very important, not just for women but for all Canadians. The financial system is getting more complex, so we definitely need that.

I did a bit of research on this topic to compare the Canadian experience with other countries. One of the issues I found is that some other countries—for example, the U.K. and Australia—have mandatory financial education in their curriculum. I think we have something in Canada right now, but it isn't mandatory. We have some programs that are already developed, and it's up to the school boards or the teachers whether to incorporate that into the system.

I think we definitely need to get something into the curriculum so that everyone can get basic education about the choices. We have been talking about giving the general public more room to save, but at the same time, they have to make the right choices in their investments. I think that's also very important.

I think this is a very important issue, and I believe we have to increase the financial education level in the schools.

Mr. Jean-Pierre Laporte: If I could add something on financial literacy, I'm of a view that it's fine for people to know how to manage their finances, handle credit, to take care of obligations, but I don't believe Canadians should be experts at investing in the stock markets. MPs and senators belong to a very generous pension plan, and none of you has asked to be thinking about whether you go into bonds or foreign equities. You don't have to worry about it because someone else is taking care of it.

I don't see why small and medium-sized companies and other taxpayers in this country should not have the same privilege. I believe financial literacy is fine to a certain degree, but if we have a system that allows people to have a decent pension without having to turn them into financial experts, I think that's a better way to go.

● (1700)

Mrs. Cathy McLeod: I appreciate both those comments, and I think they're both very valid. I remember Terry Toller, who did consumer education in grade nine, teaching how to do your income tax returns and skills that we never forget.

I want to get one quick question in. The one thing I am a bit confused over are the changes under Bill C-51. As I understand, they are just actuarial adjustments. So come 50 and your decision to retire at 60, 65, or older, it's not that there are reductions; it's that there are adjustments in terms of the equity since it's paid out over a much longer time. Could someone straighten me out on that?

Thank you.

The Vice-Chair (Ms. Candice Hoeppner): You have about 30 seconds to straighten her out.

Ms. Martine Sohier: There is already an adjustment. As was mentioned earlier, it was 6%, but it was found that 6% is not enough to be equitable from the time you start a pension early versus later. There is a need to increase that to be more equitable between the time you start—if you start early—versus if you wait.

Mrs. Cathy McLeod: It sounds like a fair system.

Thank you.

The Vice-Chair (Ms. Candice Hoeppner): Thank you very much.

I would like to—

[*Translation*]

Mr. Luc Desnoyers: I need some information, Madam Chair.

[*English*]

The Vice-Chair (Ms. Candice Hoeppner): Go ahead.

[*Translation*]

Mr. Luc Desnoyers: I have heard about documents that were tabled with the Department of Finance by Ms. Rose-Lizée and by Ms. Sohier's group. Mr. Laporte did not table a document, but he talked about a project. I don't know whether he has any document supporting that. I would like to know whether we could get a copy of those documents.

[*English*]

The Vice-Chair (Ms. Candice Hoeppner): Could we request that those documents be sent to the committee?

Ms. Martine Sohier: I want to point out that there are various consultations. Would you like to have the broad area of all consultations? We could send that.

The Vice-Chair (Ms. Candice Hoeppner): That would be great. Thank you.

Again, we want to thank all of the witnesses for the information you provided.

We will suspend for just a moment, and then we'll be coming back as a committee in camera.

Thank you very much.

●

(Pause)

●

The Vice-Chair (Ms. Candice Hoeppner): We will begin. Thank you. We are not in camera.

We have notice of two motions. We will begin with Ms. McLeod. Did you want to move your motion at this time?

Mrs. Cathy McLeod: No.

The Vice-Chair (Ms. Candice Hoeppner): All right, thank you.

We will proceed to the next notice of motion from Ms. Neville. Do you wish to move your motion?

● (1705)

Hon. Anita Neville: I do, thank you, but I don't have a copy of it in front of me.

