



House of Commons  
CANADA

## **Standing Committee on Veterans Affairs**

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ACVA • NUMBER 031 • 2nd SESSION • 40th PARLIAMENT

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**EVIDENCE**

**Tuesday, November 3, 2009**

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**Chair**

**Mr. David Sweet**



## Standing Committee on Veterans Affairs

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• (0905)

[English]

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** A maximum of 15 minutes, sir.

**The Chair (Mr. David Sweet (Ancaster—Dundas—Flamborough—Westdale, CPC)):** I think you know how the committee functions quite well. Go ahead.

**Mr. Peter Stoffer:** Mr. Chairman and members of the committee, as everyone else says, it's an honour and a pleasure to be here. I am representing a point of view that was brought to my attention over four and a half years ago by three former service personnel in my riding—Mr. John Labelle, Mr. Roger Boutin, and Mr. Mel Pittman.

Prior to their bringing this to my attention, I had no idea what a benefit reduction was, because no one had ever brought it to my attention. No military or RCMP person or any federal or provincial public servant ever previously brought it to my attention.

What is the issue? It is the reduction of benefits under the Canadian Forces Superannuation Act, CFSA, and the Royal Canadian Mounted Police Superannuation Act, RCMPSPA. This takes effect when a plan member retires and reaches age 65, the normal age of eligibility for CPP and QPP, or when a plan member becomes entitled to draw CPP or QPP disability benefits at any age.

Why does this happen? The reduction formula that applies to these pensioners was created in 1966 when the Canada Pension Plan was introduced and integrated with the Canadian Forces Superannuation Act, the RCMP Superannuation Act, and the public service pension plan. All three groups experience benefit reduction as a result of the integration of their plans with the CPP.

I may remind you that the only group of public servants in the country who do not receive a benefit reduction are senators, judges, and your friendly members of Parliament.

When these pension plans were integrated with the CPP, the contribution rates of employees towards their pension plan remained the same. However, the amount of employee contribution was divided between the employees' existing superannuation pension plan and the CPP, with a portion going to CPP and the remaining amount going to the members' pension plan. I should remind this group that when military or RCMP people do their T4 at the end of the year, they are maxed out on their CPP contributions every year.

Since the contribution rates to the superannuation plans were reduced by these divided contributions, reductions were made to the benefits payable from the employees' pension annuity when

members receive CPP benefits, either at age 65 or when they become eligible for CPP disability.

At the time these plans were integrated, members were not given options or choices about how they wished to fund contribution obligations. Basically, this decision was made on their behalf without consultation. I say "consultation" in the context of the military and the RCMP, not necessarily the general public service.

A unilateral decision was made to integrate their annuity plans with CPP contributions, rather than stacking the plan or increasing their annuity contributions, with members unaware of the reductions to their pension plans in their retirement years. There is no question that the binders they received when they joined up contained some of this information. But when you're 18 to 21 years old and you join the RCMP or the military, the last thing you think about is your pension plans and deductions. In fact, on Thursday you're going to hear from Mr. John Labelle, who was a financial administrative officer in military service at that time. He was unaware of this, and he was giving financial advice to members when they were leaving.

How is the benefit reduction formula determined? The amount of the reduction is determined by a formula in subsection 15(2) and subsection 15(3) of the CFSA. For the RCMP, the pension is reduced by a formula in subsection 10(2) and subsection 10(3) of the RCMPSPA.

In 2008, the standard formula for pension reduction in the three plans—the public service, the CF, and the RCMP—was amended. Minor and gradual decreases in the benefit reduction formula were implemented in 2008—0.685%, with plans to reduce the formula to 0.625% by 2012.

Bill C-201, an act to amend the Canadian Forces Superannuation Act and the Royal Canadian Mounted Police Superannuation Act, would eliminate the deduction of annuity for retired and disabled members participating in these pension plans. This bill was introduced in 2005 and reintroduced several times.

I would remind my colleagues in the committee that the bill does not apply to any other federal or provincial public servants.

So why eliminate it? Eliminating the benefit reduction for members of the CF and RCMP would assist in recognizing their special contributions to our country. This is actually the crux of my argument. I'm not arguing that they're not receiving everything they've paid for. No one has ever argued that they didn't. But the reality is that the men and women of our services and the RCMP play a different public service role from anybody else in this country.

I have met a great many individuals who have travelled across this country, and I met one guy who did that 22 times in following his military career across the country and around the world. His spouse, unfortunately, was not able to work; when the employer of that spouse found out that this man was in the military, they didn't hire her, because they knew they were going to be gone very shortly. She, as the spouse of a military person, the backbone of our support services—as we call them, the “invisible force” from the military family resource centres—was unable to contribute to her own pension plan because her husband was serving her country and thus had to move across very many times without any consideration or concern regarding her financial well-being. Plus there are the extended family separations. We all know what our men and women in the service go through in terms of that. The reality is, they work a great many hours of overtime, which of course was part of the service, but there was no time clock. They don't get extra hours for what they've done. It's hazardous, there are health and safety concerns, and there are long stretches of everything else.

The reality is, colleagues, that we always say we support the troops. In my belief, we have to support them long after the uniform comes off, all the way to and including their headstone. The reality is that they play a different public service role in our entire country. These men and women allow us to have a good night's sleep, so I think it's time for us to allow them to have a comfortable sleep in their golden years.

As well, members of the CF and RCMP have noted that their reduction of benefits does not apply to anyone else. Again, it doesn't apply to MPs, senators, or Federal Court judges. The decision to integrate the plans was made, again, unilaterally. It was done without their consultation, and this is something that I believe can and should be shared.

The reality is, now you're going to ask, how is it going to be paid for? There's also something that members of Parliament, senators, and judges don't do, which our military and RCMP do; we don't pay into an unemployment insurance plan, but they do. Once an RCMP or CF member collects an annuity, they're ineligible to collect unemployment insurance. Thus we have literally thousands of members who have paid into a plan from which they have absolutely no opportunity to collect. What the government can do, and this is one idea—it's not in the bill, but it is one idea in order to simplify the system and overstep the initial cost of implementing Bill C-201—is simply cancel that EI deduction and transfer that amount over into superannuation and you would cover the loss.

Right now in this country we have—depending on the current figures—a CF vet population of 593,000, a war service vet population of 156,000, and an RCMP vet population of around 30,000. This bill only applies to 96,000 retired military and RCMP personnel. It doesn't apply to every single veteran who's out there, because you would have to have served over 20 years in order to

collect the annuity. Now, of course, with the changes to the pension plans, the new entrants into the military have to serve 25 years before being eligible for a pension. This is something that also gets lost. Without consultation with the military, they tacked on an additional five years prior to eligibility for a pension.

If I may just say, as a sidebar, the military and the RCMP do not have unions or associations that can argue or bargain these things for them. Once they sign up, they're “voluntold” for the rest of their natural career. The reality is, just recently, the RCMP negotiated through their pay councils with the federal government, in a signed deal, a 3.5% increase, which was arbitrarily taken away from them without consultation on December 23 and reduced to 1.5%. This is how we treat our men and women who wear the red serge. This is basically, financially, how we treat our men and women of the armed forces. We give them the verbal platitudes, we offer them some veterans' benefits, but at the end of the day, one of the most nagging things they find is what they call a clawback of their pension, but in truth it's a benefit reduction.

● (0910)

Support for Bill C-201 comes from over 110,000 individuals and very many high-ranking colonels and generals. The Royal Canadian Legion, the Army, Navy & Air Force Veterans in Canada Association, the Air Force Association of Canada, as well as the Canadian Association for the Fifty-Plus, and the national chair of the Armed Forces Pensioners'/Annuitants' Association have all supported the initiative in this regard. In fact, former Royal Canadian Legion Dominion Command President Jack Frost wrote the Minister of National Defence in 2008 asking him to cancel the benefit reduction to reflect the years of commitment and loyal service of veterans. The legion says the clawback occurs at a time in life when the member needs the income the most because of declining health and other financial realities.

The reality is, Mr. Chairman, let me say in conclusion, that by being offered an end to the benefit reduction, those members of the armed forces would on average, according to our calculations, receive anywhere from \$200 to \$300 additional per month. By receiving that additional amount, they would also receive less old age security, because OAS is based on your income. The government would save there, and additionally, these people would be entered into a slightly higher tax bracket. Further, what do you think the average 65-year-old or disabled person would do with their pension once they receive an additional amount at age 65? They would pump it immediately back into the economy, thereby offering more tax savings to the government.

In conclusion, I want to offer two scenarios for what happens with the CPP disability clawback. I'll call it a clawback because that's what it was referred to me as by the two men, both of them RCMP officers, both medically released from the military. You'll be meeting one, a Mr. Roddie Ohandley, if I'm not mistaken, very shortly after Remembrance Week. His is a classic example of what happens when a military or RCMP person is medically removed from the military and applies for Canada Pension Plan disability. Jim Hill was a classic example, and so was Mr. Ohandley.

At age 55, Mr. Ohandley was medically released from the RCMP after serving close to 30 years of service. He received his RCMP annuity; he also received from Great-West Life an insurance top-up for his disability. He was then told that Great-West Life would only cover him for two years, and that he should then apply for Canada Pension Plan disability. He did and he received it. He received a lump sum, dating back to his time of release, of over \$16,000.

The first letter he got was from the RCMP annuity individuals, who said he owed them \$11,000. So the \$16,000 was immediately taken down to \$5,000. He's very afraid of what Great-West Life is going to do, because Great-West Life is going to come back and ask him for that two-year gap that they paid. At the end of the day, he's going to end up owing the government money, or he's going to end up owing someone money. This is a man who served his country and who now owes the government money, if he gives back Great-West Life the money they're soon going to ask for. The CPP disability clawback is simply wrong.

Jim Hill had a stroke at work. They found he had cancer. They gave him the good news and the bad news that he'll survive the stroke but that they were not sure about the cancer. He was medically released as disabled from the RCMP. It was the same thing: he received his annuity—I forget the exact amount—and was told to apply for Canada Pension Plan disability. He said to himself that if he got that more than \$800 of disability along with his annuity, his family and he should be okay, if he survived the cancer.

