



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities

HUMA • NUMBER 064 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Tuesday, October 3, 2017

—
Chair

Mr. Bryan May

Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities

Tuesday, October 3, 2017

• (1530)

[English]

The Chair (Mr. Bryan May (Cambridge, Lib.)): Good afternoon, everybody. I'm glad to see that everyone is here. We're going to start a few moments early, because there is a chance that we might be cut off by votes. Bells are apparently starting at 5:15.

Today, pursuant to Standing Order 108(2) we are doing a study of advancing inclusion and quality of life for Canadian seniors. I'm very excited to get this study under way.

We have Tammy Schirle, professor in the department of economics at Wilfrid Laurier University, appearing as an individual and coming to us from Guelph, Ontario.

Hello. I was born in Guelph, Ontario, so I'm very pleased to have you here today.

We also have, for the Canadian Association of Retired Persons, Wanda Morris, vice-president for advocacy, appearing by video conference from Surrey, British Columbia.

Appearing in person from the Council on Aging of Ottawa is Richard Shillington, adviser.

From HomeEquity Bank we have Yvonne Ziomecki, executive vice-president.

From Prince George Council of Seniors we have Lola-Dawn Fennell, executive director.

Thank you all so much for being here today.

We have a very large panel, so we're going to get right to it. We're going to have opening remarks of about seven minutes. Once everybody has had an opportunity to speak, we'll have a series of questions from everybody here.

To start us off today, we're going to go to my birthplace—Guelph, Ontario.

You're up first, Tammy. The next seven minutes are yours.

Dr. Tammy Schirle (Professor, Department of Economics, Wilfrid Laurier University, As an Individual): Thank you.

I promised your translators that I would try not to speak too quickly. If I do, give me a flag.

I am a labour economist. For those not familiar with me, a lot of my work revolves around issues of poverty and inequality, and I like to work on policy that relates to both retirement and gender equity. That gives you a sense of what my background here is.

What I would like to do today is discuss ideas on how we might recreate our income security system to better help our most vulnerable seniors while maintaining, and possibly improving, support for a broad range of seniors.

The income security system we have for seniors was largely developed in the late 1960s and 1970s. Central to this system was the introduction of the Canada Pension Plan, the old age security pension, and the guaranteed income supplement, for which the eligibility age was reduced to 65 in 1967.

A patchwork of programs and tax expenditures further help select groups of seniors. For example, the allowance and survivor's allowance help widows and married seniors as early as age 60. A non-refundable tax credit for the age amount reduces the tax liability for those over age 65 with modest incomes. The tax deductions for the pension income amount and pension income splitting benefit those with eligible pensions, particularly those who are married with high income. Also, various programs at the provincial level further supplement income and assist with the costs facing seniors. In Ontario, some examples are GAINS, which offers a small income supplement; the public transit tax credit for seniors; and a home renovation tax credit, among other programs.

With that, the rate of poverty among seniors is quite low, enviably so across OECD countries. Unfortunately, we lack a good measure for senior poverty in Canada, and I would recommend that this committee consider the merits of devoting resources to better measures. Using our existing measures of poverty, we see that the highest poverty rates are among single seniors. In 1976, unattached elderly women had a poverty rate at 68%. In 2015, this fell to only 13%. However, the poverty rate for women who are in "economic families"—who by and large are married—is only 1%. Where are the gaps?

First, the OAS and GIS combined do a good job of bringing the incomes of married couples closer to the poverty line. In fact, the GIS expansion in 2006 and 2007 brought married couples up to the after-tax low-income cut-off. GIS does less for unmarried individuals, whose maximum benefits remain \$4,000 to \$5,000 below the poverty line. Increases in 2016 to the single GIS amounts improved that situation but still fall short.

We also fail many seniors who are single in the 60-64 age range. If a person is divorced or simply not married, they are ineligible for the benefits available to otherwise equivalent married and widowed low-income seniors in that age range. I think this reflects the expectations for family structure and work that prevailed in the late 1960s and 1970s. It is not clear to me why this penalty for being divorced remains in place.

Moving forward, I think there is merit in pursuing a major review and reform of the income security system. We need to update our expectations for the roles of men and women in families, as breadwinners, caregivers, or even as spouses, with gender equity considerations prominent in that effort. We need to reconsider Canadians' priorities for supporting vulnerable populations as opposed to entire demographic groups. We need to account for the changing nature of work among older populations.

For example, the key parameter for program eligibility has been stuck at 65 since 1967. Many seniors are able to work longer than before, given better health and higher life expectancy. Our research suggests that if our work habits kept up with life expectancy, men could, on average, work five years longer than they currently do. However, our research also shows large differences in the ability to work at older ages across the population. I am concerned that a universal increase in the eligibility age will harm the most vulnerable seniors.

We could consider bringing together the patchwork of benefits and tax expenditures to streamline the income security system. I would make it more transparent and accountable, offering direct benefits rather than tax expenditures.

• (1535)

I would use our resources to better target vulnerable populations. I would also design a program with seniors' work incentives in mind, which for economists means spending time thinking about marginally effective tax rates.

Where are some places where work incentives matter?

First, consider the guaranteed income supplement. While many seniors who receive GIS benefits do not have the opportunity to work full time, they may be able to work part year or part time. Since 2008, we exempt up to \$3,500 in employment earnings and also allow a general exemption of \$2,000 for the lowest income seniors. However, for earnings beyond the exemptions, the GIS benefit is reduced by 75¢ for every dollar earned. At higher earnings, the clawback rate falls to 50¢ for every dollar earned.

This high tax on work for low-income seniors, on top of clawbacks in provincial or municipal programs, leaves employment rather unrewarding. As a solution, we could take a lot of the resources we currently put toward low- and middle-income seniors and create a similarly generous program with lower clawback rates, so that vulnerable seniors who work can get ahead.

Second, I would suggest moving away from age 65 as the focal point. For example, I would love to see an experiment—this is me being a researcher—in which we keep the existing structure of CPP benefits in every way, but refer to age 70 as the focal age for defining the basic benefit calculation, rather than age 65. If we simultaneously

expanded opportunities to delay OAS take-up, I suspect we would see the spike in retirements at age 65 disappear.

There are many things we can do in our system of taxes and benefits to better help and support the seniors who need help. My main message for this committee is that it is worth spending some time rethinking how we deliver that system.

I thank you for the opportunity to be here today and appreciate any questions from the committee

The Chair: Thank you very much and right on time. That was brilliant. Thank you.

Next up, we have Wanda Morris for the Canadian Association of Retired Persons, coming to us from Surrey, British Columbia.

The next seven minutes are yours.

• (1540)

Ms. Wanda Morris (Vice-President, Advocacy, Canadian Association of Retired Persons): Thanks very much.

I'm going to talk to you briefly about CARP. We are a 300,000-member advocacy organization with our primary membership in Ontario, followed by British Columbia, Alberta, and Nova Scotia.

I will also say that we are going to be in Ottawa on October 25, and I look forward to the chance to meet with many of you in person then.

I'm going to start by talking about the income issues; then, time permitting, I'll share my thoughts on other areas.

With respect to the question of how the government can improve income security for vulnerable seniors, the biggest challenge is to improve affordable housing. What we know is that many vulnerable seniors are vulnerable because by the time they've paid for their housing they can no longer pay for nutritious food, transportation, and medical care.

Seniors are impacted both directly and indirectly. Many seniors have helped their adult children and adult grandchildren buy homes, something that has significantly adversely affected, through the increase in housing prices, their retirement security.

As my colleague mentioned, the face of senior poverty is overwhelmingly female. The median income in 2013 for a senior woman was \$21,900, compared with \$32,300 for a man. We need to take steps to fix this.

One thing we can do is look at how we can support caregivers better. These caregivers are providing \$26 billion annually of unpaid and informal care. We have a provision in the CPP to give child rearers, primarily women, a time out when they are raising children. We would love to see that extended to caregivers, but also, being aware that having other CPP contributors subsidize it would be a regressive tax, we look for something more innovative, such as government funding for those CPP premiums.

We'd also love to see more programs for caregivers, things such as respite care and adult day care centres, so that caregivers don't have to choose between working and staying at home and providing care.

We need to dramatically increase the uptake on the programs we currently offer. Estimates I've seen range between 100,000 and 150,000 for Canadians who are eligible for the guaranteed income supplement but aren't claiming it. This is unconscionable. We need to provide it automatically.

For example, in the U.K. most citizens don't file tax returns; it is done automatically on their behalf by the government. I think that's something that's well worth exploring, particularly for our lowest wage earners and lowest-income retirees. We need to make sure that if anybody is already filing a tax return, they automatically get their GIS paid and don't have to file additional and supplemental forms.

What I have heard anecdotally is that there are certain barriers in place for people to get GIS. We need to switch that around and make it as seamless as possible for people to get this support. We need to work with the local agencies that have already earned the trust of our most vulnerable seniors and enable them to help people get the benefits for which they qualify.

