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Chair

Mr. David Sweet

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• (0900)

[English]

The Chair (Mr. David Sweet (Ancaster—Dundas—Flamborough—Westdale, CPC)): *Bonjour, mesdames et messieurs.* Good morning, ladies and gentlemen.

We're at the 33rd meeting of the Standing Committee on Veterans Affairs, and we're again considering Bill C-201.

I advise the committee that the time we have scheduled on the agenda for clause-by-clause consideration says 10:30 a.m. If at all possible, we should try to target it for 10:15 a.m. Of course, if we need to take time for questions, it will be exhausted, but let's try to target for 10:15 a.m. We have three significant pieces of business I'd like to deal with by the end of the meeting. In fact, I think there are some committee members who would like me to deal with them, too.

Without further delay, then, let me introduce the witnesses we have here today, and we'll allow them to make some opening remarks. We have Joan Arnold, senior director, legislation, authorities and litigation, pensions legislation development, pensions and benefit sector, office of the chief human resources officer.

Do you get that all on one business card?

Ms. Joan Arnold (Senior Director, Legislation, Authorities and Litigation, Pensions Legislation Development, Pensions and Benefits Sector, Office of the Chief Human Resources Officer, Treasury Board Secretariat): Yes, it's a very large one.

The Chair: From the Royal Canadian Mounted Police we have Chief Superintendent Alain Tousignant, director general of learning and development, and Michael Cape, director of pension services. And from the Department of National Defence we have Lynne McKenna-Fleming, acting director general, compensation and benefits.

Do all of you have opening remarks?

Are there no opening remarks from anyone? All right. I know there are committee members who have questions, so without any opening remarks, we'll go directly to questions and to the Liberal Party, with Madam Sgro, for seven minutes.

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

We're pleased to have the individuals here this morning that will help us to ensure, as we deal with Bill C-201, that we fully understand it.

You know this issue, so I'm not going to have to tell you about it. I've been here ten years this month, and I've heard about this issue ever since I've been here, partly because we have elected officials raising it, and because many of us who were involved in veterans' affairs have travelled and we hear about it. We hear it from the widows, but we also hear it from other members who feel they have not been treated fairly. For me, that's the issue I would like to see us get on the record clearly in this hour that we have, so that we can clear up any misunderstandings. We can't go back. I'm terribly practical. I don't view us as having the ability to go back and try to change things, but I'm very interested in what we can do as we go forward.

Could you address some of the issues that have happened in the past and why this continues to be an issue for many people when it comes to the superannuation and the bridging issue? I'd like each and every one of you to address that.

Ms. Lynne McKenna-Fleming (Acting Director General, Compensation and Benefits, Department of National Defence): I can start if you like. I'm from the Department of National Defence and we get a fair number of these kinds of questions.

People face the biggest drop in overall pension income when they take their CPP benefits early. That's only been permissible since 1999, so I think that's why we're seeing this issue be a problem for people.

Not everybody is a financial whiz. Not everybody understands or is counselled appropriately on the ramifications of the decisions they make. The Department of National Defence has some obligation, in the sense that they provide financial planning through the work of SISIP, the agency that does this for the department for members and veterans. But individuals need to take responsibility for themselves and be educated about it. The question is, what has the department done in that timeframe to help educate people so that it doesn't come as a really horrible shock when they turn 65 and all of a sudden they're without a sizeable chunk of the income they've been counting on?

First of all, while you're still a member of the forces, there is a chain of command that exists. You can always ask your superior officers to find answers to questions you have about your pension plan if they arise in that time. But as I think we talked about the last time, these questions don't tend to arise until a couple of years before you're getting ready to retire. When you're 18 and interested in the new things you can do and the new places you can go with the forces, you are not thinking about your pension plan, yet your pension plan begins at that time. So the Government of Canada is responsible, in that even though the average person isn't thinking about their pension plan, a pension plan begins to be provided.