Sorry, Jim, that's not how the game is played. You'll get your CPP disability, but it's deducted dollar for dollar from your annuity. This is a man who served his country for 32 years. He's disabled, out of the RCMP, and the first thing we do is say to him, "Sorry, Jim, you're entitled to your CPP disability, but because of the plan that happened in 1966, we're deducting that, dollar for dollar, from your annuity."

You tell me whether this is fair. What the 110,000 people who have been writing me on a continuous basis have been asking for is fairness. They have a completely different public service role. They're not saying they didn't get all the benefits they paid for; what they're saying is that fairness is fairness. If it was such a great deal for the RCMP and the military, then why didn't members of the Senate, the members of Parliament, and the federal judges fall into this bailiwick as well?

Ladies and gentlemen, I'll stop right there. I thank you so much for the opportunity to finally bring Bill C-201 to the committee stage. I look forward to your questions.

*Merci.* Thank you.

● (0915)

**The Chair:** Thank you, Mr. Stoffer.

I've done a little math for the members. In order to have some fairness in this short hour, we'll go with four-minute rounds. That should, hopefully, let everybody have a chance to ask some questions—if we keep the answers tight as well.

**Mr. Peter Stoffer:** Yes, sir.

**The Chair:** We'll go over to the Liberal Party first.

**Mr. Robert Oliphant (Don Valley West, Lib.):** I'd just like to serve notice that I'd like to have that reviewed at another meeting, because normally questions are not done based on how many members are around the table, but on party standings. I know this committee seems to operate differently from other committees, but I want to serve notice that I think this needs to be addressed, because it's not the goal of other committees. I'd just like to raise that.

**The Chair:** Mr. Oliphant, the numbers of members around the table are representative of the standings in the House of Commons.

**Mr. Robert Oliphant:** But the formula to separate the time that is used in other committees I sit on is different.

**The Chair:** This was voted on initially when we did our routine motions.

**Mr. Robert Oliphant:** I think it was not, though, since the reconstitution of the committee. I think that was done in its last constitution. When we had the new election of vice-chairs and those things, I don't think we revisited that issue.

**The Chair:** No, for the 40th Parliament, this was what we did. We only review the routine motions when there's a new session.

**Mr. Robert Oliphant:** Okay. Is that the only possibility of reviewing it?

**The Chair:** No. If you want to bring it up in another business meeting, you can certainly do that.

**Mr. Robert Oliphant:** Thank you. It's just that it affects this meeting, when you say it's now four minutes; that's all.

**The Chair:** Yes, absolutely.

**Mr. Robert Oliphant:** Thank you, Mr. Stoffer, for your commitment to the issue and your commitment to both veterans and members of the RCMP who are retired.

I have a couple of questions.

My concern on the issue is mixing up fair compensation for work that members of the Canadian Forces and the RCMP officers do with a pension plan that is actuarially based. I don't want any question of mine to be considered unsupportive of our military forces or for RCMP officers; it's the understanding that you can look at this issue in two ways. You can look at it as a benefit reduction when people reach a retirement age of 65 or you can look at it as a benefit top-up to allow them a standard of living until they reach that perspective.

Of course, it's always easier to look at it from the standpoint of a benefit that you receive. So if I receive a pension benefit and then lose something, or perceive myself to have lost something at a certain age, I see it as a clawback or a benefit reduction. If I am the actuary trying to sort out how to fairly compensate people in their retirement, I would look at it as a benefit increase to allow them to bridge until they get another benefit. It's not different from other pensions in the way it's looked at in a fiduciary or a fiscal way.

I'm wondering whether this is the appropriate way to compensate members of the Canadian Forces for their service to the country or whether we're mixing apples and oranges here. I'm wondering whether this is one question—fair compensation and veterans' benefits—or whether we should be doing this through the pension system.

Obviously, you think we should be doing it through the pension system, and I just need some help with understanding why it is you've come to that conclusion.

● (0920)

**Mr. Peter Stoffer:** I came to that conclusion because it was brought to my particular attention. After doing fairly lengthy research and asking a million questions of our researchers at the parliamentary library and of pension experts across the country—the public service pension experts and everyone else—I looked at it this way: the simplification of allowing them to have both at age 65, without the reduction, would not only save money in the long run, in terms of administering it, but it would also show them that indeed, through the pension benefits, we can allow them a minor increase at age 65. A few hundred dollars, which is not all that much, is what we're talking about, but it means an awful lot to the men and women who serve.

I will give you just a couple of examples here.

At age 60, every person in the country who's retired can elect to take their CPP early, which means losing one-third of it right away. If you're a military or RCMP individual and your annuity is, say, \$2,500, you can collect your CPP early. For example, just for argument's sake, say that two-thirds of a CPP benefit was \$500. You get your \$2,500 and your \$500; there's no reduction from your annuity, no deduction at all. The deduction takes place at age 65—what you would have collected if you had started collecting at age 65.

So you get the \$500 for the rest of your natural life, with whatever increases may happen with inflation, but the amount you lose is that what you would have received at age 65 is deducted from whatever your annuity is at the time. But you also get an increase, from old age security, which is to offset any kind of loss in this regard. My argument has always been that OAS should have nothing to do with your annuity and your defined Canada Pension Plan in this particular regard.

Also, the term “bridge benefits” has come up a lot. Just to let you know, Mr. Laval will be here on Thursday and will explain that in Manual AFN109001/ID001, according to him, the term “bridge benefits” was not even listed, and apparently the manual was never made available to service personnel. Mind you, I haven't seen this manual, but he will testify to this on Thursday.

**The Chair:** Thank you, Mr. Stoffer. That was almost a full five minutes.

Now, on to the Bloc Québécois. Monsieur André or Monsieur Gaudet.

[*Translation*]

**Mr. Guy André (Berthier—Maskinongé, BQ):** Good morning, Mr. Stoffer. It is a pleasure to see you this morning.

I know that you are very committed to this matter on behalf of veterans. I certainly feel that there is an anomaly. These people fought for our freedom and we need to be very attentive to their retirement situation.

Have you costed this out? Of course, members of the RCMP and the Canadian Forces are affected by your bill, because they have paid into employment insurance for their entire careers. Some have said, the parliamentary secretary for one, that your proposal will cost \$5.5 billion in the case of the Canadian Forces. That was the cost estimate.

● (0925)

[*English*]

**Mr. Peter Stoffer:** Actually, it's...[*Inaudible—Editor*]

[*Translation*]

**Mr. Guy André:** The figures I had showed \$5.5 billion, but perhaps they have changed since. We also have to add in \$1.7 billion for the RCMP.

My question is a simple one. We know the situation that the employment insurance program is in. We still pay into it at the same time as the government has been helping itself willy-nilly for the last few years. By the way, the Bloc Québécois is tackling that issue head on, as is the NDP. Have you compared the amount contributed to employment insurance to the money that this initiative would cost? In other words, have you calculated the difference between the two amounts?

[*English*]

**Mr. Peter Stoffer:** First of all, on your question, I believe the figure I read.... Many, many individuals across the country sent me the response they received from their MPs, which was basically a standard response.

In order to implement this plan, the cost would be \$7.2 billion.

[*Translation*]

**Mr. Guy André:** Are you talking about the total cost? So it would be \$5.5 billion and \$1.7 billion.

[*English*]

**Mr. Peter Stoffer:** Yes, that's the total.

I've asked the parliamentary library. I've asked pension experts. I've asked everyone where that figure of \$7.2 billion came from. I even asked it in the House. I'm still waiting for the answer. Hopefully we can get it today.

I have no idea where \$7.2 billion comes from. The bill is not retroactive. I repeat, it is not retroactive. It applies to roughly 96,000 individuals, and it only becomes law the day it happens. How the government finally assesses the additional payments on that is up to the government to determine at the end of the day. I gave them one solution. I'm not sure where that is.

In terms of the surplus, as you know, billions of dollars were taken out of the superannuation plan in 1999, which by the way was contributed to by us. Every single person put into the federal public service plan—the employees who work in this room—and apparently there was a surplus. The federal government at that time took out billions and billions of dollars.

At the same time, from 1997 until 2008, well over \$55 billion of EI surplus was diverted into areas of taxation breaks, spending, or whatever. Over \$75 billion that belonged to employees/employers was taken for other purposes than initially intended. This is one of the bones of contention of military and RCMP officers out there, and a lot of other people in the public service when they see it.

In fairness to the debate, that has absolutely nothing to do with Bill C-201; it just shows what happens when there are surpluses in funds. Instead of being put back in to assist members or their families with additional benefits, it was taken for other purposes than what it was intended for. That still sticks in their craw a bit, as they say.

**The Chair:** Thank you Monsieur André.

Thank you Mr. Stoffer.

Now on to the Conservative Party. Mr. Kerr, for four minutes.

**Mr. Greg Kerr (West Nova, CPC):** Thank you very much, Mr. Chair.

I think Mr. Stoffer will understand that I'm going to take great exception to the entire process he's brought before us today.

**Mr. Peter Stoffer:** Yes, sir.

**Mr. Greg Kerr:** I'm not going to talk about which committee goes to it or anything. But it's unfortunate. I think he has unnecessarily raised an emotional level without having factual background to deal with it.

This government, former governments—Ms. Sgro was part of one, and it goes right back to the beginning—have looked at this and have thought that in terms of fairness, this is how the public service receives pensions. They make contributions and they get a bridging process to take them through so that they get fair treatment right through to the CPP time. We can argue about whether it's right or wrong or fair, and I think probably there are some points there that are worth looking at. It doesn't change the main premise that this is a fair pension process.

Second, I feel that the disability issue is important. As you well know, since you were part of the bill, that's not necessarily the thrust of this bill. But it's an important issue that I think this committee should look at, and I think it has some merit.

I think it's really important, Mr. Chair, that we remind ourselves that it is extremely important that this pension process, this public service pension process, of which these are members, is funded

properly. It's extremely important that it in fact is fair to all the participants. There's no question about that. There are issues with each and every pension. I think it's fair to discuss them. But as a general premise, this in fact is a compensation process that was thought out carefully and was funded carefully. As far as using the EI process, we have some experts today who can deal with that. But to leave the taxpayers with the idea that this is not going to cost anything.... I don't know who your experts are, but we do have experts this morning who will deal with the financial part of it. Whether the numbers are exactly correct, we can debate, but there's a huge cost to taxpayers in this.