We also need to recognize that the Internet isn't a panacea for the older-years population. In 2013, the general social survey found that only 54% of senior women and 59% of senior men had used the Internet in the past 12 months. I'm sure those numbers are higher now than they were then, but there's still a significant cohort of our most senior seniors and also our most low-income seniors who do not have access to the Internet.

We need to tweak our income-support programs to better support low-income seniors and incent older Canadians to continue working. We need to reform our RRIF withdrawal policy so that people aren't incented to over-withdraw from their RRIFs, running out of funds before they run out of time.

CARP recommends an amnesty for RRIF withdrawals for our lowest-income seniors. Many individuals, through lack of financial literacy, have contributed to an RRSP when it wasn't in their best interests—when they were low-income earners—getting very little benefit from doing so and now facing GIS clawbacks when they withdraw.

We need to change our structure for CPP so that there are incentives to continue working not just to age 70 but beyond, and similarly for OAS.

• (1545)

There are a number of corporate pension plans that prevent individuals from continuing to gain from contributing past age 65. We need to try to change that. For some individuals, unless you take your CPP at 65, if you have already fully contributed there's no benefit to contributing beyond that. We need to change that. We need to make that equitable.

I concur with my colleague about making tax credits non-refundable. For example, caregiver tax credits need to go to our most vulnerable and those with the lowest income, those who aren't already paying taxes. We need to tackle the GIS clawback.

We need to take steps to protect those who have already taken steps to protect their own retirement. CARP is currently running a pension campaign to protect corporate pensioners, and that's what we'll be talking about on October 25.

We strongly support provincial governments to implement a best interest standard, to ban embedded fees, and to take steps to harmonize regulations so that investors are protected and we don't pay some of the highest fines in the world.

The Chair: You have one minute.

Ms. Wanda Morris: I will come with the final points.

We need to share tax information between different levels of government. In Ontario, for example, in determining who gets reduced copays on provincial drugs, the only information the province has is on who is eligible for GIS, so they have an artificially low cut-off. To share that information better, we need to coordinate relief programs between different levels of government, federal and provincial. Just as many people don't know about GIS, many people aren't aware of provincial benefits they can access—for example, energy reduction costs.

Finally, in talking about housing, municipalities could introduce progressive property taxes to tax at a higher rate more expensive houses but offset that against earned income, so that there's a disincentive for people to invest and leave homes vacant. To do that, though, would again require government coordination.

I'll stop there, but in question period I'm happy to provide responses to the first or third question, if time permits.

The Chair: That's great. Thank you very much.

Now, from the Council on Aging of Ottawa, we have adviser Richard Shillington.

The next seven minutes are yours. Go ahead, sir.

Mr. Richard Shillington (Adviser, Council on Aging of Ottawa): Thank you very much for this opportunity to discuss such an important and timely issue.

I am here on behalf of the Ottawa Council on Aging. I sit on a panel of income security experts, former ADMs, and the former chief actuary of CPP, who give advice to the council.

Our expert committee composed a recent report that the dependency ratio, the ratio of seniors to the working-age population, overstates the physical challenges posed by aging. The council has committees working on issues like housing, isolation, vulnerable seniors. If you have questions about that, through the clerk you could send them to the council. My expertise is mostly in income security, rather than housing and vulnerability.

I started concentrating on GIS in 2001, when I managed to make the press aware that there were 300,000 seniors in Canada eligible for GIS who weren't receiving it; and the HRSDC knew who they were. That situation has improved immensely, but there's still a great deal of room for improvement.

I recently published two papers on seniors, which the clerk will be familiar with. One was co-authored with Bob Baldwin, on the lack of policy analysis that accompanied the recent CPP enhancements. I also wrote a report on the economic circumstances of seniors and their income in retirement that was published a couple of years ago.

I'd like to draw attention to the Statistics Canada graph that I distributed to the committee. I was awestruck when I saw that. I'm a mathematician by training. You can see the poverty rate, on the whole, has changed very little, except for those people who happen to be between ages 65 and 85, where the proportion of the poor seems to have increased by something like 50%. Something substantial is going on.

The income of lower-income seniors, those without pensions, is completely determined by federal legislation. These people tend not to have pension plans. They don't have significant savings. Their income is old age security, federal legislation; GIS, federal legislation; Canada Pension Plan, federal-provincial legislation.

The average income of a single senior who doesn't have a pension plan is \$18,000 to \$19,000. We can debate whether or not they're poor, depending on what poverty lines you want to choose. It's not a lot of money. It's certainly not a lot of money in Ottawa, Vancouver, or Toronto. You basically say, "How do I survive?"

• (1550)

I will talk in turn about OAS and GIS.

Old age security is indexed to prices, to the CPI. It has been that way since it was created. Except for the indexation of prices, there has been no change to OAS since it was created.; it has had the same purchasing power for 50 years. Thus over time, of course, OAS has diminishing value as either income replacement or as an anti-poverty measure.

The last government announced that it was going to delay OAS by two years. This government has rescinded that, and we will have OAS at 65. I actually favour delaying OAS to 67, or even later over time, as long as you leave GIS where it is; or we could in fact debate moving GIS to age 60. You would, then, delay OAS for most seniors but keep in place income protections for seniors who are vulnerable from an income point of view.

We currently give OAS and GIS to some seniors—those who are married to somebody over 65 or who are a widow or widower—so there's a precedent for this. We also currently use GIS to replace any missing OAS for people who don't get full OAS. We do this for immigrants. We could, then, modify those programs, and there are precedents for doing so.

The guaranteed income supplement is one of those programs that help you up and hold you back. The GIS gives you money to increase your income and then claws back any income that you earn.

The program is impossibly complex. I challenge anybody to make a simple statement describing eligibility accurately. You will read that if your income is below \$15,000 you're eligible; that's not true if you're an immigrant. That \$15,000 excludes OAS; not everybody knows that.

It's different if you earn wages. Wages and paid employment are treated differently from self-employment. If you have dividend income, it's different. If you have capital gains income, it's different.

About one-third of seniors get GIS. About two-thirds of seniors without a pension plan get GIS. It's a very important program, and we still have many seniors not getting benefits they're entitled to receive, mostly because of the complexity.

We know now that seniors on GIS have a clawback rate—effectively a tax rate—that is at least 50%; for many of them it's 75%. When you combine it with some provincial top-ups, it's 100%. A good proportion of seniors live in social housing. Social housing charges you a rent in many places that is 30% of your income. That's another clawback on top of the other clawbacks. Many seniors have a tax rate of more than 100%.

This is not a surprise to anybody who understands these programs. The chief actuary just a couple of weeks ago had a report that said that many low-income seniors will not benefit from the enhancements to CPP benefits—the new program—because of GIS. This is not news to anybody who understands these programs.

You are going to be torn about the CPP program. It's critical for low-income seniors, but the enhancements that were announced are so minimal, and they are going to be phased in over 40 years.

Some years ago I wrote a report for the Task Force on Financial Literacy that asked for simple things: simplicity and transparency in the design of the income supports. I've been on the phone with many seniors who are missing out on benefits they're entitled to because they couldn't navigate the system or were not aware that they were eligible.

A major culprit is CPP. It's almost impossible to independently check that you're getting the CPP benefits you're entitled to receive. For income tax you can actually double-check the calculations that CRA does. I get a CPP cheque; they just said, this is what you're getting.

I'm good at this, and there's no way for me to verify that it's correct. When you get the new CPP enhancements, the enhancement rules are totally different from the rules for the CPP base. Good luck ever figuring out that you're getting what you're truly entitled to receive.

I'll make one quick comment about RRSPs: they're toxic for low-income Canadians. It's like having a mutual fund with a 50% back-end load, for people who know what that means. The banks are still doing a terrible job of giving individuals advice that says: you shouldn't be in an RSP; get yourself into a TFSA before you turn 65. They basically are not doing that.

I have some other things I'd like to say, but maybe there will be questions.

Thank you.

• (1555)

The Chair: Thank you. I'm sure there will be.

That last point I agree with. We see this a lot in our constituency office. People come in with devastating stories about RSPs.

Moving on, we have HomEquity Bank.

Yvonne, the next seven minutes are yours.

Ms. Yvonne Ziomecki (Executive Vice-President, HomEquity Bank): Good afternoon, Mr. Chair.

Thank you for the invitation to appear before this committee and for the opportunity to participate in this important dialogue on income security for vulnerable seniors. This is an incredibly important issue for our country. We hope that your study, once complete, will motivate the government and all of us here to transfer your recommendations into tangible actions and results.

HomEquity Bank is a federally regulated schedule 1 bank. We are the only bank in Canada that deals exclusively with seniors. We're proud partners of CARP, the Canadian Association of Retired Persons, as well as supporters of the Royal Canadian Legion.

I'm thrilled that Wanda Morris from CARP is also on this panel. She's a tremendous advocate and expert on these issues and she'll serve as an important resource for this committee.