During the development of the reserve force pension plan, a great deal of communication was done to find out what people wanted in the pension plan. We gave them the ability to communicate their questions directly to the project team as the pension plan was being developed. The bridge benefit was a topic of conversation then as well. That information continued to be provided through a number of forums, such as newsletters, articles in *The Maple Leaf*, and information notices.

There's a formal mechanism as well. It's called the Canadian Forces Pension Advisory Committee. It's set by legislation, and it has been in existence pretty much as long as the CFSA has been in existence. On that committee are senior members from each of the environments, a member from the reserves, and some folks from the pension world. Their job on that committee is to advise the minister about pension issues and discuss things like the bridge benefit and its impact on members. So that has been in effect for a while, and it continues to be in effect. We can continue to use it as a means of wrestling with pension issues and their impact on members and pensioners.

If you're a CF member or a pensioner and have questions about your pension and why the bridge benefit has hit you, there is a 1-800 line that has been in operation for quite some time. Folks can call up and get information specific to them. The people at the end of that line have access to CF members' service records as they pertain to their pensions, so they can answer those kinds of questions.

I mentioned the last time that we have a new website. I've looked at the transcript of that meeting and want to clarify something. There are 300 pages of text on the website; it's not a hard copy manual at this point. We've had a pension manual for quite a while, but with the new reserve force plan and the changes made to the pension plan, the manual is outdated. So rather than go with a hard copy first, we went with a website because people are very attuned now to getting information off the web. It's also much easier to maintain. If any changes happen, bang bang, we get the IT guys on the case to update the website.

● (0905)

In the process of doing the website we took the opportunity to look at all of the communication products the department uses to communicate information to pensioners and to members. All of the information was looked at, not only for accuracy in light of the changes of the new plan, but for readability and relevance. How readable and relevant is it to the person who's reading it? Let's face it, pensions are a difficult, complex subject, and you don't get a nice, warm, fuzzy feeling until someone says to you, "For you, this is

what's going to happen." So the website is trying to answer that question.

It's not a substitute for a one-on-one briefing, but a one-on-one briefing is beyond the resources of the department. It's not a bad substitute. When you go to the website you pick out the kind of person you are. So if you have been in the regular force since before March 1, 2007, you click on that link and all the information related to it is related to people like you. It specifically will give you all the information, with the exception of just what your pension will be. It won't give you that information yet, because we don't have the systems to do that, but if you call the 1-800 number knowing what's available on the website, you'll be much more knowledgeable and able to make decisions about things such as whether you should buy back, how you prepare for the bridge benefit drop-off, and whether you should take the CPP at 60 or 65, and you'll have a much better idea about the impact of those things on you personally.

Lastly I would say that when you're getting ready to retire from the forces, they have SCAN seminars. The acronym escapes me at the moment, but it stands for second career something, and in that people are told about the bridge benefit, that it's going to happen to them. But let's face it, I think the average retirement age is 43 in the Canadian Forces. So 65 is a long way away. So it's not very likely that you will continue to remember that, but to help you remember, every year with your pension stub—once a year—you get a letter, and in the letter there is a reminder that the bridge benefit will cease at the age of 65. So every year you'll be reminded that that's the case. That's what we have available.

● (0910)

The Chair: Thank you, Ms. McKenna-Fleming.

Our tradition here has been to time the members and not the answers. Even though we're at nine minutes, I'll let one of the other witnesses add to that if there's something that wasn't covered regarding Madam Sgro's question.

Chief Superintendent Alain Tousignant (Director General, Learning and Development, Royal Canadian Mounted Police): I think it might be a benefit from the RCMP's point of view to explain briefly what our communication strategy is around the issue. I'll ask Mr. Cape, our director of pension services, to provide some insight into what the RCMP does.

Mr. Michael Cape (Director, Pension Services, Royal Canadian Mounted Police): As Lynne was saying, we have a lot of similar instruments. We have the website. We have communication devices, such as our *PAC News*, that are sent to our retired members to update them on a variety of issues. One of these is the bridge issue as well; we have communicated that to them before. We have staff relations reps who are able to identify the concerns of regular members and civilian members who contribute to the pension plan, and identify their concerns to our pension advisory committee as well, to advise them on that advice.