The Vice-Chair (Ms. Candice Hoeppner): Okay. We'll wait for everyone to get a copy.

The motion reads:

> That, pursuant to Standing Order 108(2), the committee holds a joint meeting with the Standing Committee of Human Resources and Skills and Social Development and the Status of Persons with Disabilities to study the subject matter of Bill C-56, An Act to amend the Employment Insurance Act and to make consequential amendments to other Acts.

Hon. Anita Neville: Thank you, Madam Chair.

I don't want to belabour it or go on at length. I think it would be an important issue for this committee to meet with the HUMA committee, which is doing the primary study of the benefits to the self-employed. As you are undoubtedly aware, it was this committee that did a quite comprehensive but incomplete study—because there was an election called—on benefits to the self-employed, focusing largely on maternity and paternity benefits. Given the history of this committee, it would be most appropriate. And I'm sure that the blues or the report, whatever members want, could be sent out to those members of the committee who weren't there. It certainly affects a disproportionate number of women compared to men.

So that's my recommendation.

Ms. Candice Hoeppner: Is there any discussion on the motion? Does anybody wish to speak to the motion? No debate?

Mr. Van Kesteren.

Mr. Dave Van Kesteren: We tried to do this with industry and finance. There was an issue with credit cards. We found it very cumbersome. I'm quite pleased, actually, with the progress we've made in this study. I think we've covered a lot of ground. We have decided as a committee to focus on this particular issue rather than the dual purpose that we had originally. We had some discussion on that; nevertheless we've come to a conclusion.

I think we'll find, Ms. Neville, that it's going to bog us down. That's what our experience was with finance and industry. We found it was very difficult to coordinate the two committees, and when we did get together there was much confusion as to who was going to chair.

As I said, I'm very pleased with the progress we've made. There are some witnesses I'd still like to hear from and I'd still like to ask some questions, but I would caution us as a committee to go in that direction. I think we may find that it would be more counter-productive than productive.

The Vice-Chair (Ms. Candice Hoeppner): Is there any other discussion?

Ms. Wong.

Mrs. Alice Wong: I'm speaking against this as well, because right in the beginning we set some goals. We've been doing this, and we had excellent witnesses today. All of a sudden we move on to EI. What is the whole mission of the committee? We set a goal that we want to achieve, and then another goal comes along that has never been discussed before and all of a sudden we want to barge into another committee and say that we want to be there.

For those who are interested, you are always allowed to sit in and listen. If your party allows you to take the place of someone who is originally on the committee, you can actually speak there. That applies to all parties. So I don't see the need of upsetting everything we've planned, where our committee is heading, and then saying let's do something else.

I speak very strongly against this.

The Vice-Chair (Ms. Candice Hoeppner): Are there any other comments?

Ms. Demers.

[*Translation*]

Ms. Nicole Demers: Madam Chair, I would just like to get a little additional information. When does Ms. Neville hope to hold that meeting? Would it be before the holidays, before the parliamentary break, or afterwards? What did she hope to get out of this meeting? I'd like to get some additional information before I make a decision.

[*English*]

The Vice-Chair (Ms. Candice Hoeppner): Go ahead, Ms. Neville.

Hon. Anita Neville: Thank you very much.

I hope that if it requires a special meeting, we will have a special meeting. As I said, this committee has studied this issue and has a historical memory of this issue. I don't accept Ms. Wong's comments about barging into or upsetting the plan. Our mandate is to look at the impact of legislation on women. Very rarely is legislation sent to this committee. Perhaps it should have been sent by the government to both committees. The minister, when she was here, made it quite clear that her responsibility—and I take it, our responsibility—is to look across government at how matters have an impact upon the lives of women. This will certainly have a profound impact on the lives of women.

I'm curious to know whether there was a gender-based analysis done on the report. I'm not certain about that. I think it's important. And Madam Chair, if I can say so, I'm going to put this motion again when other legislation comes down. There is other legislation coming down that has a direct impact on women, and I think it's incumbent upon this committee to review the legislation and to be part of the discussion.