HomEquity Bank's 30 years of front-line experience has provided us with a unique perspective and insight into the many issues that seniors, particularly vulnerable seniors, are facing today in Canada. As you know, this Sunday, October 1, was National Seniors Day in Canada. To acknowledge the day, we launched a series of conversational podcasts titled *Mindful Money* to bring awareness to many of the broader issues that affect the financial well-being of Canadian seniors: managing debt, health care options, tax planning, financial planning, real estate trends, and the impact of demographic shifts on the economy. As I'm sure this committee is well aware, these broader issues are particularly acute for vulnerable seniors.

It is also important to acknowledge the changing face of seniors and aging in Canada, particularly vulnerable seniors. A vulnerable senior is not always someone in dire and desperate circumstances. In fact, we have had many clients in vulnerable circumstances who appear seemingly normal to their family and friends because they don't want to burden them with their financial problems. That is why we have long encouraged a shift in the mindset of how families should ignite these discussions and why we commend the government for undertaking this study.

Let's recall some important contexts. Canadians are entering retirement with fewer savings and more debt than ever before. Seniors are living significantly longer than in the past and the average senior is likely to have cash flow concerns within 10 years of retirement. To add some hard numbers to this context, earlier this year HomEquity Bank released a report with data sourced from Equifax Canada titled *The Home Stretch: A Review of Debt and Home Ownership Among Canadian Seniors*. I have provided copies of the report to the clerk in both official languages.

The results of the national study outline increasingly troubling trends. As Canada's population ages, the ability to retain and

maintain a home is progressively compromised by record household debt levels, modest long-term savings, the decline of defined benefit pensions, and extended life expectancies. The data indicates that 91% of Canadians over the age of 65 say that staying at home is important, while at the same time, only 78% have any savings and investments, with 40% of those having less than \$100,000 set aside for retirement. Other relevant statistics from the study are: 77% say the Canada Pension Plan is their primary expected source of income, 73% will rely on old age security, 57% have RSPs to draw upon, 48% have a work pension, and 48% have savings.

As many economists and financial planners do, I believe that home ownership should play an important part in the discussion of income security for Canadians. While the family home is the single-largest asset for most Canadians, it has often been viewed as untouchable in the past. In 2017, especially in light of significant appreciation in residential real estate values, it increasingly makes sense to unlock the equity that has been accumulated over the decades. In doing so, a home can be transformed from a passive to an active asset.

It's imperative that we empower seniors by also transforming our understanding of primary residences from passive to active assets. Allowing seniors to take advantage of the value in their home, while preserving their ability to live independently, is but one of many ways to address retirement and income security challenges. The government plays a vital role in all of this. It can ignite important public policy discussions and use its convening power to coalesce stakeholder groups to provide tangible, real-life solutions. For HomEquity Bank, these solutions include continuing the ongoing proactive dialogue about the need for early financial retirement planning, providing greater access to information about government and private-sector tools and resources that can help vulnerable seniors plan and manage their money, continuing to educate Canadians—not just seniors—about the ways to manage debt and finances strategically, supporting and raising awareness about many of the grassroots organizations that help vulnerable seniors with income security issues, and reducing regulatory burdens and red tape on businesses and banks, particularly smaller businesses and smaller banks, trying to help vulnerable seniors.

• (1600)

We all know that the demographics of our country are changing. It is my hope that this study continues the needed awareness-building required for Canadians to plan early on for their retirement.

Moreover, I hope this committee continues its good work while harnessing the collective power and resources of the government and industry to develop and implement policies that directly help vulnerable seniors with income security issues.

HomeEquity Bank appreciates the opportunity to provide context and contribute to this ongoing discussion.

The Chair: Thank you very much.

Finally, we are pleased to welcome Lola-Dawn Fennell, executive director of the Prince George Council of Seniors.

You have seven minutes.

Ms. Lola-Dawn Fennell (Executive Director, Prince George Council of Seniors): Thank you very much.

I am here to talk to you about our seniors resource centre and experiences there.

The resource centre has been around since 2002. We are open six hours a day on weekdays, or about 1,500 hours annually. During those hours, we answer around 3,500 phone calls and assist over 3,000 walk-in clients. Some of our clients seek specific information and are quite able to follow up themselves. I've been around for over a decade, and when I came to this job, that was the norm. No longer. Today, the majority of our clients come to us in crisis—financially, as well as emotionally, psychologically, and physically. They don't know where to turn.

The Canadian census identifies that 45.1% of Prince George seniors, 65-plus, are low-income. These are our clients. We see frustration, anger, tears, and hopelessness, as well as shame, on a daily basis. These seniors, often single, are in crisis. They live month to month. Incomes are insufficient to keep up their homes.

Renters come to us owing back rent, and possibly facing eviction and homelessness. Rent leaves little to live on. Homeowners come to us when repairs, especially roofs and furnaces, are beyond their means. Routine maintenance, painting, cleaning eavestroughing, and snow removal are also beyond their means. Both renters and homeowners struggle with utilities. Each winter, we see more seniors falling behind, having utilities cut off, unable to scrape together amounts owed or deposits to have services reinstated.

Our clients want housing alternatives for physical and financial reasons, but most new housing in our area is out of their price league. They need assistance with housekeeping but cannot find affordable housekeepers. They struggle with caregiving responsibilities and cannot afford in-home help or respite.

You may not see these issues as particularly insurmountable, but when you are already stretched to your monthly income and emotional and physical limits, a broken-down furnace or a bill collection notice or one more hour of caregiving can become a last straw. Yes, we see suicidal seniors.

Our staff and volunteers are excellent listeners. Clients routinely express how they are unheard in this rushed, impersonal, and highly technological world. When we really listen, we often discover that their particular crisis is more complex than originally presented. They are isolated by depression and other mental illnesses, but they are still proud northerners. They always worked hard for their families and homes, they never accepted handouts, and they don't want charity now.

Despite these values, poverty erodes their health. Simple personal hygiene is a struggle when they cannot get in and out of a bathtub

safely or cannot lift partners in and out. Laundry is a struggle when those facilities are downstairs. Diets are poor. They cannot physically manage transportation for grocery shopping or carrying groceries upstairs. Incomes necessitate inexpensive foods, and lack of teeth or dentures prevents adequate chewing. Healthy fruits and vegetables are the first items cut out.

Many have to choose which crucial prescriptions to fill and which to ignore each month. Lack of appropriate eyeglasses and hearing aids isolates them further. We also learn about literacy challenges, especially computer literacy.

We refer these clients to as many sources of assistance as possible. We explain benefits and help with applications. There are many examples of things that we can refer them to locally, provincially, and federally. They don't know about these things until they come to us, even simple things like OAS. We encourage clients to talk to utility companies, and sometimes we refer them to bankruptcy representatives.

Our efforts are seldom immediately helpful, and not very reassuring. SAFER, shelter aid for elderly renters, applications may take months to process. There are long waiting lists for subsidized housing. The Better at Home program has only two part-time housekeepers and one grocery assistance volunteer in our community.

●(1605)

There are wait-lists for health assessments, then additional wait-lists for those programs and services. Fair PharmaCare demands sizable deductibles before subsidizing. Our own denture program relies 100% on community donations, and those donations are shrinking.

I worry about increasing debt levels, seniors with maxed-out credit cards and payday loans with high interest rates as well as Canada Revenue Agency debts. I worry about assistance not keeping up with costs.

For example, since 2005, the maximum rent that qualifies for a SAFER subsidy in B.C. has increased 9%, while rents have increased 34%. The B.C. senior supplement has remained unchanged at \$49.30 for the past 30 years.

I see more elder abuse as younger people also struggle. I worry about the technological gap between those with access to information and those without. I especially worry about the number of needy seniors whom we do not see.

I don't have solutions. I have more questions than solutions. I wish I could bring a busload of our clients here to share their own stories with you personally. Thank you for allowing me to witness on their behalf.

The Chair: Thank you, everyone, for your testimony here today.

We're going to get right into questions. Starting us off is MP Warawa.

Mr. Mark Warawa (Langley—Aldergrove, CPC): Thank you, Chair, and thank you to the witnesses.

This is a very important study. The committee has for the last couple of years been considering the importance of a national seniors strategy; this is part of it. We look forward to your recommendations. It is a very complex issue that we're dealing with, but we need to take care of our aging population.

Right now, one in six is a senior. Within about twelve and a half years, it's estimated that it will be one in four. Presently we have one in four Canadians acting as a caregiver, spending hours taking care of somebody in need. Those numbers are only going to increase, we know.

To deal with income security—and Mr. Shillington, this is a question for you, with your expertise on that issue—it has been suggested that restoring the age of eligibility to 67 from 65 for OAS and GIS will, with the recent bump-up, solve the problem of income security.

• (1610)

Mr. Richard Shillington: Moving the age of eligibility for OAS from...?

Mr. Mark Warawa: It was 65; it went to 67. Bringing it back to 65 and also bumping up the small increase on GIS should solve the problem with income security.

Mr. Richard Shillington: Well, no. I wish I could pull the numbers out of the air about the amount of money that actually represents and how much it actually increases. Certainly the poverty rates for single seniors are in the 25% to 30% range—higher for women than for men. Those are going to chip away at them; those poverty rates will be smaller. They're not going to be eliminated.