The core message, I would say, from the perspective of the RCMPSPA, is that we want to ensure that the value of what they put into it is protected. So everything we do allows us to protect that money and that investment they've made. The investment they've made allows for the bridge to take effect at 65 and allows them to contribute less during the course of their career, so it's a positive thing. The only other thing I would add is that we always encourage our members on retirement to seek independent financial advice, because even though you may read it on the web, you may read a variety of documentation. It's probably a good idea to seek a financial expert to ensure that you understood what's being said and what is out there.

The Chair: Thank you very much.

[Translation]

Now, Mr. André, of the Bloc Québécois, you have seven minutes.

Mr. Guy André (Berthier—Maskinongé, BQ): Good morning. I am very glad that you are here today. I have a few technical questions. You are pension fund experts.

If we consider the pension fund for veterans and the RCMP—which is more directly affected by this bill—and the Old Age Security program, how much do you estimate was lost? And what is the average salary of members of the Canadian Forces? Do you have an approximate figure to give us an idea of the average salary?

• (0915)

[English]

Ms. Lynne McKenna-Fleming: I'm sorry, I don't know what the average salary is for the Canadian Forces, but the bridge benefit is a percentage of that salary, so it varies from individual to individual.

[Translation]

Mr. Guy André: It is a percentage of that salary.

[English]

Ms. Lynne McKenna-Fleming: Yes.

[Translation]

Mr. Guy André: With respect to doing away with the deduction from annuity, which affects retired members of the RCMP, you do not have any study that says, for example, how much a 65-year-old person should receive based on their income? You do not have any numbers that would allow you to assess the scope of Bill C-201?

[English]

Mr. Michael Cape: Do you mean a survey of retired members?

[Translation]

Mr. Guy André: I mean an assessment of the amounts that would be affected.

[English]

Mr. Michael Cape: As was mentioned before, it's really a percentage of your revenue. For example, if we talk about ballpark figures, the average retired RCMP member receives a pension of around \$2,500 to \$3,000. The CPP deduction is around \$350 to \$500. But the important factor is that when you look at the net effect, the pension amount doesn't change; it's consistent prior to age 65 and after age 65.

[Translation]

Mr. Guy André: Last week, we heard from correctional officers. They were more or less asking for the same rights as those extended to veterans and RCMP members under Bill C-201. They also argue that they experience problems inherent to a difficult job. They want the years of service to be 20 or 25 years because their job is very physically demanding. Post-traumatic stress syndrome is also something they suffer from.

I would like to hear your thoughts on that.

[English]

Mr. Michael Cape: I heard what they said, but from my position as the director of pensions for the RCMP, it's really inappropriate for me to say whether it's a good idea or a bad idea, or whether the government should do anything. It's up to that particular minister to listen to his client base and his constituents in that organization to see whether they should move forward or not on that.

[Translation]

Mr. Guy André: Thank you.

[English]

The Chair: Monsieur André, do you have another question?

[Translation]

Mr. Guy André: No, I'm fine.

[English]

The Chair: Mr. Stoffer, you have five minutes.

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): First of all, thank you to all four of you for coming today. I appreciate it.

Monsieur Tousignant, I don't know if you had a chance to read the testimony from the last hearing, sir, but we had Roddie O'Handley here, a medically released RCMP officer.

I'm going to give you the scenario of two people. As you know, Bill C-201 would end the benefit reduction at 65. It would end the CPP disability reduction as well.

Roddie O'Handley was medically released from the RCMP. At the time, he got 64% of his RCMP pension. Great-West Life topped it up by 11%, to 75%. After two years, Great-West Life said that's it, we're done; you should be applying for CPP disability. He did so, and he received it, an amount of over \$16,000.

The first call he gets is from the RCMP annuity branch: you owe us \$11,000. He had to pay all that back.