I think every member supports the military, supports the veterans, supports whatever. I really think it's important. I get a little frustrated—you do a lot for veterans, I have no question—because you have not supported one financial initiative for veterans. There are very, very important programs that provide absolutely critical and essential services. You have voted against every single one that has come forward in the House.

My question, very specifically, is how you can take us down this road with the false expectation for the military folks, and not, at the same time, support the financial initiatives that are so very critical to our veterans and to former service people. My question is specific to that. How do you arrange it so that those two match up?

● (0930)

**Mr. Peter Stoffer:** Mr. Kerr, thank you very much for the CPP disability aspect. I appreciate your knowledge on that.

Let me just take you down a little memory road first.

Mr. Thompson, an opposition member at that time, I remember very well, at SCNDVA committees and publicly.... In a letter Mr. Harper wrote to Joyce Carter, of St. Peter's, in 2005, he said that if the Conservatives formed a government, they would immediately extend the VIP program to all widows and widowers of World War II and Korean War veterans; it was signed by Mr. Harper. That's what he said in a letter to a widow of a veteran in 2005. The words were "immediate" and "all".

In 2008, an increase to VIP came, which allowed 10% of those widows the additional benefit, but it was under new criteria. They had to have a disability tax credit or have a particular income. That's not what the letter to Joyce Carter said. The letter said "immediate" and "all". We asked that it be in the 2006 budget. It didn't come. We asked that it be in the 2007 budget. It didn't come. When it came in 2008, over two and a half years after the written promise, you asked me, as an opposition member, to vote for that, when Mr. Harper himself said "immediate" and "all".

Both Mr. Thompson, in Gagetown, and Mr. Harper said that we will have a public inquiry into the chemical spraying of defoliants at Gagetown, and all people affected from 1958 to 1984 will be looked after. Those were their words, not mine. We're still waiting for the public inquiry. I think fewer than 2,000 people were actually eligible for the \$20,000 *ex gratia* payment. Over 300,000 people, Mr. Kerr, were affected by defoliant spraying in Gagetown during that period. What the Conservatives did was exactly what the Liberals promised: they would only look after those affected by the American spraying of Agent Orange in 1966 and 1967. That's not what the Conservatives told the people when they were in opposition prior to the election in 2006.

We did a collaborative report that was unanimous about certain conditions for the veterans ombudsman. Here's what we wanted to see. We got the veterans ombudsman, but he's handcuffed—

**The Chair:** It's burning a lot of time. I did say that for this meeting we try to stay—

**Mr. Peter Stoffer:** I appreciate that, sir, but he asked me why I didn't support the budget and I wanted to give him a reason why.

**The Chair:** Now on to the Liberal Party and Madam Sgro, for four minutes.

**Hon. Judy Sgro (York West, Lib.):** Thank you very much, Mr. Chair.

Mr. Stoffer, I have to applaud your dedication to the whole issue of veterans, and nobody can ever challenge that. You've brought issues forward that needed to be brought forward and fought them through.

On this issue, we all know what it's like when you are 18 or 19, or maybe 35, and someone gives you the book and says this is part of the employment contract and this is how things will work. Yes, everything's great, because all you want to do is start your new career and start your job. So you don't look at all of the wording that's in there about all of these things.

Everyone from the bureaucracy I have asked about this issue indicates that they outline all of these things: what will happen with the reduced benefits, the benefit reduction—not a clawback, as you often refer to it. But again, many of us wouldn't be listening. I always put myself in the other person's position. I wasn't really paying attention when I was 35—“It's a long way away and I'm sure it must be good”, and all of that.

The thing I'm concerned about is where do we go from here, recognizing that there are a lot of people who didn't feel they got the full information? But that was yesterday and this is today. How do we move forward? We don't have the money, being realistic here, and I'm going to be perfectly honest, I doubt it's ever going to go backwards. I'm talking about where we go in the future, about the changes we would look at happening, so that we make sure people know about whatever changes need to happen.

It was the union that flagged this originally, back in 1996, that asked why its members should be paying twice. They were the ones who pushed for this reduction, is the information I get from the bureaucracy.

Again, I don't want to go backwards, because if we had to try to do this retroactively, all of those people would have to turn around and change their contributions, right? So we're going to go back and ask thousands of other people to all of a sudden send us money to make up for what wasn't paid back then to bring it up to that level. None of that's going to happen, so let's just move it forward.

The changes that need to happen as of today are in our hiring practice, to get a sign-off from individuals, and more importantly, to move it forward so that we're doing this right, so that there is not a benefit reduction, because it is significant for people. So how do we make those changes for the future and not for the past?

● (0935)

**Mr. Peter Stoffer:** Madam Sgro, thank you very much for that.

Since Bill C-201 resurfaced—it was Bill C-411 a few years ago—there is no question that information now to leaving members or to members who are signing up is much more available, open, and transparent than it was before. There is no question it was always in a manual somewhere, in this big binder you sign in. Anybody who has ever signed up for the military knows there's one form after another and you're just signing away.

But the reality is that the explanation of what it was...it was never fully explained until many years later. Now I have to give the CF credit; they are fully explaining, very clearly, and I think it's because of the public awareness of this particular legislation putting forward. So it has improved greatly in that regard and people know exactly what to anticipate. They don't like it, mind you, but they do anticipate it.

How do we go forward? Quite simply, if Bill C-201 ever became law, if I ever reached that sort of luxurious moment in my life, the reality is it would stop immediately. Then the individual members would receive both, and they would obviously have to pay more taxes, receive less OAS, and put that money right back into the economy. It's another way that we say to all of them “Thank you very much”.

As a New Democrat, I will give the Conservative parliamentary secretary credit, because right now Mr. Ted Menzies has gone across the country looking at pension reform. But one thing they haven't looked at yet is this reform, and if Mr. Menzies wished at any time to discuss with the various military and RCMP this particular aspect of pension reform in Bill C-201, I would work with him.

**Hon. Judy Sgro:** On the issue in and around the disabled and what happens with them, do you not think it might be more successful if you segregated that, put it in a separate part? All of it is quite complicated for people to follow. Clearly, the disabled deserve more and not less in order to make sure they are getting the full benefits they should have.



I disagree with the whole way the disabled are being handled in a variety of forces, as I do more and more work on the pension file for my own party and find out just how much Canadians struggle when they clearly haven't saved sufficient money themselves, or their pension funds are going bankrupt. But on that issue in and around the disabled, as a suggestion, it might be more helpful if you could keep it as a separate angle.

**Mr. Peter Stoffer:** When it comes to the Canada Pension Plan, they are intertwined, whether you receive it normally at 60 or 65 or whether you receive it as a CPP disability.

One of the frustrating things when you watch a military or RCMP individual who is medically released.... We're not even talking about the SISIP plan, which is outrageous in itself, that we charge the military for an insurance plan and then deduct it from them. At this committee, two DND ombudsmen and the last witness from the legion said that this money should be put back into that SISIP plan to look after those members. That's separate from this.

But you tell a military or RCMP person who, after over twenty-something years, is disabled out of the military or RCMP to go and apply for Canada Pension disability. That's not just picking up the phone and saying, "Hi. I need CPP disability." It's quite an arduous, brain-melting task to do that. You have to do a Cirque du Soleil act to get that. Eventually if you do get it, the government says, "Sorry. Yes, you'll get it, but it's deducted from your annuity."

So the first question they ask you is why in hell they bothered applying for this in the first place. It's a question I can't answer. They're very frustrated by that. People who are disabled should never, in my opinion, have a deduction in any way, shape, or form. I don't care what they put into a plan; they're disabled, for God's sake. Don't look at them as a cash cow to reduce that benefit. Have some humanity in this discussion and look after these people for the rest of their natural lives. It's the least they deserve.

● (0940)

**The Chair:** Thank you, Mr. Stoffer and Madam Sgro.

We're now on to Mr. McColeman for hopefully four minutes.

**Mr. Phil McColeman (Brant, CPC):** Thank you, Mr. Chair.

Of course, it goes without saying that your passion is huge and your commitment is huge, just like that of many members around the table, which has been expressed in different ways.

The bridge financing to CPP already makes Canadian military pensions among the most generous in the country. This is as it should be, as you have said, because the men and women in uniform deserve to be generously compensated for their service to Canada.

I'm concerned about how you square things. I just listened to your response to the questions posed by my colleague, with you pointing a direct finger at our Prime Minister and others for failing, as you claim, on a letter of promise as the reason why, on March 24, you voted against \$35 million to increase the grant for disability awards and allowances. You voted against \$240,000 in funding for the Commonwealth War Graves Commission. You voted against \$175,000 for children of deceased veterans, assistance providing funding—

**Hon. Judy Sgro:** I don't want to take away from Mr. McColeman's time, but just on a point of order, whatever Mr. Stoffer voted for or against in the House has nothing much to do with the content of a bill that we're all trying to understand better, so that at the end of this process we can make some recommendations.

I just don't think it's helpful.

**The Chair:** Madam Sgro, it's really not a point of order, and I did let Mr. Stoffer digress all over the map during his answers; he went from about four different departments.

**Mr. Phil McColeman:** Sir, I'm asking the question here that drives to how this witness squares his actual actions against what he's promoting today. It's about his credibility. His actions are speaking much louder than his words in terms of who he is pointing the finger at today. To explain why he voted against these....

I'd like to know specifically why you voted against those.

**Mr. Peter Stoffer:** Mr. McColeman, may I please ask you one question. Where were these items that you talked about? What part of a document—

**Mr. Phil McColeman:** Sir, you're asking a question. I'm asking the question. You're to answer. I'm not answering your question.

**Mr. Peter Stoffer:** Okay. You asked me why I voted against certain particular items. I put to you that all of these items were part of a budget. Am I correct?

**Mr. Phil McColeman:** I believe they were the March 24 supplementary (C) budget items.

**Mr. Peter Stoffer:** First of all, sir, I would never ever question you or any of your colleagues or anyone in this House about their morality or ethics towards veterans and their families. I think each and every single one of my colleagues, and I've been here for the last twelve and a half years, hold our military and our RCMP in the highest of regard. I say that for you and for everyone else as well.