Mr. Mark Warawa: I'm just referring to a response. We did a study on poverty reduction, and that was the response this committee received from the minister: that to deal with the seniors issue:

...the Government has taken steps to ensure more seniors have the income security they need in their retirement by restoring the age of eligibility from 67 to 65 for the Old Age Security pension and the Guaranteed Income Supplement, and increasing the Guaranteed Income Supplement top-up for low-income single seniors.

I think we have a lot more work to do.

Mr. Richard Shillington: Both of those movements are in the direction of reducing poverty, but you're not there.

Mr. Mark Warawa: Right, and you've written a couple of papers recently on that subject. One of those says that the government's

plans to enhance the CPP will ultimately bump 243,000 Canadians from qualifying for GIS, which would realize a savings to the government of approximately \$3 billion annually.

Mr. Richard Shillington: I don't think that's me. I think it's the chief actuary.

Mr. Mark Warawa: Okay, that's right.

Mr. Richard Shillington: Because of the GIS clawback and the fact that some GIS recipients actually pay income tax, they're in this overlap. They pay income tax, but they also get GIS. If they take \$1,000 out of their RRSP, it's taxable; then it's clawed back at the same 50%.

If you put all those operations together with the GIS clawback, the paper I wrote.... I'm pretty sure those numbers were in the paper, but we just talked about the proportion who get little or no.... I don't think we put numbers on it; it's the chief actuary who did that.

You're probably reading from *The Globe and Mail* article from a couple of weeks ago, when I was phoned and asked out of the blue at the cottage what I thought about the chief actuary's paper.

Mr. Mark Warawa: Is it accurate? Would you agree with it?

Mr. Richard Shillington: These people are very careful.

There is one comment I would make. The chief actuary is talking about something that's going to happen in 45 years. If you are making a forecast about the way the world is going to be in 45 years, even a very small difference in your assumptions will have a huge impact.

Mr. Mark Warawa: Good.

Could you briefly touch on recommendations about how we can help income security, tangible suggestions? Also, you mentioned that new immigrants to Canada qualify for benefits that seniors do not. Could you highlight that?

Mr. Richard Shillington: I wouldn't have said it that way. What happens is that, if you are a senior in Canada, you get partial OAS if you don't have 40 years of residency in Canada. All seniors who are immigrants are going to get reduced OAS if they have been here less than 40 years. If they are also on GIS, then the GIS will replace their missing OAS. Canadian-born people are going to get full OAS. You've brought the immigrants up to what Canadian-born people would get if they are poor, so I don't think the immigrants are getting something Canadians don't get.

I don't know if I have any time to talk about GIS clawback. I have some ideas.

The Chair: You have 30 seconds.

Mr. Richard Shillington: GIS clawback, OAS fully indexed to wages rather than prices.... That's not cheap, and it's not targeted much. It goes to the middle income group.

If I had one thing, it would be the GIS clawback. Instead of being \$3,500 of wages only—it's not employment, only wages; self-employment is not exempt—it would be all income, because \$3,500 of income regardless of source would have some huge benefits, on the RRSP side as well, because then you wouldn't be clawing back RRSP withdrawals.

• (1615)

The Chair: Thank you very much, sir.

Now we go over to MP Fortier, please.

[*Translation*]

Mrs. Mona Fortier (Ottawa—Vanier, Lib.): Thank you, Mr. Chair.

Thank you to all the witnesses for their presentations.

This is my first time on the committee, and I'm extremely pleased to be working on such an important study as it gets off the ground.

Mr. Shillington, you said earlier you didn't have any suggestions regarding housing or health services, but I'm still going to try my luck. Perhaps your experience will support my comments.

As the member for Ottawa—Vanier, I've been fortunate enough to see how hard the Council on Aging of Ottawa has been working to help seniors. What's more, I believe you strive to represent and serve seniors in both official languages or in a culturally sensitive manner.

My question is for Mr. Shillington but is open to the other witnesses if they have a relevant experience to share.

Can you share with us any specific issues affecting seniors in minority francophone communities, as compared with those in majority anglophone communities? In terms of income security, housing, or health services, are there any differences that programs and services aimed at francophone seniors should take into account?

[*English*]

Mr. Richard Shillington: I don't think I am well qualified to answer that. I know the Ottawa Council on Aging does its presentations in both languages. I've done presentations, and they assist with that.

The question of housing.... I think my expertise is more in income security.

[*Translation*]

Mrs. Mona Fortier: Let's take income security and consider the population in the Ottawa area, which you are no doubt familiar with. It is home to a large number of francophones and anglophones, each group having its own cultural reality. Does the issue need to be addressed differently depending on which community is receiving the support or service? You would certainly agree that we are talking about two different populations.

[*English*]

Mr. Richard Shillington: I am not sure if the issues are different. I do know that in signing up for old age security, the guaranteed

income supplement, and the Canada Pension Plan, all of that, language is an issue, especially for people who don't speak English or French. I've looked at the data about the take-up rates for these programs, and they do differ for cultures or for the north of Canada, for aboriginal communities.

I don't recall there being an English-French issue. I do know that complexity and transparency.... I assume that those are comparable in English and in French, but I don't know.

[*Translation*]

Mrs. Mona Fortier: Very well.

[*English*]

Madam Lola, your presentation was very good.

I understand that you mentioned you do not have solutions, but I believe you probably have a couple of solutions you could share with us; you have such experience of understanding your community. I would argue that you might have one or two great ideas you could share with us that you think we should consider in this study.

Ms. Lola-Dawn Fennell: I'll point out two things I would hope for. One is less reliance on technology. So much information that is available to seniors now is becoming available only via the Internet, and we have a large number of seniors who do not use computers. That's a literacy issue, in my eyes.

For example, in Prince George, Service Canada no longer does application forms of any kind with people. They say, "There is the computer over there. Use it or go and see the council of seniors."

The other thing I would hope for is getting information out to seniors earlier. The People's Law School in B.C. put out a wonderful booklet called "When I'm 64: Benefits for Seniors" that explains what benefits are available to you at age 65. I would like to see it come out at age 44, not 64, so that you know ahead of time what's coming.

• (1620)

Mrs. Mona Fortier: I would get it, then.

Ms. Lola-Dawn Fennell: Yes.

Mrs. Mona Fortier: Are there any other solutions you would recommend from your experience in delivering such services in your community?

Ms. Lola-Dawn Fennell: I think I have more questions than solutions, really.

I wonder about increased reliance on volunteers to provide services for seniors. I don't think those volunteers are always skilled to do so, because seniors' issues are very complex.

I worry about the increasing reliance on community-based organizations to provide services for seniors. Community-based organizations such as my own rely on annual grants and fundraising, and I never know whether I have a job from year to year. It depends on our community gaming grant.

Again, I have more questions than answers. This is a really complex issue, and I honestly don't believe that talking about income security alone is the answer. We also need to look at housing and at community programs, because those issues are all so complex and so intertwined that you cannot pull one single issue out to address it.

Mrs. Mona Fortier: Thank you very much.

The Chair: Now for six minutes we go over to MP Rachel Blaney.

Ms. Rachel Blaney (North Island—Powell River, NDP): The basis of the study is really around whether we need a national seniors strategy. I'd like an answer—yes, no, or abstain—from all of you on that question.

I will do that first and maybe start with you, Wanda.

Ms. Wanda Morris: Yes, absolutely. The issues are complex, they are interrelated, and we've seen where we get by taking ad hoc pieces and trying to address them. I think it's critical.

Dr. Tammy Schirle: Yes, with a major review.

Ms. Yvonne Ziomecki: Yes, absolutely—a comprehensive one.

Mr. Richard Shillington: Yes.

Ms. Lola-Dawn Fennell: Absolutely.

Ms. Rachel Blaney: Thank you.

I just want to say, Lola-Dawn, that my past was spent working in a non-profit organization, and I definitely know what it feels like to wonder every year whether you're still going to be able to provide those essential services.

I have definitely heard from my constituents that Service Canada is pointing them at a computer. In our riding, and I don't know whether it's the same in yours, they're actually not willing to print out the forms needed by the seniors. Our office is now printing out the forms and going out to service organizations across the community, because seniors simply cannot access those services.

Is that the same in your region?

Ms. Lola-Dawn Fennell: It's the same.

Ms. Rachel Blaney: Thank you.

Ms. Lola-Dawn Fennell: It's very frustrating.

Ms. Rachel Blaney: It is very frustrating.

Thank you.

Tammy, in your paper “Senior Poverty in Canada” you demonstrate that seniors are not keeping up with the current living standards. Can you tell us what some of the solutions are to this?

Dr. Tammy Schirle: I'll suggest that first we need better measurement.

I was fortunate to be part of Minister Duclos's Miami Herald efforts with the poverty strategy and got to attend that conference last week. Our first challenge is just having a good measure of poverty.

We see that seniors are not keeping up with the working-age population's living standards. The general measurement issue—I wouldn't even call it a concern—is that as the economy grows and people are better off over time, if seniors are saving to maintain their own standard of living from when they were working and to be included with their peers, they're always going to lag behind the next generation. That's a conversation to have in and of itself.