The second call he's going to get is from Great-West Life. They are going to ask for over \$8,000.

Mr. O'Handley received \$16,000 from CPP disability and will owe \$19,000. He will owe, because of his disability, \$3,000 more.

On top of that, when he hits 65, CPP disability will stop. We heard testimony from previous witnesses that he'll lose even more money at age 65.

This happened to him and to Jim Hill. It also happens to members of the military and everything else.

I just ask you one simple question. Is it fair to these men and women who serve in the RCMP and the military that because they're disabled they will lose money on the payback and then, at age 65, will lose money again? Is that at all fair?

Second, you had indicated, Madam, that there are people who advise the minister on these very pensions. A few years ago, the pension was changed from 20 years of service to 25 years.

May I ask who suggested that to the government at the time? Why was it done? Were the pensions in trouble? Did they have to be increased in this regard? If not, then why was that changed?

Also, what was the additional cost to the membership for having that change in there?

This is for new hires of the military. Those who were there before were grandfathered at 20 years, but anyone joining now would have to wait 25 years.

Those are my questions.

Again, I thank you all very much for coming.

● (0920)

C/Supt Alain Tousignant: On your first question, I think I'll ask Michael to answer. As a functional expert, he knows more detail. I think there's a question of pension versus insurance, and I think it's important to understand how the dynamic works.

Mr. Peter Stoffer: CPP disability is not insurance.

C/Supt Alain Tousignant: No, but Great-West Life was referred to.

Mr. Michael Cape: There's a whole equation that comes in when you're dealing with the guarantee of income for our regular members when, due to circumstances, they're unable to fulfill their duties. There's a complex equation in terms of disability pensions and Great-West Life insurance issues. When people hit 65, it mutates into something else.

So it is a valid point that you raise: when they hit 65, they take a hit. Is it a concern? Yes, it is a concern. But you're really getting into the issue of an insurance question more than a pension question—

Mr. Peter Stoffer: But sir, if I may interrupt, they also take a hit right away when they get the disability. That CPP disability, at age 55, if you receive it, is deducted immediately from your annuity. It's not at 65; it's right away.

You'll get your RCMP annuity, your CPP disability, but the CPP disability is deducted from your annuity.

Mr. Michael Cape: Again, it's the issue of the combination of all these programs, if you will, that allows for certain—

Mr. Peter Stoffer: They get hit twice.

Mr. Michael Cape: But again, sir, it's the net effect of all these programs that allows for a certain income. From our perspective, the pension is one part of it; we ensure that, with the other programs that come into play, a member's income is protected. When they hit 65, again, it mutates into something else, but it's close to being the same.

Now, for this particular individual, I haven't pulled his file and gone through it to look at the numbers. I could do that. I could sit down with him and talk to him and explain it to him. I have no issue with doing that. It would be a pleasure to do that.

But for that particular individual who is caught in the kind of situation you're talking about, that is the one group that perhaps slides through the crack and is hit, to some degree—

Mr. Peter Stoffer: It's a large group, sir.

Mr. Michael Cape: In terms of numbers, it's about 8%.

Mr. Peter Stoffer: You see, the reason I ask the question, if I may have a moment, is that if I'm 55 years old and I retire from the RCMP or the military, I can get my annuity. But if I'm 55 years old and disabled out of the military, I get my annuity and CPP disability, but the disability is deducted from my annuity.

So it doesn't matter if I walked out of the RCMP or military or got carried out, I would still get the same amount. In the first, I retired voluntarily, and in the other, I was disabled.

Mr. Michael Cape: I understand what you're saying.

Mr. Peter Stoffer: I'm asking you, is that fair? The person with the disability requires those additional funds to handle the day-to-day concerns they have. I've compared this many times to military and RCMP officers across the country. I've seen hundreds of them.

It's about a simple act of fairness. This is just simply wrong. You say they fall through the crack. It's a major hole, sir, it's not a crack. It's a major hole. Bill C-201 addresses it to fix that.