Sir, you know as well as I do, those are confidence measures, and what you're asking a New Democrat, who sits, by the way, in the last seat in the House of Commons, is whether I have confidence in the Prime Minister and in my colleagues in the Conservative Party. The answer is no. That's why we voted against it.

There are literally thousands of items in an estimate or a budget, as you would know, sir. It's the simplest thing in the world to take two or three things out. Now is everything that government does bad? No. Is everything in a budget bad? No. But in opposition, as I would say the Conservative Party has done and the Reform Party...I remember many times the Conservative Party voted against things inside a Liberal budget that had increases to the defence department and increases to the veterans as well. Nobody questioned why you voted against those things. You voted against them because they were a budgetary confidence item against the government of the day.

That's why, sir, I voted against those items.

• (0945)

**Mr. Phil McColeman:** Did you speak publicly in support of these particular items?

**Mr. Peter Stoffer:** In fact, if you want to check the record, I've supported many things that Mr. Thompson and the previous minister, Albina Guarnieri, have done specifically for veterans in their statements and the way they handled the file. As I have said many times, there are certain things in every budget that are quite good, but the reality is that as an opposition member, when you vote in a confidence vote for or against the government, you have to take the entire package as one. You don't have the luxury in opposition of taking this out and saying, I want to want to vote for this but not for these other things.

**Mr. Phil McColeman:** Today in your comments you mentioned you don't see this as a clawback measure. Yet, in many of your public comments about this, including in the House of Commons, you continue to use the word "clawback". Why do you do that?

**Mr. Peter Stoffer:** I call it a clawback because that's what my colleagues in the armed forces and RCMP call it. But the reality is that the legal or technical term in committee is benefit reduction. I call it a clawback because it's easier for them to understand it in many ways, because that's how they refer to it in talking with me.

**The Chair:** Thank you, Mr. Stoffer.

Monsieur André, you had a point.

[*Translation*]

**Mr. Guy André:** I agree with Ms. Sgro. Mr. McColeman's questions are completely out of place.

We want to understand the bill, and we want to spend an hour studying it today. We only have one hour and here we are debating how the last budget was passed! That has nothing to do with our study.

I think that the questions should be solely on Bill C-201 as presented here by the NDP. I share Ms. Sgro's opinion.

Mr. Chair, I would appreciate it you could arrange for us to keep to the agenda.

Thank you.

[*English*]

**The Chair:** Thank you, Mr. André.

I did speak to that the last time in no less than two different answer sessions. Mr. Stoffer was digressing quite a lot and I wanted to give him, as well as other members, the freedom. I think that's the

tradition we've had here, and certainly I didn't hear any point of order when Mr. Stoffer was doing his travelling.

**Mr. Peter Stoffer:** That's good.

**The Chair:** And he agrees it was good.

Anyway, on to *Monsieur Gaudet pour quatre minutes*.

[*Translation*]

**Mr. Roger Gaudet (Montcalm, BQ):** Thank you, Mr. Chair.

I am going to make up an example so that I can really understand your bill, Mr. Stoffer. A person joins the army at age 20 and stays for 35 years, until the age of 55. That person leaves the army and receives, let us say, an annuity of \$38,000, starting at age 55. At 60, the person is entitled to a Canada pension or a Quebec pension of \$6,000. At 65, the person becomes eligible for an income security pension that brings in another \$6,000. In addition, the army pension is indexed annually. When that person retired, his income was \$38,000 per year; at 65, it is \$50,000.

That is how I understand your bill.

[*English*]

**Mr. Peter Stoffer:** OAS is not part of the bill, by the way. Old age security is completely separate from what I'm talking about in Bill C-201. But the argument I have heard in many, many cases is that when a person receives the benefit reduction, or what I referred to as the clawback before, what happens is that OAS kicks in. It kicks in anyway, but old age security is determined by the amount of income you receive from other sources. So if you receive higher amounts, you get less OAS. We see that all the time. In this particular aspect, if you receive higher income either from QPP, CPP, or your MP's pension, you would receive less OAS to the point where, at a certain amount, you don't receive OAS at all in this regard. It's just like the GIS, the guaranteed income supplement; it is used to pop those with very low income up out of impoverishment. Again, it's based on your total income.

In many cases, the argument was that men and women don't lose any money. In some cases, I have seen members of the armed forces and the RCMP with an additional amount at age 65. It's not much, but it's a little bit more, even after a reduction. But the vast majority I've seen have lost money at age 65, and this is the part that gets them. They don't believe that at age 65 they should be losing money; they should actually be gaining a bit more to offset the higher costs when you become age 65.

• (0950)

[*Translation*]

**Mr. Roger Gaudet:** The example I used was of someone who has worked for 35 years. But you are talking about someone who has worked 15 or 20 years.

After 35 years in the army, the person receives a full pension of some amount or other. Under your bill, he would also receive a Canada pension or a Quebec pension. I am not talking about the guaranteed annual income, just income security. Of course, that person would not be eligible for the guaranteed annual income.

[English]

**Mr. Peter Stoffer:** Let's say you serve a 35-year military or RCMP career and get your maximum annuity. At age 60 your CPP kicks in if you wish to take it early, but you get two-thirds of it. You get them both. There is no OAS or GIS at that time. At age 65, benefit reduction kicks in. The amount you would have received at 65 gets deducted from your annuity, and if you are eligible for OAS it applies at that time.

**The Chair:** Thank you, Mr. Gaudet. Thank you, Mr. Stoffer.

We'll go to Mr. Lobb for four minutes.

**Mr. Ben Lobb (Huron—Bruce, CPC):** Thank you, Mr. Chair and Mr. Stoffer.

I'll share my time with Mr. Payne, so I'm going to ask succinct questions and I'd like to get succinct answers in return.

**Mr. Peter Stoffer:** Yes, sir.

**Mr. Ben Lobb:** My first question is on employment insurance. This morning you commented that there's no opportunity for CF members to collect employment insurance.

**Mr. Peter Stoffer:** No, sir, that's incorrect.

**Mr. Ben Lobb:** That's what you said.

**Mr. Peter Stoffer:** I said that if they collect their annuity there's no chance for them to collect EI.

• (0955)

**Mr. Ben Lobb:** Would you be surprised that over 30,000 CF members collected employment insurance benefits of one sort or another from 2006 to 2009?

**Mr. Peter Stoffer:** I suspect that number should be higher, but the reality is that none of those people would have been in receipt of an annuity.

**Mr. Ben Lobb:** It's good that we've cleared that up for the record.

My second question is on the costing of your bill. You stated in the House that the Parliamentary Budget Officer and the Library of Parliament were unable to provide a reliable estimate to you.

**Mr. Peter Stoffer:** That's correct.

**Mr. Ben Lobb:** That would go against what I've heard the opposition members comment about the Parliamentary Budget Officer, so that's surprising.

You also questioned the government's costing of your bill at \$7 billion. You've disagreed with the Parliamentary Budget Officer, the Library of Parliament, and the government on this costing.

In your statement today you said that allowing both programs would save money in administration. I'm not sure how much red tape you think there is in the bureaucracy, but it certainly wouldn't cost \$7 billion to administer these programs.

Perhaps you can provide a brief explanation of those statements to help this committee understand where you're coming from on the costing side.

**Mr. Peter Stoffer:** First of all, I never disagreed with the Parliamentary Budget Officer. I asked the PBO for assistance in this regard, as well as the parliamentary library, in order to give me an actual figure. They said they didn't have enough time or were unable

to do it at this time. So if they were unable to give me an exact figure on the initial cost of this bill, how did the federal government come up with the \$7.2 billion figure? I asked the PBO that, and the department couldn't give me an answer. I'm waiting to see how the federal government answers that question.

On administrative costs, they would receive less OAS so they would pump that money back into the economy. They would also pay higher taxes on that. It's also a recognition. There is no question that if I use the unemployment insurance deduction—

**Mr. Ben Lobb:** I need to stop you there. We're going off track here.

Mr. Payne.

**Mr. LaVar Payne (Medicine Hat, CPC):** Thank you.

I'll have to make it really quick.

We don't question your sincerity or anyone else's.

**Mr. Peter Stoffer:** Nor I yours, sir.

**Mr. LaVar Payne:** But I have some concerns about the voting record, and you talked about the budget and so on. In 2002, Mr. Stoffer voted against \$92 million for pensions for disability and death, including pensions granted under the authority of the Civilian Government Employees (War) Compensation Order.

The second one is of course the VIP program that we just talked about—\$29 million. You also talked about the Prime Minister's letter on the VIP. It is my understanding that the VIP is for veterans who are disabled and can no longer do the kinds of things they may need to do around their homes.

You talked about the widows. Would the same criteria not apply, or would you just give it to all the widows, whether they have disabilities or not? It seems to me you're trying to sort of spread this thing, which in my view is not correct.

**Mr. Peter Stoffer:** Sir, with great respect, I'm not the one, you're not the one, the Liberals and Bloc are not the ones who wrote and signed a letter to Joyce Carter that said, "If we form government, all widows would immediately receive the VIP program—"

**Mr. LaVar Payne:** But the VIP program, Mr. Stoffer, is for disabilities, is it not?

**Mr. Peter Stoffer:** It's also for infirm, for elderly, for people who no longer can do the basic—

**Mr. LaVar Payne:** Okay. That's my point.

Thank you very much.

**The Chair:** Now to the Liberal Party.

I understand that Madam Sgro and Mr. Oliphant are going to share the time.

**Mr. Robert Oliphant:** We'll try.

Again, Mr. Stoffer, I know two things about you: you like chocolate milk—

**Mr. Peter Stoffer:** Yes, I do.

**Mr. Robert Oliphant:** —I've been noticing that—and you are committed to veterans. Thank you.

I'm sorting out a couple of things in this. I don't want to bring in OAS, because that is a social security system. It is part of a social safety net, and it's an age benefit. So I want to leave it out.

This has nothing to do with charity. The issue you're raising has to do with justice. Those are very different things. I think on this side we recognize that, and now we're just trying to sort out how we best do that.