I think what we need more, now—and this is also thinking of Ms. Fennell's comments—is to develop a better measure of poverty that's very applicable to seniors specifically and that allows for regional differences in housing costs, in what is available at the provincial level, in in-kind benefits, in the differences between being in the north and being in the south, and these kinds of things.

These are some of the bigger issues.

Ms. Rachel Blaney: As an MP who represents a rural riding with a lot of remote communities, I find that the challenges are significant, and transportation is a significant issue as well.

I'll follow up again with you, Tammy. We're looking at closing the gaps that exist in our current system. In your report, “The Pressing Question”, you stated that “[e]xpanding CPP for low earners risks making some Canadians pay for pension coverage they don't need” and said that “extra contributions may reduce the living standards of low earners today for modest net rewards in retirement tomorrow”.

Can you tell us how to address the shortcoming?

Dr. Tammy Schirle: The big concern here is that when individuals while working are making contributions as low-income individuals, they're not going to reap the same rewards as a higher-income senior when they start to pick up their CPP. This was the interaction with the GIS that Richard was pointing to as well. What was done in negotiating with the provinces was to slightly raise the wage subsidy that comes with the working income tax benefit in order to balance this out.

In concept, I think this is a good idea. We're basically prepaying future pensions with today's tax dollars rather than passing that cost on to the next generation. I think this makes a lot of sense.

The problem, of course, is that our working income tax benefit has a very small base. If you work full time at the minimum wage, you are going to be ineligible for that support. You would be someone who is likely to end up using the GIS down the road.

Generally, I suggest moving away from the working income tax benefit and thinking about how to support that type of contribution to CPP now, or perhaps further expand the working income tax benefit so that more low-income workers will be eligible for the subsidy.

•(1625)

Ms. Rachel Blaney: Thank you.

I'm going to move on to Wanda. I'm hoping I have enough time to get some of this; I want to ask a question about pensions.

CARP has a current campaign entitled "Put Pensioners First". Right now we are seeing what happens when large corporations fail—Sears for example. They use Canada's inadequate bankruptcy laws to take the money meant for the employees' pensions to pay off CEOs, banks, and investors instead. In my opinion, this is legalized theft, and it needs to be stopped.

Can you tell us what CARP is proposing?

The Chair: You have about one minute.

Ms. Wanda Morris: We're proposing something called "super-priority" for pensions. Frankly, I think it's egregious that our corporations would, as Sears has done, sell off assets, make a dividend of \$500 million to primarily a U.S. parent, and leave the pension plan underfunded by \$300 million. What's even worse is that our laws allow this to happen.

What CARP is saying is that in the event of a bankruptcy or insolvency, pensioners should be at the front of the line for any unfunded liability in a pension plan. I understand that others have security, but when we look at the reality, banks have other customers. A small business creditor may be owed for 30, 60, 90, or 180 days of work. Pensioners don't typically have other pensions, and they can be owed decades' worth of deferred compensation. I therefore think the most critical ones to be covered in the event of a bankruptcy or insolvency are pensioners. That's why we are strongly recommending pensioners be put at the front of the line for unfunded liabilities.

Ms. Rachel Blaney: Thank you.

The Chair: Now we go over to MP Robillard.

[*Translation*]

Mr. Yves Robillard (Marc-Aurèle-Fortin, Lib.): Thank you, Mr. Chair.

The committee is meeting to study how the government can support vulnerable seniors today while preparing for the diverse and growing seniors' population of tomorrow.

Can you tell us how the issues you are facing are similar to those elsewhere in the country, specifically, in urban centres?

What solutions could the federal government deliver to address the issues that come to your attention?

[*English*]

The Chair: To whom are you asking the question?

Mr. Yves Robillard: It's to anybody.

Ms. Wanda Morris: The best way to protect vulnerable seniors is not to have any in the first place. If we can take steps right now to improve financial security and health for individuals to make sure that they reach retirement healthy and financially secure, that will greatly improve how things happen in the future—for example, making sure that we have affordable housing for everybody; that we have walkable cities; that we invest in world-class transit so that people can age in place; that we create building codes so that seniors

don't have to relocate because they aren't able to age in their homes, but instead homes all have walk-in showers, corridors that are wide enough for strollers and wheelchairs, and for larger homes, large closets, so that elevators can be easily installed in later life.

We need to look at other programs, and certainly at the CPP enhancements. While CARP is very pleased that something has happened for CPP, it seems that more could be done; particularly the CPP coverage for our lowest-income seniors is something we could address.

We can take a look at incenting individuals to stay in the workforce longer. When people are close to retirement, often they're wondering, "Should I try to save more? Should I try to spend less? Should I work longer?", when the only effective alternative is to work longer. Yet our CPP and OAS don't increase past age 70, and there are disincentives to work past age 65 for CPP, unless you aren't a full contributor. If somebody isn't pulling down RRIF income from an RRSP they've accumulated and is still working, there's a double-whammy of tax that we need to address.

I think there is fundamental legislation that we can put in place—certainly pension protection, certainly better investor protection. It makes no sense that Canadian investors pay some of the highest fees in the world.

Those are all fundamental changes that we could make to help Canadians reach retirement with more security.

•(1630)

[*Translation*]

Mr. Yves Robillard: Let's discuss the age pyramid among seniors and the age breakdown. Consider a pyramid that starts at 65 years of age and goes all the way up to 85 or 90 years of age, or even older, at the top.

Can you describe the age pyramid for city-dwelling seniors? What's the breakdown by age?

More importantly, can you describe how their needs and issues vary as you move towards the top of the pyramid?

What would you recommend the federal government do in response?

[*English*]

Ms. Wanda Morris: One thing I think is critical is that we start to recognize that seniors aren't a homogenous group. There's a tremendous difference between young seniors at, say, 65 to 74, to middle seniors, to our most frail and elderly seniors. By looking at them as one group, we really miss the nuances of policy that are required. That's one thing we should consider separately.

A significant way that we could help some of our older seniors who are vulnerable is by making investments in assisted living. In B. C. there was a significant survey done of long-term care homes, and it uncovered that fully 40% of people in long-term care don't want to be there. That's consistent with the findings of CIHI, the Canadian Institute for Health Information, which found that about a third of people in long-term care don't need to be there, but family members want their elderly relatives to be in care.

What's happening is that people are losing their quality of life. They're going into care facilities that really aren't geared to giving them the stimulation and support they need because there are no assisted living alternatives. That's certainly something we can do.

We also could do much more with creative support in the communities. Right now, I think we are far too risk-averse and are not recognizing that seniors want to and should be allowed to take risks. People don't need to be pain-free, but they want to be living in their homes and coping with risk. They would rather do that than be 100% secure and be in a long-term care facility.

On a larger scale, we often build care facilities in places where we can make sure that they get fire engine access. They are thus in a brand new area far away from services, inaccessible to transit, but boy, if they had a fire we could get there quickly.

Instead, what seniors are telling us they want is to be right in the thick of things. They want to be near facilities and grocery stores and movie theatres.

Similarly, there is a huge, I believe, interest and need in communities to offer alternative types of care facilities—homes that could be upgraded to provide care for maybe four or five or six seniors. But by the time we ask those homeowners to install, for example, fireproof curtains, the cost has become so excessive that they're not able to do it.

I think we have to balance the costs that are involved against the benefits to seniors.

The Chair: Thank you.

We go over to MP Ruimy, please.

Mr. Dan Ruimy (Pitt Meadows—Maple Ridge, Lib.): Thank you very much, everybody, for coming today.

It's a tough one, there's no question about it. The reason we're doing a national seniors strategy is exactly that. I don't think there's a question as to whether we are or are not going to do one. I think we are doing one; that's the whole point of this.

Lola, I just want to say that I come across the exact same thing in my riding with seniors who are struggling. They are not seniors who own homes, which to me is a problem. We tend to focus on people who have home ownership. There are many seniors who don't, who are paying a great amount of their money to rent. Tying this to a national housing strategy, I will say that if seniors were able to have an affordable home, they would be able to have a bit more money in their pockets.

One thing that concerns me is this. I'm a new MP and I see people coming in.... This is not something that has just popped up; people have been living like this for a long time. Seniors in their 70s.... We

talked about CPP at 65 or 67. It really doesn't make a difference at this point, because they've already been living like this.

There are two things going on, then: how do we take care of our seniors now; and what's happening with the people who will become seniors in the next 10 years? Are they improving their situation?

I guess, Tammy, I want to direct my question to you. What does the picture look like for people who will become seniors in 10 years? Is it better? Are they more educated? Are they better prepared for retirement?

• (1635)

Dr. Tammy Schirle: The short answer is yes. Things have changed a lot, and I think the biggest changes here are really for women. Women have gained much better access to independent incomes and to having pensions of their own. These types of resources are more clearly available to them.

Just to pick up on some of the things that have been said here, though, I think part of what has become more difficult is the complexity of what they're entering—trying to navigate that system. That's where, as a few people have pointed out, we really need feet on the ground.