Also, I wouldn't mention SISIP. That's a completely different story.

I thank you very much, sir. I appreciate that. I could go on all day, but I thank you for coming, sir.

● (0925)

The Chair: There was one additional question that Mr. Stoffer had.

Mr. Peter Stoffer: That's okay, sir.

The Chair: Okay, great.

We move on to the Conservative Party, for seven minutes, Mr. Hawn.

Mr. Laurie Hawn (Edmonton Centre, CPC): Thank you, Chair, and thanks to the witnesses for coming.

I have a number of questions. It seems to me the discussion on this whole bill has become a little unfocused, for a variety of reasons. We heard from a correctional officer at the last meeting, which is all very nice, but it's not relevant to Bill C-201. We talked about the unique nature of service and the difficulty of service. I've served for 31 years, and I can attest to that and be empathetic and sympathetic to that, but that doesn't replace facts. We've thrown in the red herring about the MP pensions. It's a complete red herring—apples and oranges. There's nothing clawed back from MP pensions because there's no benefit given to MP pensions, so it's a complete red herring.

Mr. Stoffer mentioned pension plans changing. Pension plans change all the time. During my 31 years of service the pension plan has changed probably three or four times. None of those changes amounted to one penny more or less out of my pocket; it was just the terms of the pension.

The disability issue is legitimate, but that, frankly, is another issue that is largely separate from Bill C-201. It's worthy of being discussed, clearly, but it's outside of Bill C-201 for the most part.

I would like to ask Ms. McKenna-Fleming—and maybe Mr. Cape as well, to get the two different perspectives—to clarify what exactly Bill C-201 would do to the Canadian Forces and RCMP pension plans if implemented, and exactly who it would apply to and who it would not apply to.

Ms. Lynne McKenna-Fleming: Just to put it simply, if we do both of them, it would cost \$7 billion. The bill doesn't say where that \$7 billion is going to come from, who's going to pay it, who's going to pay the ongoing cost of the plan. And it's not retroactive, as far as I understand.

Mr. Laurie Hawn: Okay.

Mr. Cape.

Mr. Michael Cape: I agree with the comments in terms of the expense on the pension fund. It doesn't talk of the historical issue, in terms of people who are in their sixties right now who would actually benefit the most from it or who are driving this bill. It wouldn't help them.

To me, it's not a plus; it's a neutral thing.

Mr. Laurie Hawn: Okay.

The government does not support this bill, and obviously that's fair, but that doesn't mean we have any less respect or gratitude for the service of men and women in the Canadian Forces or the RCMP. There are many other pension plans—the Public Service Pension Plan, teachers' plans, provincial pension plans, and so on—that are structured exactly the same way. As far as I know, there are no organizations out there that are lobbying to have people in their pension plans pay for an integrated plan but collect a stacked plan, as is the suggestion with Bill C-201.

Is there anybody else out there campaigning for this kind of stuff, and if not, why not?

Mr. Michael Cape: No, but Canada Post, I believe, used to have it and stopped it because it wasn't cost-effective. It was an expensive proposition.

Mr. Laurie Hawn: They were paying for an integrated plan and collecting a stacked plan? They were collecting something they had not paid for?

Mr. Michael Cape: Yes. It was Canada Post or Bank of Canada, I'm not sure which.

Ms. Lynne McKenna-Fleming: I would just add that only 30% of Canadians have pension plans of any type. Of those, a growing number are becoming what they call defined contributions. There's an agreement that you'll give x number of dollars and your employer will either match that or give some sort of a percentage of that. The entire risk of that plan rests on the shoulders of the employee.

We're very fortunate in the public service—and I'm speaking for myself now—in that we have a defined benefit plan. It's the same plan we have for our veterans and for the RCMP in that it is a defined benefit plan. It means that right now I can tell you from my benefit statement how much I'm going to have, and the risk for getting me there is borne by the government.