The question I have is a technical question. Are there members of the forces, either side, whose salary and rank have qualified them for a pension such that they're not eligible or do not need a bridging to old age security—i.e., they're at such a level that it would have reduced the bridging amount to zero—in any way?

**Mr. Peter Stoffer:** The reality is that if you look at, for example, Mr. Hillier's pension, if he received one, he wouldn't receive old age security at any time. His pension is of a stature that he doesn't get old age security.

**Mr. Robert Oliphant:** Does he get the top-up still, or the bridging?

**Mr. Peter Stoffer:** For the sake of argument, let's say he had a \$100,000 pension. If he turned age 60 and wished to collect CPP early, he would receive...if he was no longer working, of course.

**Mr. Robert Oliphant:** If he was no longer working.

**Mr. Peter Stoffer:** In that case he'd receive his CPP early, like everybody else. But at age 65, like the person who makes \$18,000 a year in pension, whatever he would have received at age 65 would be deducted from his superannuation, his armed forces pension in this regard. But if, for whatever reason, at age 60 he took whatever amount it was, he would receive that amount. But he, like everyone else, would get benefit reduction.

**Mr. Robert Oliphant:** Thank you.

I'll pass it over to Judy.

**Hon. Judy Sgro:** So will anybody else get the reduction.

**Mr. Peter Stoffer:** Every federal or provincial public servant in the country.

**Hon. Judy Sgro:** All of us, if we're here a fair amount of years, as you have been already, will have a pension of a certain amount of money. You're going to receive the OAS just like everybody else, at least on the first year. And that second year, well, once you get over \$61,000 up to \$102,000, that starts to be reduced in a benefit reduction. I'm not going to call it clawback, but it's a benefit reduction.

We may love all our men and women who've served in the military, but why would it be different for them than for everyone

else when that was an agreement? I don't agree with the agreement the way it was done, but that was an agreement back in 1966. We have to move forward, not go back.

• (1000)

**Mr. Peter Stoffer:** First of all, it wasn't an agreement that the men and women of the service and the RCMP had anything to do with.

**Hon. Judy Sgro:** Their representatives, via the union, were the ones who lobbied for it.

**Mr. Peter Stoffer:** No, the RCMP and military don't have unions, as you know, Madam Sgro, or associations.

**Hon. Judy Sgro:** There are public service unions or something.

**Mr. Peter Stoffer:** This was done for them by senior officials within various departments who said how it was going to be and that was it. There was no discussion.

The public service unions were completely different. They had representatives at the table who argued—for whatever reason at that time—for the particular benefits as they were drawn out and the deductions at that time. Military and RCMP had no say in this, and they still have no say in this. They don't have associations or representatives in terms of unions that could argue at a bargaining table if this was right or wrong.

**Hon. Judy Sgro:** If this was to somehow pass and you had to go back, as you're suggesting—

**Mr. Peter Stoffer:** No, no, I've never asked for retroactivity.

**Hon. Judy Sgro:** So then you're talking about from here on into the future.

**Mr. Peter Stoffer:** Whenever it happens, yes.

**Hon. Judy Sgro:** But had they not already...in the sense that those who are receiving the benefit, or who will receive the benefit, are very well aware today that this is the way the system works?

**Mr. Peter Stoffer:** Yes.

**Hon. Judy Sgro:** Don't you think we need to change the way it works?

**Mr. Peter Stoffer:** Yes. That's one of the things I'm trying to do, Madam.

**Hon. Judy Sgro:** We need to simply change the way the system is working so that....

You can't have it both ways.

**Mr. Peter Stoffer:** I realize that, and what we're asking for is a complete change in this regard. I've given enough latitude to government that if this is adopted, if it's accepted, which I don't think one side will do—and I can't speak for you or the Bloc—then I leave it up to the government to determine the best way to do that. The bill basically asks for just the ending of it; it's what it really does. It's not a very thick or complicated bill. It basically asks for the end of the benefit reduction, or, as my friends in the armed forces and RCMP call it, the end of the clawback.

**The Chair:** Thank you, Mr. Stoffer and Madam Sgro.

If the committee would allow me the luxury of one question, there is one I'd like to ask, after hearing all the testimony.

[Translation]

**Mr. Roger Gaudet:** Yes, Mr. Chair.

[English]

**The Chair:** *Merci beaucoup, Monsieur Gaudet.*

Mr. Stoffer, just listening to the last hour of testimony on the complexity of this pension with an annuity, with a merging of CPP, with the members' contributions as well as the government contributions, I guess I have just a simple question. Why wouldn't you have instead made a motion to the House to review this pension plan, to come up with the best path forward—as, in fact, was kind of the note that Madam Sgro's question was on—rather than put a bill of specifics for which there would have to be an extraordinary amount of amendments and in fact a full review anyway?

**Mr. Peter Stoffer:** That's completely understandable, but Mr. Sweet, as you know, I have moved several motions in the House of Commons, which were adopted, and I'm still waiting for the adoption of those motions. Motions only advise the government what to do; they're not binding on government.

One of the most frustrating things is when you move a motion, as I did—my veterans charter motion in 2006—which everybody voted for except for the Conservative Party.... In fact, it was the first in 2006 that they whipped against legislation. So when my colleagues ask me why I voted against this, I could ask them why they voted against the VIP extension, why they voted against the marriage-after-60 act, why they voted against the.... No, but really, I could do that if I wanted.

The reality is that it was a motion passed by the House of Commons, by the majority of members of Parliament in 2006. It was a motion. As you said, why didn't I move a motion? I did move a motion, and unfortunately after three years, I'm still waiting for the enactment of that motion. As you know, motions are not binding on government. They're just an advisory tool to say to government that here's what we think you should do in the House of Commons.

**The Chair:** Thank you, Mr. Stoffer.

We'll now take a brief break to change our panel of witnesses.

- \_\_\_\_\_ (Pause) \_\_\_\_\_
- \_\_\_\_\_

**The Chair:** Ladies and gentlemen, we need to get back to it. We just have an hour left.

Mr. Hawn, you have opening remarks. Do other witnesses have opening remarks as well?

- (1005)

**Mr. Laurie Hawn (Parliamentary Secretary to the Minister of National Defence):** No, sir.

**The Chair:** Then please proceed, sir.

**Mr. Laurie Hawn:** Thank you, Mr. Chair.

I'm not sure where they all are, but I have three colleagues with me from the Office of the Chief Actuary of the Public Sector Insurance and Pension Programs: Michel Rapin, Mario Mercier, and

Lynne McKenna-Fleming, who is the acting DG, compensation and benefits.

Thank you, Mr. Chair, and thank you for the opportunity to discuss Bill C-201 with the committee.

My remarks will be directed to the Canadian Forces Superannuation Act, but apply equally to the RCMP plan.

First, I want to thank this committee for their good work on behalf of serving members and veterans.

Although I don't support this legislation, it has nothing to do with the profound respect and admiration that we all have for the Canadian Forces and RCMP. I'm proud of my own military service and the people I served with, and I'm very proud of the men and women in uniform today. They and their families do so much, and they have every right to expect that the Government of Canada will take care of them in return. That is what we are doing and what we continue to try to improve.

As the committee knows, the Canadian Forces Superannuation Plan was integrated with the Canada Pension Plan in 1966. The pensions were blended and not stacked, meaning that part of our pension contributions now went to pay for CPP benefits. This kept the overall contribution from increasing.

Just like payments into the plans, benefits of the two plans are also blended and not stacked, meaning that we get benefits from both plans. Total premiums and total benefits remained essentially the same, and we are getting 100% of what we have paid for. The CFSA compares favourably with other pension plans, and only about 30% of Canadians have such defined benefit pension plans.

There is no doubt that the integration of the pension plans was not well communicated. I have spoken with people who did get briefed, but most did not. I don't personally recall any briefings, although, as was pointed out, I was probably so preoccupied with going through pilot training at the time, as an 18-year-old, that I probably wouldn't have remembered anyway. I don't doubt that it was covered in the daily routine orders that were published every day. The situation is briefly referred to, and I think that was mentioned earlier, in the *Digest of the Canadian Forces Retirement Benefits*, which every member gets on leaving, and on page 19 it says:

Annuities under the CFSA are subject to a reduction when an annuitant reaches age 65....

It goes on to say more.

Ultimately, every member is responsible for knowing and understanding their pay and benefits. The system didn't make it as easy as it could have in 1966, for sure, but that is now history.

Let me just state how I personally relate to Bill C-201 and the issues that surround it. I joined the Royal Canadian Air Force in 1964 at age 17 and served 31 years, retiring in November 1994 at age 47. I started drawing my pension of 62% of the average of my best five years' salary. The amount remained the same until cost-of-living indexing kicked in at age 55 and after I had reached the 85 point in years of service plus age. Eight years of indexing were added to my pension in one lump, and that amounted to about a 10% increase, because obviously those were times of fairly low inflation. Annual indexing for the past seven years has brought very modest annual increases in these times of low inflation.

I've paid for 25% of my pension and the taxpayers have paid the other 75%.

Part of that pension is the lifetime benefit and part is the bridge benefit. The bridge benefit is generally about 30% of what the newly retired member receives as an initial pension, and it is intended to bridge the time between when the member retires from the service and when the member collects CPP, normally at age 65. At age 65, the bridge benefit disappears. It's got nothing to do with CPP per se. At age 65, the bridge benefit disappears and is replaced by CPP. This ensures a smooth flow of total pension income throughout retirement years.

One thing this government did was change the formula for calculating CFSA benefits to increase the lifetime portion. This is to the advantage of every pensioner and should mitigate to some degree the concerns that gave rise to Bill C-201.

This is an emotional issue and I understand that. I take no pleasure in opposing a position strongly held by people I care about, but I have to be honest with them. Even though I would stand to benefit from this bill, it would have been inappropriate for me to support it given all the facts.

I believe that several points are relevant. The CF and the RCMP are not unions, were not unions in 1966 and are not unions today, and we don't get to negotiate pay and benefits. On the CF side, that makes us just about like every other military in the world today. It is wrong to suggest that we are picking on the CF and the RCMP.

The public service superannuation, other federal pension plans, provincial plans, most teachers' plans, and many others are set up exactly the same way. We are getting exactly what we paid for, and the CFSA is based on two simple things: how long you served and what were your best five years.