I think of my own mom moving into retirement, very humbly. She has the benefit of having a daughter who has read the CPP act and the OAS act and can work this out for her, but other people need that person to come and see, to work through things with them.

That said, on average seniors are much better off today than they were 50 years ago. I think we could imagine this continuing as we move forward, both in terms of health and retirement income and the pensions that will be there. People are having to rethink how they think about pensions and retirement income for generation X and subsequent generations, but it's just a different picture rather than necessarily a worse picture.

Mr. Dan Ruimy: Thank you.

When we're talking about money, the challenge is that it's not just money. When we look at seniors who are vulnerable—and vulnerable to theft and fraud...

Yvonne, do you in your HomeEquity Bank area come across fraud? If you do, how frequently do you see it? Is that a predominant issue for seniors?

Ms. Yvonne Ziomecki: We do see it; it's not predominant, but there's a lot of abuse that we see. We would see financial abuse. If you are lucky enough to be a senior homeowner and you have accumulated a lot of equity in your home, sometimes you want to take advantage of it and better your retirement, but sometimes there are other people who want to get access to that money for themselves.

At the end of a process of getting our product, we ask everyone to see an independent lawyer and get independent legal advice. Occasionally we get a call from the lawyer saying that their client showed up with a super-friendly family member and that the lawyer has concerns about undue influence and is not comfortable proceeding with a product.

We also have clients calling in to access additional funds. They tell us that they won a lottery and they need to make a small deposit payment to access the funds. Our call centre staff, our servicing staff, is very well trained to identify these issues and also to report them to authorities as required.

Mr. Dan Ruimy: Thank you.

Lola, is there any in your neck of the woods?

Ms. Lola-Dawn Fennell: We're certainly seeing more seniors scammed all the time; scammers are getting smarter.

We're also seeing more financial abuse from younger family members. When I first started this job a decade ago, that happened once in a while; now it's commonplace.

• (1640)

Mr. Dan Ruimy: Wanda, how about you? Are you seeing a lot of this happening?

Ms. Wanda Morris: The type of thing we see is not what happens illegally but what happens legally, and particularly on the investor front, where we have financial advisers calling themselves things such as “seniors specialists” or “seniors advisers” and ending up recommending and putting clients into highly illiquid or highly risky investments and encouraging them to take out leverage to invest, offering them free lunches and then pressuring them to invest.

That is one of our biggest concerns; it can make a senior who is on track to a fine retirement end up financially destitute. The health impacts on somebody who loses their financial security are incredibly significant.

The Chair: Now for six minutes we have MP Wong.

Hon. Alice Wong (Richmond Centre, CPC): I'm glad we brought up the issue of elder abuse, especially financial abuse. That was exactly the question I asked of the minister during question period.

When I was the minister for seniors, I travelled to all of the territories and provinces. I listened to seniors and advocacy groups and even went all the way to the north. I went to first nations reserves and listened to the concerns first nations had about health care and their inability to access health care in their native language. I definitely agree with all of the findings that our experts here have reported to us.

There are many issues I'd like to comment on, but I'd like to start by adding to my colleague's comments on elder abuse.

We have identified several different kinds of abusers, and unfortunately some of the abusers can be from a senior's own family, such as someone from a younger generation. They might say, sooner or later all of your property will be mine, so why can't I have it earlier? They use different ways to pressure their older parents or even grandparents to let go of their property.

The minute a senior signs off is the minute they get kicked out. Poor seniors say that the minute they sign over their property or whatever wealth they have, they are out the door. I've heard terrible stories about this.

I congratulate CARP for doing a great job working with me in former years to make sure that elder abuse is not overlooked.

My question to the panel, for whoever wants to comment on it, is: what more can be done to ensure that vulnerable seniors are better protected from financial abuse? I specifically want to ask what the role of education and outreach is.

Ms. Yvonne Ziomecki: If I may, I'll go first.

It sounds really simple, but it's not so simple. I think more education is absolutely required, but it's about more than just saying that we need education. We need to tell people what needs to be done and teach people how to have these conversations in their homes.

My parents live in a different country, Poland. They're 71 and 73. I work in the business, and I have a very difficult time holding conversations with them about their financial situation. I don't know how much money they have or who their trusted advisers are.

In terms of an education program, I think we also need to guide people on how to have these discussions. We need to have community programs so that people don't feel isolated at home and so that they know there are additional people they can talk to. We need to tell people who to talk to if they're nervous or if something is going on—to go to the bank, a priest, or a doctor, for instance. They need to know what the first line of defence is.

It's not just a question of telling people that they need to have these conversations. They need to have practical guidelines or “go to” strategies so that they know what to do if a nephew or a grandson shows up and pressures them to write a cheque for \$10,000. They need to be prepared to say, “I don't know where my chequebook is. Can you come back next week?” Then in the meantime they can remedy the situation.

This education can occur maybe through workshops in libraries or other supports in smaller communities. When someone you're depending on is pressuring you for money, it's really hard to say no, because they will also threaten you with withholding visits or not helping with basic tasks. I'm sure you see this all the time.

We're in a business in which all of our clients have homes, but I don't think this is an issue of whether you have a home or not. If you have a home and you have a lot of equity, there may be many people who are interested in your money, but even if you have very little money, there may still be people who will want your last penny.

I think very practical programs, then, would make most sense.

• (1645)

Hon. Alice Wong: Related to that, I heard several of you mention financial literacy, not only for those who are seniors now but for the future seniors who are planning for their futures.

Again I'd like to relate to my experience. Workshops were very useful. Also useful is training for bank tellers, so that if they identify any unusual activities from a senior's account, they are authorized to relay the information to the authorities. Of course, it's very complex: it involves privacy; it involves a lot of other things.

This is open to all the panellists. It's about financial literacy. Even for the sake of very little money, there are abusers elsewhere who just call and say, "Your grandson is in trouble", or something like that.

How do we usually deal with that? I need to listen more.

The Chair: Give a brief answer, please.

Mr. Richard Shillington: Here are two very quick comments.

I get irritated when the financial literacy thing is that we have to make people smarter. There's an attitude like that in financial literacy often.

When I wrote the report on financial literacy for the task force, my take was that we should make the system simple enough that an average person can make reasonable decisions and be treated fairly.

You mentioned that bank tellers might be "authorized"; I think they should be "required". Bank tellers are required to report to federal agencies when they see \$10,000 moving around; or when there's some evidence or suspicion of financial money laundering, they're required to do so. Why couldn't we require them to do so if they look at something that has some level of suspicion?

Then I don't know who they report to, but.... There are privacy issues, and they might be quite legitimate, but I think you can require that when they see something suspicious they must bring in somebody who is going to look at it and say whether it's okay or not.

The Chair: Now for six minutes we go to MP Long.

Mr. Wayne Long (Saint John—Rochesay, Lib.): Thank you, Mr. Chair, and thank you to our presenters this afternoon. These are very important presentations.

I certainly will say this: that one group who, even back when I was campaigning, certainly screamed loud and often and were looking for help was our seniors. It's very important that we're doing this study.

Mr. Shillington, the first question I have is for you. Do you think the government should "means test" seniors benefits?

Mr. Richard Shillington: Do you mean do an asset test?

Mr. Wayne Long: Yes.

Mr. Richard Shillington: No.

Mr. Wayne Long: You don't think we should?

Mr. Richard Shillington: I'm a statistician; I do this as.... I was paid once by a maritime province to work out the assets of people who get GIS. I accessed StatsCan data, and you could do it. You could say that we are not going to pay GIS to somebody who lives in a \$500,000 or an \$800,000 house.

To do that you're going to have to collect that information and then train auditors, who are going to make sure that all of that asset information is accurate for the million and a half GIS recipients.

How many of them are sitting on substantial assets but have no income? I just don't think it's worth the effort to collect all that—ask that information, hire auditors, and then of course set up a bunch of rules such that people start hiding assets: "I can get a GIS if I sell my house to my children now."

Mr. Wayne Long: What about income testing?

Mr. Richard Shillington: Of course you should income-test GIS.

For OAS we have an income test now; the clawback starts at around \$75,000. We could talk about how you might want to play with it.

For CPP there is no income testing.

I will make the comment that we spend about \$10 billion to \$11 billion a year on GIS. We spend \$35 billion to \$40 billion a year on OAS. We spend about \$60 billion a year on tax assistance for RRSPs and pensions. For every dollar we spend on low-income seniors, we spend something like \$7 on high-income seniors.

Mr. Wayne Long: Tammy, can you give me your opinion on that?

Dr. Tammy Schirle: I think there is a good argument to be made for bringing together the various programs we have and better income-testing them. We offer large demogrants to people who are earning a lot of money, just because they've hit 65. I think the average Canadian probably wants to question that. Politically, I realize it's very difficult.

On asset testing, what I would be very concerned about is not only compliance costs and the shifting of assets, but also that seniors need an opportunity to smooth out their income fluctuations. Things such as utility bills can jump month to month, so they need to have some buffer to work with over their retirement period to be able to smooth payments over time.

It's really self-insuring. This requires at least some level of assets; a move towards asset testing makes it very difficult.