• (0930)

Mr. Laurie Hawn: There's no question veterans deserve to be treated with respect for the service they've given, whether it's to the RCMP, the military, whoever, but the government clearly also has a responsibility to taxpayers, and cost does become an issue at some point. It's been suggested that Bill C-201 could be made cost-neutral by redirecting EI benefits paid by the military, and I presume the RCMP. I pointed out when I was sitting where you are that there are several thousand military members who collect EI every year on maternity leave or parental leave. About half the people who leave the Canadian Forces leave before they're eligible for pension; therefore, they are eligible under the qualification criteria for EI, which would wind up taking those benefits away from those people.

I'll ask again, Mr. Cape and Ms. McKenna-Fleming, what's your understanding of the costs associated with Bill C-201? Ms. McKenna-Fleming, you mentioned a bit about that. Can it be made cost-neutral, and who's going to fund Bill C-201 if it passes?

Mr. Michael Cape: It could be cost neutral. That means you're going to have members contribute a lot more to compensate the fund for it. That's the way it would be cost neutral. But other than that, if the government wants to locate money somewhere else, that's the government's call. But really it's not an inexpensive proposition.

Ms. Lynne McKenna-Fleming: I guess I would just suggest that CF members might ask themselves why they would have to give up employment insurance coverage in order to achieve a pension benefit.

Mr. Laurie Hawn: You mentioned the cost before, which we heard from the actuary, the \$7.2 billion and so on. It's not retroactive; that's just going forward. The integration of the plans was never deliberately hidden, obviously, by the CF or the RCMP. It was not as well advertised or briefed at that time. I recall not being briefed on it. Through some of the things you mentioned about the education of the members and so on and through the Second Career Assistance Network—SCAN is the acronym—there's a lot more information out there. Do you perceive—and I'll ask again, Mr. Cape and Ms. McKenna-Fleming—that those, what I would call, improved methods of getting the information out to members on a continuous, proactive basis will go a long way towards alleviating some of the distress that is legitimately felt by people because of lack of information? Do you think this will improve that situation going forward?

Ms. Lynne McKenna-Fleming: I would say I would hope so, except hope is not a strategy. I think I'm resting a lot of hope on our new website. But it won't be resting on hope alone. We're going to be doing an evaluation of the performance of the website—how many hits we get, how many people respond to us—and we'll be doing focus groups later on to see whether the information is getting out. So not only have we spent a lot of time crafting a message and developing a mechanism; now we're going to monitor whether it's being received.

Mr. Michael Cape: I'd say essentially the same kind of thing. The other thing I would add is that in the RCMP, when you retire, you sign a document that says you will contact us when you start receiving CPP, which drives the discussion of why that is there, which alludes to the point that you have to advise us because you're going to be receiving it and your pension is reduced by that amount.

The point that was made by Mr. Stoffer was why we would ask people to return some money. It's because they signed that document telling us they would tell us when they started receiving it, and they didn't.

The Chair: Thank you very much, Mr. Cape.

We'll now go back over to the Liberal Party for five minutes. Madam Sgro.

Hon. Judy Sgro: Thank you very much again for your information this morning.

The issue to do with the disabled and where we recognize.... I realize we're not talking about Bill C-201, but we're trying to move forward a bit after today. Is there anything being done that's looking at how we are treating those who are going on a disability, trying to ensure they get the benefits and they are not the losers here when they hit the age of 65 and end up losing \$700 or \$800 a month? We've heard about that from many people. That's a lot of money, to suddenly have \$700 less, especially if you didn't think that was going to happen to you.

So what's being done? Is anything being done in regard specifically to the issue of the disabled and this bridging aspect? I guess there isn't.

Ms. Lynne McKenna-Fleming: It's one issue that we are pursuing in terms of developing a solution. I suppose what I should do is rain on the parade a little bit. Cross-departmental issues are always difficult to resolve. One of the major players here is CPP,

which is HRSDC. They're not here. They can't speak to why they need to cost their plan, the CPP, in such a way that this is what needs to happen to disabilities. You're certainly quite right in that we could go a long way in the business of coordinating that.