• (1010)

Before age 65, military and RCMP pension plans deliver 2% per year of service, based on the average salary for the best five years. In the case of the CF and the RCMP, it is common to retire in our forties or early fifties. We collect our pensions immediately, where others do not. CPP was set up on the assumption that Canadians would generally work until age 65. People can choose to work or not—most can after retirement from the CF or RCMP—but everyone should do a bit of homework to figure out what's coming down the road. People don't plan to fail; they fail to plan.

When someone retires before age 65 and works at something until 65, their contributions to CPP will generally ensure that the CPP they collect will at least offset the bridge benefit that disappears at

age 65. That's the way the bridge benefit was calculated in the first place. If someone does not contribute to CPP after retirement from the CF until 65, they will probably get less, for sure, because they haven't contributed to it. In my case, my CPP will exceed my bridge benefit by about \$300 a month. We get what we paid for.

Many people take CPP as early as age 60 and take the 0.5% reduction per month before 65. So it's a 30% reduction if they take it the full 60 months early. If they take CPP at age 60, what the CF and RCMP members are doing for that five years is double-dipping their CPP and the bridge benefit, and that's a good thing.

The bridge benefit will still disappear at age 65, and contrary to what was said, it has nothing to do with CPP. It's apples and oranges. It's the bridge benefit that disappears at age 65, regardless of when you take CPP. There's no relation at all. So if you have taken CPP early, you are taking a reduced CPP. When your bridge benefit disappears at age 65, which it will do under the Canadian Forces Superannuation Act, then yes, you will probably wind up getting less.

If you do the math, in most cases you are still better off taking the CPP early, but there's a crossover point, depending on your personal circumstances, that somewhere down the road the benefit of double-dipping is going to disappear. Figure out what that age is, and if you think you're going to live longer than that, maybe don't take it early. But who knows?

Taking CPP early is a personal choice, but I emphasize that CPP is here and CFSA is there. The only relationship is that, at age 65, the bridge benefit part of CFSA disappears. It has nothing to do with what your CPP is.

Those in favour of Bill C-201 sometimes put forward arguments about how much members have suffered and sacrificed during their careers. I can personally identify with those arguments, but they are emotional and should not devalue the worth of a properly constituted and financed plan that operates exactly as it is supposed to. In my military career, I've moved about 20 times. My wife was a registered nurse. She managed to work wherever we were. I served out of choice. She served out of choice in following me, so far, for 41 years, possibly out of curiosity, but we chose to serve. I can tell you, it was the best job I will ever have in my life. As much as I enjoy this one, nothing will ever top my military career in terms of my personal satisfaction and enjoyment.

I get a lot of letters and most of them are unfriendly. What I'm typically getting is people sending me their CFSA pay slips with the notice that their CFSA pension will decrease by some amount at age 65, as per the plan, and they're mad as heck. What they're not sending me is their CPP statement, showing how much their CPP will be. They're also upset that they will lose indexing on the amount of the bridge benefit deducted, but what they are not understanding is that they will pick up indexing on the CPP amount. It really does add up. We didn't pay for a stacked pension and we're getting exactly what we paid for. That makes us the same as other pension plans.

People bring up the money that was transferred from our pension plans to general revenue in the 1990s. That total amount was actually \$32 billion from the RCMPSA, PSSA, and the CFSA, with the CF share being about \$15 billion. As egregious as that may have been, it was carried out by the government of the day and is now history. There is simply not an extra \$15 billion or \$32 billion out there to put it back. The bottom line on our pensions is that, whatever happens to the actual investments to support it, our pensions are guaranteed by the Government of Canada.

•(1015)

Another red herring that is totally apples and oranges and is regularly used, and was used several times today, is that people have been led to believe that somehow MPs and others have exempted themselves from a clawback. In the first place, we have zero input into our compensation package. Second, MPs come and go at any age and do not collect a pension until age 55. Third, there is no clawback at 65 because we didn't get a bridge benefit from or to any age and there's simply nothing to claw back. It's a complete red herring, and it is there simply to stir up outrage at people who are easy targets. Being an easy target is part of this job, but this is disingenuous at the very least.

Folks also point to a petition that was signed by over 100,000 people. I said it in the House and I'll say it again: if somebody gives you a petition and says if you sign here you might get extra money, you're probably not going to question it. And that doesn't make someone dishonest or dumb; it just makes them human. I've talked to many who signed the petition without question or who knew that it wouldn't or couldn't amount to anything. There are also many generals who are rightly known as "people people" who have not signed the petition and who understand the reality of the situation.

Mr. Chair, the false premise upon which Bill C-201 is based is not the only argument against the proposed legislation. There is also a prohibitive cost attached. There would be a one-time past service

liability cost of \$7 billion, and those numbers come from the Office of the Superintendent of Financial Institutions. We can delve into more of that if we wish.

In addition, plan members and Canadian taxpayers would have to bear the burden of increased and future contributions. This could add up to significantly increased pay deductions. Would it be fair to ask taxpayers to pay the increased burden when most of them do not have company plans of their own?

The government does have a responsibility to our service members, and we also have a responsibility to the Canadian taxpayer to exercise careful stewardship of the money they entrust to us. There are some legitimate issues, and we digressed—as always happens in these things—to discuss some of those in the first hour. There are legitimate issues out there that should be addressed and should be discussed, but none of those are discussed under Bill C-201. So Bill C-201, in my view, is not a starter for the reasons I have mentioned, as regrettable as that is. I'd love to be able to collect something I haven't paid for. I'd love for all of us to be able to do that. But it just doesn't work that way.

Mr. Chair, thank you, and thank you to members of the committee. We'd be pleased to answer your questions.

**The Chair:** Thank you, Mr. Hawn.

We will go expeditiously, then, to the Liberal Party for four minutes.

**Mr. Robert Oliphant:** Thank you, Mr. Chair.

Thanks, Mr. Hawn, for both your time and your presentation, which is actually quite helpful to me in trying to understand this.

I hear both your care and concern for veterans. There may be a conflict of interest in this for you under our guidelines, as a member of the House of Commons, as a possible fiduciary beneficiary of such a thing. So I would be hopeful that you're mindful of that booklet on what you can and cannot vote on as a member of the House of Commons.

The government members of the committee have been pretty critical of Mr. Stoffer for his request to bring it to this committee as opposed to the defence committee. It's here at his request, and we accept that and understand it, and I actually welcome it. But that doesn't mean that the department doesn't have a responsibility for ongoing regular consultation with pension plan members and members of the regular forces who have a pension fund. I'm wondering, what conversations is the department having about this bill with military personnel, pension experts, and groups that advocate for military personnel?

•(1020)

**Mr. Laurie Hawn:** Thank you for the question, Mr. Oliphant. To your first point, I'm voting against something that would be of benefit to me, so I don't think that qualifies as a conflict of interest or exercising ambivalence.

But in any event, to your second question, and it's a good question, members of the armed forces and members of the RCMP are not in a union. Things like this are negotiated on their behalf by people in the benefits and compensation branch who do talk to members in uniform. But it's not like a union of members who get together and vote this way or that way. There is consultation, and I would ask Lynne McKenna-Fleming, as I'm not too familiar with the specifics of that kind of consultation, if she has some more information on that. I'd appreciate it.

**Ms. Lynne McKenna-Fleming (Acting Director General, Compensation and Benefits, Department of National Defence):** Largely triggered by the new reserve force pension plan that came into effect on March 1, 2007—the first time reservists ever had a pension plan—we really became aware of some lack in our communication processes. So we spent a good bit of time and money doing focus groups, talking to regular forces and reservist people, and talking to experts in the field of communication. It has all culminated in what will be a much improved pension handbook that we expect to have out in about a year. But we expect to have our new website up and running sooner than that.

Our website will take into account a vast range of questions that people will have about their pensions. It will target both reserve force and regular force members and will be specific to their needs. It will contain about 300 pages of text on pension questions. We're very optimistic it will go a long way toward answering folks' questions.

**Mr. Robert Oliphant:** Good.

I am a member of a defined benefit pension plan with the United Church of Canada, and we have fairly regular consultations. We're also not in a union. I think it would be helpful for us to know the concrete results of the discussions that DND has had with forces members about pensions.

I would like to have in writing to this committee the nature of the consultations, the time, the number of armed forces personnel who were interviewed, and the distribution in rank and status of those service personnel, so we have a sense of the kind of consultation the department is doing on this issue.

It's tough. I also have about a 300-page booklet for my own defined benefit pension plan, and it doesn't get opened. I'm concerned about those conversations and whether the department is actually undergoing those conversations as well. So it would be helpful if I had a report in writing stating what the department has done in terms of consulting.

Has there been any—

**The Chair:** Thank you, Mr. Oliphant.

I want to make sure the witness knows that we'll have a report from the Department of National Defence regarding the dialogue.

**Mr. Laurie Hawn:** We will.

In large part, just to tie this one up, the Canadian Forces members, and I assume members of the RCMP, trust the leadership to look after them. I've never been disappointed.

**The Chair:** Thank you, Mr. Hawn.

Monsieur André.

[*Translation*]

**Mr. Guy André:** Mr. Hawn, thank you for your excellent presentation based on your personal experience. You know the situation very well, and you have clearly shown that by telling us about your own career.

In previous testimony, the question of the cost of this initiative came up. The witness told us that he could not explain the cost of putting the bill into effect, calculated at \$6.2 billion.

Have you looked at that? Can you give us more details about it?

As well, it has been said many times that members of the Canadian Forces and the RCMP have paid into an employment insurance program all their lives that they have never benefited from. One of the proposals put forward was to postpone those contributions to the age of 65. That could help to even out the measures proposed in this bill.

I would be interested in your views on that.

•(1025)

[*English*]

**Mr. Laurie Hawn:** Thank you very much for the question.

You were talking about EI in the second part of your question. I'm going to ask for more input on this, but we got a cost of about \$7 billion from the Office of the Superintendent of Financial Institutions. That was a one-time past service.... We're not talking about retroactivity.

The other was a \$110 million annual increase in operating costs that would result from Bill C-201.