● (1650)

Mr. Wayne Long: Thank you for those answers.

The next question I have is for Tammy and Wanda. Our government has committed to the largest and longest investment in public housing in the history of Canada. Can you give me your opinions and comments on how you would model that rolling forward?

Let's start with Wanda.

Ms. Wanda Morris: One of the things I mentioned is that housing is very much a seniors issue, but what we hear anecdotally is that seniors have issues accessing housing, and that agencies will often prefer families. Even if there's a quota for so many individuals to have the housing for seniors, that will be violated, so I would say that one of the first things is to enforce what we decide to plan out.

When it comes to housing, there are very much two questions that answer each other. One is, how do we make housing affordable? The other one is, how do we deal with increasing social isolation? We need models that allow people to live in a community, but a small community. For example, after five years, our Barrie chapter has finally secured financing and land to do a test co-house for four people—with one kitchen—so they can live together. I think these are the kinds of innovative models that will solve both the housing and the social issues and will allow people to look after themselves.

I also encourage the idea that we increment rather than simply deploy. For example, rather than building masses of houses and just giving them over, we could look at things like rental allowances, subsidies, and things that help people take advantage of what they already have and give them the little bit extra they need to get to their goals.

Mr. Wayne Long: Thank you.

Tammy, can you give me your opinion on that?

Dr. Tammy Schirle: Most economists will always suggest offering cash rather than in-kind transfers. It's the most efficient way to do things. It will help seniors find what they prefer and also what suits them best, given the range of needs out there.

Where public policy steps in is in looking for those market failures. Where is that housing simply not available, not safe, and not accessible? That, I think, is where the priorities would be for public housing.

Mr. Wayne Long: Thank you.

The Chair: Now, for five minutes, we have MP Steven Blaney.

Hon. Steven Blaney (Bellechasse—Les Etchemins—Lévis, CPC): Thank you, Mr. Chair.

Thanks to all of you for being here.

I will begin with you, Mr. Shillington. You are a statistician who co-authored a paper for the Institute for Research on Public Policy in which you talked about the Canada Pension Plan. The Liberal government has changed the rules. They've expanded the GIS, and you mentioned that it would have negative impacts.

If there's something I'm really sensitive about, it's the most vulnerable elderly. Can you expand on the impact on those low-income seniors of the changes the Liberals have made to the Canada Pension Plan?

Mr. Richard Shillington: The enhanced Canada Pension Plan that was announced roughly 14 months ago, in June, is going to start collecting more contributions. Those will build up over time and will pay additional benefits on top of what the base Canada Pension Plan pays, but if you're a GIS recipient, it could, depending on your circumstances, wipe the GIS out almost totally or just make it not as good an investment. If it were a voluntary investment plan, you

would be much better off investing somewhere else that didn't have the 50% back-end load. That's the basic point.

This was an issue that was part of the discussion between the provinces. Some provinces were not keen on the proposal as passed because of this issue. It's something that people knew about.

I'm not sure that the working income tax benefit is much of a remedy for this. I think the remedy is in the GIS. Changing the rules of the GIS exemption, that \$3,500, as I would advocate, means probably a couple of billion dollars, or two and a half billion dollars, so it's significant money, but it would not just improve the circumstances, it would create more freedom. You wouldn't have this problem with RRSP withdrawals versus TFSAs.

• (1655)

Hon. Steven Blaney: It's a little troubling. Are you saying that with this change the government brought in, the low-income seniors will have less money in their pockets and the government will save money?

Mr. Richard Shillington: Well, certainly at the time when a low-income person is working, they are going to be required to make additional contributions to a payroll tax, to an investment that is not a very good investment for them. One of the primary beneficiaries will be the people who administer the guaranteed income supplement, because they will have to spend less money than they would have otherwise.

I think the remedy is in dealing with the GIS clawback because of the other benefits of modifying the clawback: both the freedom and not having to deal with the RRSPs versus the TFSAs so much.

Hon. Steven Blaney: I am new to this committee. When you mentioned the GIS clawback, you mentioned the fact that if you're a beneficiary of the GIS and you get additional revenue, the GIS is cut accordingly?

Mr. Richard Shillington: Yes, and for most seniors, by 50%. If you take \$1,000 out of your RRSP, your GIS the next year will go down by \$500. For some of them, it will go down by \$750, and for some of them, because of the GIS top-up that the provinces administer, it will go down by \$1,000. You will get no benefit whatsoever. Also, for some of those people, their rent will go up on top of that.

Hon. Steven Blaney: We've all seen those cases in our ridings.

My second question will be for you, Madam Ziomecki. One thing struck me in your report. You mentioned that once a person has retired, the person will have a cash flow problem after 10 years. Can you elaborate a bit more? Normally when you plan your retirement, you feel you're good for a while. Why is there this 10-year debt wall, if I can put it that way?

The Chair: Just a brief answer, please.

Ms. Yvonne Ziomecki: It usually is related to health problems as people age, let's say in the early 70s. They retire in their early to mid-60s. By the time they're in their mid-70s, some health problems hit. They have more requirements for help in doing things around the house and for nurses, etc.

Hon. Steven Blaney: Thank you.

The Chair: MP Rachel Blaney, please, for three minutes.

Ms. Rachel Blaney: Thank you.

I'm going to come back to you, Wanda. The caregiver tax credit remains non-refundable. This means that only those who are paying tax will benefit. The poorest caregivers and those who have given up work completely to care for loved ones get no relief at all. Do you have any statistics on this information?

Ms. Wanda Morris: I don't have any off the top of my head, but let me provide that to the committee.

Ms. Rachel Blaney: Thank you. I would really appreciate that.

I also wanted to touch on national pharmacare. Canada is the only country with a universal health care system that doesn't have universal coverage for prescription drugs. CARP has been encouraging the federal government to be a leader in this process. We all saw the PBO report recently.

Can you share with us what the obstacle is to realizing this?

Ms. Wanda Morris: Essentially, a national pharmacare program would save significant dollars, but it's a bit of a political hill to climb because you're going to have to fund the taxes to pay for it. In many cases, individuals are now paying premiums through their companies or, through CARP plans, they are funding their extended medical that way. We're saying that you're going to save in all these places, but you have to pay more taxes in exchange. Looking at it holistically, it makes so much sense.

We polled our members. Our membership tends to skew a bit better educated and a bit more well off, but even many of our members are admitting to cutting out their medications. In particular, those who are under 65 are often making decisions not to fill medications, which then has significant health care costs down the road as they suffer from complications.

I think the business case is clear. We just need the political will.

• (1700)

Ms. Rachel Blaney: You also talked a bit about GIS, the challenges to accessing it, and how many people are not accessing it.

One of the things we've heard a lot about is that people are getting a letter in the mail saying that they may be eligible for GIS and are afraid that it actually means something bad, so I think there's a communication issue. The other thing we've dealt with in our constituency is in regard to people who are elderly and not well and have not submitted their taxes and all their forms on time. They're being cut off from GIS and then having to wait several months for it, and they're at risk of losing their homes.

I'm just wondering about this. When you talk about simplifying that process, how much of an impact would that really have?

Ms. Wanda Morris: We put far too much emphasis on financial literacy and consumers and not nearly enough on how we can make

that process simpler, fair, and more accessible. I would really encourage the committee to look at what the U.K. does, where lower-income individuals—in fact, many individuals—don't file their own tax returns. They are automatically calculated for eligibility. That would be a great model for Canada to follow.

Ms. Rachel Blaney: Thank you.

The Chair: Thank you very much.

I see the clock is at 5:01. We have about 15 minutes before the bells start. If there is desire for additional questions, I propose that each side take four minutes.

We'll start over at Madam Wong.

Hon. Alice Wong: There is one thing that really hits my heart heavily when I visit Vancouver East. There are a lot of seniors who are mentally affected who, surprisingly, do not get any government GIS or OAS because, number one, they didn't file, and number two, they didn't know how to do it.

One of the initiatives we started at the end of my term was to work with the cities and reputable organizations to authorize them to act on behalf of these seniors to help them fill out the forms, help them manage money so they can get the money, and then help them get housing rather than being homeless. This is an initiative I hope the current government will look into, because we need the cities to help us as well.

Seniors issues are very complex, and we need all three levels of government working on that. If you need more information... Luckily, the government did not scrap my website, which is seniors.ca. It has a whole map of the nation, and you can click different provinces to see the different benefits and where to go. Please, don't scrap that.

Mr. Richard Shillington: I've done a lot of work on income tax and people not getting benefits. If you get the GIS numbers monthly from the federal government, you can see. It used to be that the number of people getting GIS dropped every July by 10% and recovered by September. That was people being kicked off because they had not filed their income tax. It gets covered. The data gets filled in, but can you imagine all of a sudden your GIS doesn't show up and you're living on that kind of income?

The other part is, to state the obvious, when you file a tax return and you are a low-income senior, you are not telling CRA anything they don't already know about you: this is what you got from OAS, and this is what you got from CPP. There might be a T5 from a bank, and that's it. CRA could send a completed form to a senior and say, "This is what we have on you from all the T4s. If it's accurate, sign it, and you're done". This is kind of what they do with GIS now, thank goodness.