● (0935)

Hon. Judy Sgro: I wanted to ask you this. If a 43-year-old today is leaving the service, how clearly does he understand anything about what's going to happen when he's 65, as far as the bridging amount is concerned? Most people at 43 think that 65 is about 50 years away, not necessarily 20 years away.

Ms. Lynne McKenna-Fleming: It's difficult to say how much your average person understands. We did do some focus groups in the process running up to the website, and I would say the average person in the focus groups did not understand the issue. The website is all about trying to help people come to grips with what the impact of that is going to be on them. How effective it's going to be, we won't know. The website only went live two weeks ago. We won't know for another six months to a year how effective it has been. We will continue to do the kinds of things we have been doing, which is sending people letters and letting people know in the SCAN seminars about what's going to happen to them.

Even if you did get told and did understand at 43, there's a lot of life between 43 and 65. We do send them letters once a year and tell them in that manner. I'm open to suggestions as to ways to improve.

Hon. Judy Sgro: Okay.

I have just one other thing. Mr. John Labelle was here at our last meeting. He was a financial counsellor for the Maritime Command. He was counselling the members about their pensions and all of that, and he himself was unaware of the so-called clawback that people referred to. He was a financial counsellor in the service and he himself was unaware of it. It just shows you that somewhere, wherever this was in your documentation in the past, it certainly wasn't very clear when your own counsellors were not preparing people for that change and that reduction. So it's a significant part.

I realize we can't hold everybody's hand and people have a responsibility, but pensions are extremely complicated, as I am learning in some of the work I'm doing as a critic. So it is difficult, and it's up to people to get better educated, but the disabled part is what gives me the biggest concern. I do hope that somewhere, whether it's through this committee or through another source, we're able to get this issue a bit better coordinated so the disabled are not the ones who end up being in more difficulty than they currently are.

I think my colleague has a question.

Mr. Michael Cape: I will just make one comment about what we are doing in terms of these members who are cut.

The RCMP values those members who have been injured in the course of their work. It's a difficult situation for them to go on when they have built their career around being a police officer and all of a sudden they can't do it any more or they're restricted from doing the kind of job they want to do. So the organization is always looking at ways to re-address those questions, and have we done enough, or are there things we could do that we should have done? It's an open dialogue that's ongoing, and the lessons we've learned from sessions such as this will go back to our executive committee and the dialogue will be generated in terms of this group.

So is it a forgotten thing? No, it's not; it's an ongoing dialogue.

Hon. Judy Sgro: Thank you.

Mr. Scott Andrews (Avalon, Lib.): I have a question on the EI, following what Mr. Hawn was saying. We know about the maternity benefits. Excluding that—or including it if you could break it out—what percentage of the Canadian Forces and the RCMP actually benefit from the EI fund? Do you have a percentage or a ballpark figure as to what percentage would use that fund? It has been said we'll use the fund to pay for this. I'd like to know what percentage are using the fund.

Ms. Lynne McKenna-Fleming: I'm sorry, I couldn't tell you.

EI is a completely different department, and if you're taking EI, by definition you're no longer working with the Department of National Defence. Other than for parental leave, there is no reason for the department to even be aware.

The Chair: Thank you very much.

We'll now go back over to the Conservative Party for five minutes.

Mr. Hawn.

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

There are a couple of points that fell out of questioning. There is no question that disability is an issue that should be addressed, absolutely, but bridging and disability are two totally separate issues. The amount of bridge benefit is approximately, ballpark, 30% of what a person collects as pension. That's the part that disappears when CPP kicks in. The total benefit, instead of coming from one source, the CFSA, now comes from two sources: CFSA and CPP. The member is paid the same dollar for his pension, regardless. It's just that the source has changed from one source to two sources at age 65.

Is that a fair statement, Mr. Cape?

• (0940)

Mr. Michael Cape: That's correct.