The point about EI is a great one. The fact is that between 2,700 and 3,000 members every year from 2006 to 2009 collected EI for maternity or paternity leave. In those four years 11,300 people retired from the Canadian Forces with pensions; and 9,800 retired without pensions and are eligible for EI.

So if we diverted all the EI premiums to pay for Bill C-201, the thousands and thousands of people who are eligible for and/or collecting EI due to their service to the Canadian Forces would be cut off. That would not be fair.

The other salient point is that in 2008-09, the total EI contributions from the regular force and the reserve force totalled \$56.5 million, which is only about half of what the annual costs for Bill C-201 would be. So it doesn't add up that way either.

I'll turn to my colleague Monsieur Mercier for any further amplification, particularly on the \$7 billion figure.



**Mr. Mario Mercier (Actuary, Fellow of the Canadian Institute of Actuaries, Office of the Chief Actuary, Public Sector Insurance and Pension Programs, Office of the Superintendent of Financial Institutions Canada):** Maybe I'll just give you a short introduction. I'm an actuary. I work with the Office of the Chief Actuary, and I was asked by the Department of National Defence to prepare numbers and costing of removing the integration from the CFSA plan, and I've also done an evaluation of the RCMP pension plan.

The numbers that were given to you today are what I came up with after doing an actual valuation in accordance with actuarial principles. The increase in the liability of the Canadian Forces' plan would be \$5.5 billion, as was said today. This plan already has an accrued liability, that is, the cost of what was promised already in accrued services to date to all members of the pension plan. Right now, the liability is in the vicinity of \$51 billion. If integration were to be removed, that would cost the accrued services an additional \$5.5 billion.

I have done the same with the RCMP pension plan. This plan has an accrued liability of roughly \$15 billion right now. If the integration were removed, there would be an additional cost of about \$1.7 billion. That's with respect to what has been accrued right now as of the valuation date, March 2009.

On top of that—and this is what Mr. Hawn was saying—if the plan were to be amended, it would be a different plan, because members who retired would not have their benefits reduced when they attained the age of 65.

The way a pension plan is funded is through the active life of the employees. The cost of the CFSA plan is 22.4% of the pensionable payroll, which would probably be close to \$1 billion. The cost of the RCMP plan is a bit lower, at something around 20%. If the plan were amended, then every year the contributions would increase. For the CFSA plan, that would be an increase of 1.8%; and for the RCMP plan, it would be an increase of 2.1%. That number of \$10 million was.... This increase will be for next year, fiscal year 2010.

• (1030)

**The Chair:** Mr. André, there are six minutes—  
[Translation]

**Mr. Guy André:** Mr. Chair, is this actuarial study going to be tabled at this committee?

**Mr. Mario Mercier:** Yes.

[English]

**The Chair:** Thank you.

I have Mr. Stoffer for four minutes.

**Mr. Peter Stoffer:** Thank you, Mr. Chair.

And thank you, Mr. Hawn, for your presentation and your 31 years of service, continuing now as parliamentary secretary.

My first question is more directed at Mr. Mercier. In reaching a figure of \$7 billion, how many members of the RCMP and CF did you include in your deduction?

**Mr. Mario Mercier:** The RCMP pension plan has 21,000 active members, and all of the members who are part of the plan were

included. So if we're looking at the RCMP, we're talking of 21,000 active members and about 15,000 pensioners. If we subtract the survivors, the number will be around 13,000. The Canadian Forces plan has about 67,000 active members and about 80,000 pensioners. All of the members who are receiving or will receive an annuity were included in my study.

**Mr. Peter Stoffer:** I have great difficulty understanding where the \$7 billion figure came from. Would you, sir, be able to provide to the committee written documentation of how that's calculated, because the Parliamentary Budget Officer and others can't find that figure anywhere? This is one of the reasons why we have great challenges with how over 96,000 members can end up costing the government \$7 billion. It just isn't something that appears on the surface to be a credible figure in that regard—which is not to question your judgment at all. But I would sure love to see your documentation and numbers.

You didn't include retroactivity on that, I believe.

**Mr. Mario Mercier:** It wasn't included. The actual evaluation was based on what was told to me if the plan were to be amended prospectively, that is, in the future. So there's no taking into account retroactivity.

**Mr. Peter Stoffer:** For the record, sir, I'd sure love to be able to see all of that written information and who provided you that information and the breakdown of it all. For the committee, I think it would be most helpful.

Mr. Hawn, it's the first time I've ever heard the expression "double-dipping". I was wondering if you could elaborate a bit more on that. I'm sure an awful lot of men and women who may be listening would be rather surprised if they're double-dipping at age 60. I've never heard that expression in this debate before. I was wondering if you can explain it a little bit more.

**Mr. Laurie Hawn:** Quite simply, this double-dipping is a good thing. When somebody is getting their Canadian Forces super-annuation, part of it is the lifetime benefit and part of it is the bridge benefit they will collect until age 65 no matter what. Most people take CPP at age 65. For those people, at age 65 the bridge benefit drops off and CPP kicks in.

People can take CPP early, at age 60, at a reduced level; it's reduced by 0.5% per month before age 65. From 60 to 65, they're still collecting the bridge benefit, because the plans are totally separate. The bridge benefit still only disappears at age 65, but they're also collecting their reduced CPP from age 60 to 65. So they're collecting the double benefit. That's fine. That's a good thing.

At age 65, when the bridge benefit disappears, which is not related to CPP at all, that reduced level of CPP is going to stay there, and yes, they will see a reduction, because they have made the choice to take a 30% reduction in their CPP. At age 65, the bridge benefit still goes and the CPP remains forever, but at that reduced level.

Those people will undoubtedly see a reduction in total pension amount at age 65. That's the decision they made. They get five years of extra benefits, or double-dipping, but at 65 that comes to an end. They need to figure out how long that benefit lasts. For some people, it might be seven years and for some it might be 10, or whatever; it depends on their circumstances. But there's a crossover point sometime after 65 where the benefits of that double-dipping wear off.

**Mr. Peter Stoffer:** Thank you.

**The Chair:** That's your time, Mr. Stoffer.

Now we'll go to the Conservative Party for four minutes, with Mr. Mayes.

**Mr. Colin Mayes (Okanagan—Shuswap, CPC):** Thank you, Mr. Chairman.

Thank you to the witnesses for being here today.

I'd like to direct my first question to Mr. Hawn. One of the things that seems to be thrown out there, and I get e-mails and letters to the editor on this, is how unfair this is to the veterans and how the members of Parliament, the senators, and the Federal Court judges are better off.

Mr. Stoffer played that up, I guess to get sympathy for the cause, but ultimately the facts are these. When you were paying into your superannuation and they came along and said, okay, your CPP contribution is going to be deducted out of your premium for your superannuation—correct?—you really had more take-home pay than you would have had if you had paid the CPP premium independent of your superannuation. Is that correct?

•(1035)

**Mr. Laurie Hawn:** The blending of the pensions meant that contributions were blended, so my total deductions for pension stayed about the same. It's just that some went to CFSA and some went to CPP. So I really took home the same pay.

**Mr. Colin Mayes:** But in your pension as a parliamentarian now, if they said, okay, we're going to take your premium for your CPP out of your superannuation contribution, you'd have more take-home pay, about \$2,000 a year. Is that correct?

**Mr. Laurie Hawn:** I'm not totally following your logic, but—

**Mr. Colin Mayes:** The fact is that when you were contributing to your Canadian Forces pension, you didn't have to pay into CPP.

**Mr. Laurie Hawn:** Well, no, part of that contribution went to CPP—

**Mr. Colin Mayes:** That was part of the blending of the contribution.

**Mr. Laurie Hawn:** —and it showed up as a CPP contribution.

**Mr. Colin Mayes:** Yes, but you didn't pay two premiums. Today you are paying two premiums. Is that not correct? One is to your superannuation and one is to CPP.

**Mr. Laurie Hawn:** I'm collecting superannuation now.

I'm sorry, you're correct: part of that goes to pay for CPP. You're absolutely correct.

**Mr. Colin Mayes:** Do you see where I'm coming from? You have \$2,000 more in your pocket, or less in your pocket as a member of Parliament than maybe you would have had as a member of the Canadian Forces, because it's blended.

**Mr. Laurie Hawn:** Well, I'm outraged.

**Some hon. members:** Oh, oh!

**Mr. Colin Mayes:** What I'm trying to say here is that at the time the members of the Canadian Forces or the RCMP were paying into this, they actually would have had less take-home pay if that wasn't in the agreement.

**Mr. Laurie Hawn:** Yes, and if the pensions had been stacked and not blended, they would have paid more. They would have collected more.

**Mr. Colin Mayes:** So they actually had the benefit during the time they were working, right?

**Mr. Laurie Hawn:** It all does add up. The bottom line is that we get what we pay for.

The bottom line on this comparison of the CF pension and an MP's pension is that it's completely apples and oranges.

**Mr. Colin Mayes:** That's absolutely right.

**Mr. Laurie Hawn:** There's nothing to claw back; we don't get a bridge benefit.

It really is there to cause people to get upset at MPs, which is generally pretty easy for people to do.

**Mr. Colin Mayes:** That's right.

We look at that and what was received during the time you were paying into your Canadian Forces pension, but then after that, for those veterans, there's the increase in funding that our government has put towards benefits for our veterans in appreciation of their years of service. If they want to talk about how they are getting less money once they get to that age of 65, when you blend that in, their increase in benefits as far as support, the VIP, and things like that are concerned, is definitely superior to what it was previous to our government coming in.

**Mr. Laurie Hawn:** Absolutely, and governments have an obligation to do what's right for pensioners, and all governments try to do that within their bounds. We brought in a host of measures that have been to the benefit of the veterans. We're always trying to find more. It's like seniors; you're always trying to find more ways to make life better. I mean, I have a whole list of them, but it involves billions of dollars and many different programs.

The fact is that most CF and RCMP pensioners don't get less at 65. They only show me their CFSA slip; they don't show me their CPP slip. And when I challenge them, in most cases when you put it together, they're getting about the same or more. But they're fixated on the CFSA part of it and they're just ignoring the CPP part of it. Well, they can't because that's how the plan was designed in the first place: a continuous, steady stream of income from the time they retire from the Canadian Forces, past CPP, and on into the future. And it's indexed all day long.