● (1710)

The Vice-Chair (Ms. Candice Hoeppner): Thank you, Ms. Neville.

Is there any other discussion?

[*Translation*]

Ms. Nicole Demers: Madam Chair, I'd like to propose a friendly amendment. If I understood correctly, Ms. Neville would like to have the committee hold a joint special session with the Standing Committee on Human Resources, but without it being part of our usual calendar. The objective of this meeting would be to learn about the provisions of Bill C-56 that could have an impact on the lives of women in terms of employment insurance. Did I understand that correctly?

[*English*]

The Vice-Chair (Ms. Candice Hoeppner): Do you accept that friendly amendment?

Hon. Anita Neville: Yes, without question.

The Vice-Chair (Ms. Candice Hoeppner): All right. So let's read that as amended.

Mr. Dave Van Kesteren: Are we dealing first with the amendment?

I'd still like to address the motion, but if it's proper that we first deal with this amendment, that's fine.

The Vice-Chair (Ms. Candice Hoeppner): It's a friendly amendment, so we'll look at it as amended, and then you can address it.

The amendment would add that pursuant to the Standing Orders, the committee would hold a joint special meeting outside the normal meeting time.

That's the friendly amendment. This is the motion with the amendment in it.

Go ahead, Mr. Van Kesteren.

Mr. Dave Van Kesteren: Are we beginning discussion on the amendment now, or are we back to the motion?

The Vice-Chair (Ms. Candice Hoeppner): The friendly amendment has been accepted by the mover, so we'll discuss the motion with the amendment in it.

Mr. Dave Van Kesteren: I guess the other thing I'm curious about is whether we have contacted the human resources committee? Are they in favour of this as well? Has there been some dialogue on your side? On our side, I don't think we've discussed this. Should we possibly make some type of overture to them and suggest that we do this? Is this being discussed on the other side?

Hon. Anita Neville: Through you, Madam Chair, I've certainly discussed it with colleagues on that committee. If this motion passes, then it would go to the chair of that committee. If they say that they don't want to, then at least we've made an effort to do it.

I think it's important. I think it's important that we establish that precedent of looking at legislation that has a particular impact, or a disproportionate impact, on women, and that we be part of the discussion.

Mr. Dave Van Kesteren: Could I have a final question to that same effect? I suppose this would be directed to the clerk, through you, Madam Chair.

Is it normal procedure that we would impose...? That may be a strong choice of words. Is this motion a request?

● (1715)

The Vice-Chair (Ms. Candice Hoeppner): The motion would be an expression of the will of this committee. Obviously we cannot impose our will on another committee. They are masters of their own destiny as well.

Ms. Mathyssen.

Ms. Irene Mathyssen: Thank you, Madam Chair.

I would like to support the amended motion. I think this committee has a great deal to offer in terms of our expertise. It's incumbent on us to send a very clear message that we take our job as representatives for the benefit of women across the country very seriously and we want to play a role in the decision-making that will, in fact, impact women so significantly.

The Vice-Chair (Ms. Candice Hoeppner): Thank you.

Is there any other discussion?

[*Translation*]

Ms. Nicole Demers: With your permission, Madam Chair, I'd like to point out that Bill C-56 concerns women who are self-employed, if I'm not mistaken. However, we have discussed the situation of these women and we came to the unanimous conclusion, I believe, that they should benefit from programs, maternity leave, employment insurance when they are sick, and so forth. This bill specifically addresses women in that situation. I think that this would be most welcome and that it would be beneficial.

[*English*]

The Vice-Chair (Ms. Candice Hoeppner): If there's no other discussion, we will call the question.

(Motion agreed to)

The Vice-Chair (Ms. Candice Hoeppner): Thank you.

Is there a motion to adjourn?

Some hon. members: Agreed.

The Vice-Chair (Ms. Candice Hoeppner): The meeting is adjourned.

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