Hon. Alice Wong: The problem is that these seniors are homeless. You don't know where to send it.

Okay, I'm past the time. I'll turn it over to my colleagues.

Mr. Mark Warawa: I have a quick question for Lola, from Prince George. I had a similar situation in Langley. I was speaking at a senior resource centre and a senior came up to me. The roof of her mobile home had been leaking for about four years, and it was getting to the point where they were going to have to move out because they didn't have the money to maintain it, to build it...hot water tank and furnace. I could find no government or NGO that would help. I ended up funding it myself. We got community volunteers and put a new roof on so at least they could stay.

Are you aware of anything that would help struggling seniors who don't have a nest egg take care of the basic maintenance? In this situation, she would have become homeless if we hadn't helped. Are there any programs?

•(1705)

Ms. Lola-Dawn Fennell: Not that I am aware of. We have faced the same issues multiple times. Unfortunately, Prince George service clubs don't like to see me coming anymore, because I am usually coming with my hand out, saying, "I have another person with a leaky roof and their home is going to be condemned."

Mr. Mark Warawa: Should that be a federal, provincial, municipal, or multi-level program?

Ms. Lola-Dawn Fennell: Probably multi-level.... I wish I could bring a particular client here who sputted off beautifully because all we had to offer her was the HAFI program, home adaptations for independence. She said, "What the—does this do for me when my roof is leaking? I don't need grab bars. I need a roof. Get me a roof."

The Chair: Thank you.

Now we go to MP Sangha, for four minutes.

Mr. Ramesh Sangha (Brampton Centre, Lib.): Thank you very much to all for coming to the committee today and giving this valuable information on seniors.

My question will be to Wanda.

Almost everyone has talked about homeless problems, everybody has talked about the need for seniors regarding indexing the pensions, the maintenance of their houses, recognizing the use of the Internet for seniors, and many other issues like that.

When seniors live in their homes and their children can take care of them, do you suggest that those who will be taking care of the seniors need some sort of caregiving support so they can get incentives to take care of seniors, and fewer seniors will go to senior homes?

Ms. Wanda Morris: Yes.

CARP is firmly on record as supporting that. Many countries offer a caregivers allowance, in the U.K., Australia, and even in Canada.

Nova Scotia has a program—not well publicized—that individuals can get \$100 a week for providing care. It's means-tested, and should be, by both the caregiver and the care provider. It does a number of things. It keeps people in the home, especially someone who has a diagnosis of dementia. They're the most likely to do well. It saves us costs in terms of hospitalization or assisted living, and also prevents the individual from having to draw down their savings to live, or at least not to the same extent, which then will help the caregivers themselves not be destitute when they get to their retirement years.

Mr. Ramesh Sangha: Another thing that would be helpful if seniors are able to live in their homes, one of the sort of social sentiments attached to the children who are living there, is that they then learn many things from the seniors. Is it helpful in that way?

Ms. Wanda Morris: I think so.

One of the reasons that CARP has supported the HomeEquity Bank is that's another organization that helps people—especially as they're in their final frail years—access some additional funds to pay for caregivers, for home renovations, to do the things that allow them to stay home.

Many provincial governments provide some level of home care, but what we hear over and over is that it's simply not enough. That doesn't make sense, because from a business point of view it makes so much more sense for us to keep people home where they want to be, where it's cheaper for them to be, and where they will have better outcomes than for them to be prematurely moved to long-term care hospitalization.

Mr. Ramesh Sangha: Thank you very much.

The Chair: For four minutes, MP Rachel Blaney.

Ms. Rachel Blaney: Thank you.

Richard, I have a few questions for you.

In my riding, we have a huge housing shortage. We have seniors who are stuck in hospitals and have nowhere to go. We're spending thousands of dollars keeping them in hospital care. We also have seen in the last five years a huge growth of seniors who are either homeless or at risk of homelessness, like we've never seen before.

Your organization has observed an increase in older adults using the shelters since 2014.

Can you tell us a little about that, and how the lack of housing is impacting seniors?

•(1710)

Mr. Richard Shillington: I think your question relates somewhat to Monsieur Robillard's question about the seniors and the aging within the seniors.

I read the finance minister's book about retirement, and it's quite good. He talks about three stages of retirement: a stage where you're reasonably healthy, maybe it lasts 10 years, when you can still golf; a stage where you're somewhat frail; and then a stage where many people are going to be in some form of long-term care.

I live in the Ottawa area. If you're going into long-term care in Ottawa, you either go to subsidized care of some sort, which doesn't have a great reputation, or something that costs \$5,000 a month.

Is that about right?

Ms. Rachel Blaney: Yes, that's right.

Mr. Richard Shillington: For a substantial proportion of the population, that's just not going to happen, so I think we have some real issues here.

This morning, I was at The Ottawa Mission for three hours. I do it every Tuesday morning, and I play this game. I try to guess.... It's hard to judge the age of low-income people because they age differently, but I'm thinking that 5% to 10% of the people coming to the shelter getting their free meal are seniors.

If you're living on \$18,000 or \$19,000 a year—and that's assuming they're getting all the benefits they're entitled to—in Ottawa, you're going to be getting free meals wherever you can.

But we haven't talked much about long-term care and that last stage. I think it's around 20%, 25% of seniors who end up dying in a long-term care facility rather than in their home.

Ms. Rachel Blaney: Thank you so much.

I just want to quickly go back to Tammy.

One of the things you talked about was better data collection and information. You talked about it, but how do we gather that and who should be gathering that information?

Dr. Tammy Schirle: Right now, we're thinking about the data that's needed to think about measuring seniors' poverty and what people need. We currently have some consumer surveys that could be used in that effort. They need to be expanded and they need to be processed more quickly to make them more effective. What I have in mind is developing a better market basket measure, which ESDC is currently involved in, that could be differentiated around the country. However, then you do need to have more people on the ground from Statistics Canada to look at very small, localized areas to figure out what's needed.

Apart from that, we have a lot of administrative data from tax forms, the CPP, and all of these different programs. If we could find a better way to link those things together and make it more accessible to researchers, that is something that could take us pretty far, I think, in getting toward solutions.

Ms. Rachel Blaney: Thank you.

I think that's my time.

The Chair: I think we have about two minutes, roughly, until the bells. Would anyone like to ask a final question?

Okay, we have two. We'll give maybe two minutes.

Mr. Stéphane Lauzon (Argenteuil—La Petite-Nation, Lib.): I will go fast. I will ask my question in French, if you don't mind.

[*Translation*]

One of your solutions was to provide additional affordable housing. Do you think that housing should be adapted as well?

People who are aging in fact need adapted housing in order to remain in their homes and receive caregiver assistance.

The question is for everyone.

[*English*]

I think you were on that before.

Mr. Richard Shillington: There's not one population. It's not homogeneous. Some people are going to need caregivers. Some people are going to need a home. Some people want to stay home. Some people have grandchildren and want to stay home. We want to allow for people to make choices that fit their needs. Be aware of the average. The average is only the average.

Mr. Stéphane Lauzon: Yes, we have to be very open.

[*Translation*]

We are in the middle of drafting new legislation to make Canada more accessible. It may be a good idea to create adapted housing not just for people with mobility issues, but also for the next generation of seniors. The new legislation should take into account not just affordable housing, but also adapted and adaptable housing.

● (1715)

[*English*]

The Chair: Thank you very much.

Now we'll go to MP Blaney.

Hon. Steven Blaney: I have a very simple question. Again, anyone can comment.

We mentioned that the OAS has a diminishing value. Do you have any recommendations on that? I heard about it a lot in my riding office.

Mr. Richard Shillington: Instead of indexing it to prices, which means its value relative to a poverty line like the low-income measure or its value as replacing x per cent of the individual's income, which by definition will diminish over time, index this to wages just like we index the RRSP limits. They're not indexed to prices; they're indexed to wages.

Hon. Steven Blaney: Madame Schirle, do you want to say something about that?

Dr. Tammy Schirle: Yes, I think that what Richard is getting at is looking at different ways of indexing old age security. I'm very concerned by suggestions about trying to come up with a senior-specific basket. I've heard this, and my concern there is that it would be very volatile. Things like food, energy, and household utilities could leave people's cheques bouncing around a lot. The research needs to be done to check that, but that's my big concern there.

Hon. Steven Blaney: So you would stick to the current inflation rate?

Dr. Tammy Schirle: I would stick to the CPI , yes.

Hon. Steven Blaney: Thank you.

The Chair: Ladies and gentlemen, this has been very educational. I thank all of you sincerely for attending this committee session today. We have eight more sessions on the seniors study. I really thank you all for getting us off on the right foot. I definitely learned a lot today, and I hope my colleagues concur. Again, thank you all very much.

As always, thank you to our folks in the booth; our technical people, who made it possible to see and hear you today; and the folks on either side of me who help us put this report together.

The meeting is adjourned.

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its Committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its Committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: <http://www.ourcommons.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante : <http://www.noscommunes.ca>