**The Chair:** Thank you, Mr. Hawn and Mr. Mayes.

I'd like to get a quick consensus, because we're already reduced to four minutes and I want to try to give members an opportunity to ask questions. Is everybody okay to stay after for five minutes for business?

**Mr. Robert Oliphant:** No, I have another meeting at 11.

**The Chair:** It's strictly about some operational resources. Do we have at least one person from every party?

**Hon. Judy Sgro:** Can we do it at the beginning of the next meeting?

**The Chair:** No, it pertains to the resources for the next meeting.

**Mr. Robert Oliphant:** I would like it done before 11 because I have another meeting.

**The Chair:** Okay.

Over to the Liberal Party for three minutes.

**Hon. Judy Sgro:** Thank you so much for being here, and to all of you actually.

I'm hoping that we end today and that by the time we finish dealing with this bill, all of us understand it better and we can clear up all of the misconceptions out there about so many things.

If you paid less, you get less. If you merge the CPP... Someone who chooses to take the CPP at 60 years old, to get them to 65, has to expect that their... They've been fortunate enough that those bridges were there.

I guess this is going to Mr. Mercier. I'm trying to think fast here. I think it would be interesting to see what happens at 65, how much of a difference there is. Are we talking about a \$20 difference between the systems if somebody waits until 65, for their total benefit package? Some of them choose to apply for it at 60 and get a reduced benefit, but they've had the benefit of those extra dollars. So once they make the shift to 65, are they now getting \$80,000 a year or are they getting \$50,000 a year? I don't think there's that big a difference.

•(1040)

**Mr. Laurie Hawn:** It totally depends on your years of service and what were your best five years. Somebody who is going to get \$1,000 CPP at age 65 will get \$700 if they take it at 60.

**Hon. Judy Sgro:** Of course, but that's for all Canadians who apply for it.

**Mr. Laurie Hawn:** Exactly, and they're treated no different from anybody else. It totally depends on whether you're collecting a \$50,000 pension, \$80,000, whatever the number is. It's going to be bigger with a bigger pension.

**Hon. Judy Sgro:** Ms. Fleming, I'm really pleased to see that some of these issues are being rectified as of March 1, 2007, as you indicated in the pension plan information. So over and above the explanation that's in these booklets, has the department thought about having the individual member actually talk to an actuary or a pension professional so that they fully understand the implications of what's going to happen if they take it at 60?

I know it's a lot to do with our own responsibility, but especially when we're talking about people who have been in the military, we all have a sense that we want to make sure they fully understand the implications from when they joined. Whether they listen or not, I don't know; maybe some of us don't. I just think it's important to make sure, especially with the military. It's a bit of hand holding, but let's make sure they and their families know the full implications of what's going to happen via the pension.

**Ms. Lynne McKenna-Fleming:** I agree very much with what you say. It's certainly a multi-pronged approach to getting that kind of communication and information out. But certainly there is also the obligation for the individual to take some control over their own financial future. They're encouraged many times to go to a financial planner at a local bank. They also have access to the financial planning services offered through SISIP, which is specific to the CF. So they do have opportunities to get that kind of information. But you're right, people don't start getting interested until they're around 43.

**Mr. Laurie Hawn:** That information is available to the member at their base upon retirement.

**Hon. Judy Sgro:** I would think we need to do that for all Canadians, given the fact that two-thirds of Canadians aren't saving enough money today.

Thank you.

**The Chair:** Thank you, Madam Sgro.

Mr. Lobb for three minutes.

**Mr. Ben Lobb:** Thanks very much, Mr. Chair. Thanks, Mr. Hawn and guests, for appearing today.

Mr. Hawn, your military career parallels my grandfather's career. He retired at about 40. Obviously, it was many years ago, but he retired at 47 or 48 and went to work at the courthouse in London for many years until he retired at 65. I also note that you served in Vanastra in my riding of Huron—Bruce.

To me, this is very perplexing in Bill C-201, where Mr. Stoffer talks about how the employment insurance benefits could theoretically cover these costs. I'm very surprised that the NDP critic for employment insurance even allows these thoughts, because it does create a bit of a Pandora's box, in my opinion. Farmers, for example, pay employment insurance. Theoretically, a full-time employer will never be able to collect employment insurance benefits. A nurse pays for employment insurance benefits and theoretically will never claim them.

I'm wondering if you can comment on the idea that we can start changing employment insurance rules on a whim.

●(1045)

**Mr. Laurie Hawn:** I'm not an expert in how those plans are set up, but clearly, you can't just flick a switch here and divert the money over there. A lot of people in Canada who pay EI will probably never collect it for a wide variety of reasons.

The problem I have with Bill C-201 is the suggestion that thousands of Canadian Forces members are already collecting EI through parental leave, maternity leave, or retiring without an annuity. If we diverted all the money to Bill C-201, they couldn't do that, so we'd be putting at a disadvantage the very members we say we're trying to help.

The other fact is, and I mentioned it before, the contributions to EI from regular and reserve force members this past year were only \$56.5 million. The cost of Bill C-201 is projected every year at \$110 million, so it still doesn't meet the needs of paying for the bill, and you've disadvantaged or taken away benefits from thousands and thousands of CF members who currently are relying on EI in various circumstances. So it just doesn't add up.

**Mr. Ben Lobb:** Thanks again.

One other bone of contention I have is that Mr. Stoffer was unable...or at least the Parliamentary Budget Officer claims he's unable to provide it in the time Mr. Stoffer requested. We're not sure of the timeframe. I know there were some questions in the human resources committee about the extension of employment insurance benefits for long-tenured workers, Bill C-50. We provided the documentation, and it answered the questions they had, even though it had been repeated to them that the numbers did work.

I'm encouraged to hear that the department will provide the numbers to the committee, and I hope Mr. Stoffer, in turn, after proper reflection, review, and study, will accept those numbers. Again, thank you to the department for providing those numbers.

**The Chair:** Thank you, Mr. Lobb and Mr. Hawn.

Did you have any comment, Mr. Hawn?

**Mr. Laurie Hawn:** No. We'll provide the numbers.

**The Chair:** All right.

I'm just trying to be very careful with the time.

[*Translation*]

Now we move to the Bloc Québécois. You have three minutes.

**Mr. Roger Gaudet:** Thank you.

My question goes to Mr. Mercier. I would think that this would be the case, but is there any adjustment because the same employer contributes to the Canada Pension Plan, to the military retirement pension and to Old Age Security. They get no less, but when they get the Canada pension...

**Mr. Mario Mercier:** I cannot answer that, I cannot tell you. You are asking me about the design and about the way in which social security and pension schemes have come about. I do not know.

**Mr. Roger Gaudet:** I know that, in Quebec, there is an adjustment when a person receives payments from the Quebec pension plan. In the case of a public servant, if the time comes for him to receive payments from the Quebec pension plan, there is an

adjustment because the same person is paying for both. I would like to know if this is the same thing. In my view, you do not want to say so, but it must all be part and parcel. I do not know if the same employer pays into the Canada Pension Plan, the public servant's retirement pension and Old Age Security.

[*English*]

**Mr. Mario Mercier:** You're talking about the integration, about why our plan is integrated.

As I think it was said, some plans were designed like that. The idea—

[*Translation*]

**Mr. Roger Gaudet:** It is not that I am against the idea. I am just making an observation.

**Mr. Mario Mercier:** I have no comment on that.

[*English*]

**Ms. Lynne McKenna-Fleming:** The only thing I can really add is that the decision to integrate was made by Parliament in 1966. They did what seemed best to them at the time.

It is certainly prudent to occasionally take a look at decisions we've made in the past and see whether they continue to be what we want. However, the pension plan is just one small part of the whole business of your retirement income. You have CPP, you have your work pension plan, and then you have your personal savings. It was never the intention that just the one work pension plan was going to pay for everything for you after retirement.

Some of the questions we get are related to that: my pension is not sufficient to pay for my needs. But that's not a fault of the pension plan, nor of its design. The decision was made that this was how much we were going to pay for.

**Mr. Laurie Hawn:** CPP was only ever designed to pay about 25% of a person's retirement income. That's all it was ever intended to do.

●(1050)

[*Translation*]

**Mr. Roger Gaudet:** I agree, actually. In Quebec, a person working for Hydro-Québec, or for a private company with a pension plan, is entitled to his full Quebec pension, of course. Since his income is relatively high, he is not entitled to the Guaranteed Income Supplement, but he is entitled to the old age pension.

My question earlier was because, since it is the same employer... it can be different employers, Hydro-Québec, Air Canada, or others, but for a person working for the Canadian Forces, it is the same employer who contributes to the CPP and the retirement pension. I am not sure if that is what...

**Mr. Mario Mercier:** There are other integrated plans. The question is finding a way to even out the pension at the time of retirement. That is perhaps easier to predict.

**Mr. Roger Gaudet:** Thank you.

[*English*]

**The Chair:** Thank you very much.

Mr. Hawn, do you have any closing comments? I can give you about two minutes for that.

**Mr. Laurie Hawn:** Thank you, Mr. Chair. I do appreciate that.

I appreciate this opportunity, because this is an issue that's been dogging a lot of us for a long time. I've gotten hundreds and hundreds of e-mails and a lot of feedback from people.

When I explain it to people, they go, "Yes, I get it, but I don't like it." Well, I don't like it either. It's just the truth. You know, we get what we pay for.

I know that my picture's on a lot of dartboards in legions across the country. That's just the way it goes. But we will continue—I will continue—to support the members of the Canadian Forces, retired and serving, as I know Mr. Stoffer will.

We really are all doing the best we can. I take no pleasure, as I said, in opposing people that I care for. We have to be honest and we have to be realistic and we have to do the best we can, but we have to do it within legal and logical parameters. That's all we're trying to do.

Thank you.

**The Chair:** Madam McKenna-Fleming, Mr. Mercier, Mr. Hawn, thank you very much.

Members, please be very brief if you're going to say good-bye to our witnesses. We're going in camera in 60 seconds.

**Mr. Laurie Hawn:** And Mr. Oliphant, I also like chocolate milk.

**Mr. Robert Oliphant:** I noticed you had that in common. I was going to bring that up.

*[Proceedings continue in camera]*

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