Mr. Laurie Hawn: Thank you.

In answer to the question, about 5% of the Canadian Forces collect EI benefits every year, and those are the 3,000 or so who collect maternity or parental leave, divided by the 60,000 members. That doesn't include the number of CF members who retire. Approximately half of CF members get out of the forces without a pension, so if they qualify under other criteria, they are eligible to collect EI. So it's a relatively high percentage, I would suggest, who are eligible.

Is that a fair statement, Ms. McKenna-Fleming?

Ms. Lynne McKenna-Fleming: Yes. That would seem to be the case.

Mr. Laurie Hawn: We collect \$56 million a year in EI contributions from members of the Canadian Forces; I don't know about the RCMP. The cost of this annually is \$110 million. So is it fair to say that even if we did redirect the EI payments to this, we would take away the EI benefits from the Canadian Forces members who now receive it and it wouldn't be cost neutral in any event anyway? Is that a fair statement?

Ms. Lynne McKenna-Fleming: Yes. That would seem to be a fair statement.

Mr. Laurie Hawn: Thank you.

With respect to counselling, when people leave the Canadian Forces.... You know, Mr. Labelle was a counsellor, and that's great; those people do good work. In the handbook—that is one of his tools, the Canadian Forces retirement handbook—it clearly states in there...I can't remember the page number and the quote, but I did quote it the last time I was here. It clearly states that that reduction is going to take place from the CFSA at age 65. So why he would not have included that in his financial counselling, I don't know, but it's clearly there.

To get back to what we talked about and to re-emphasize, I guess, going forward.... Granted, it was poorly briefed, and that's just a fact; that's history now. Are you satisfied, both from the point of view of the RCMP and the Canadian Forces, that the measures you put in place with respect to websites and the annual letters—hopefully, people read stuff that comes in the mail about their pensions as they're approaching 65—will make a difference, and other things we might be able to do that would plant it on their forehead, so to speak, to make them understand what's happening and the fact that their pension is not decreasing, it is merely going from one source to two?

Ms. Lynne McKenna-Fleming: I would say that we're doing a fair job right now. As I said, it was all part of a project to improve the communication of pension issues to members and pensioners. I think at bottom, the only way to be certain that you got your message into the head of someone else is to sit across from them. Even then, you can't guarantee they will have understood what you have told them. Clearly, we don't have the resources to have one-on-one briefings with every pensioner and with every CF member, but what we can do, we have done. But as I said, if folks have new and better ideas, I'm open to suggestions.

Mr. Michael Cape: It's the same thing. We believe we have gone a long way in terms of improving our communications on the issue. Lessons will be learned as we go along; maybe we'll be able to do things better.

The other thing we've learned, and we encourage our members to do it, is to always get an independent financial advisor to talk to them about this. We're giving them our information, but we urge them to have someone coach them in terms of their personal situation and finances.

C/Supt Alain Tousignant: If I may add, on our website we have a pension calculator. When you use it, when you put in the numbers, it gives you the two numbers, up to 65 and after 65, so it's in black and white. I was recently playing with numbers, and I would say that most members, before retirement, will go to this pension calculator, which is very user-friendly, and will get the information. Again, it's very black and white: up to 65, here's what you're going to receive; after 65, here's what you're going to receive. And it explains the difference between the two. I think that tool has really enhanced the communication with our membership at large.

Mr. Laurie Hawn: You probably don't have a very definitive answer to this, but in terms of the number of people who see their total pension benefit reduced at 65, when the bridge benefit disappears and CPP kicks in and they go from one source to two, our information is that for most people, their total benefit, which is what we are really talking about here, does not decrease. In fact, it stays the same. In my particular case, it's going to go up by \$300 a month because I've contributed to CPP from 47 to 65.

Do you have any feel for the numbers for folks who do get less?

• (0945)

Mr. Michael Cape: The only comment I would make is that there's a retired members' website. One of the things they've put on this website, where they talk very frankly about issues is, why is this up here? We were told that this was going to happen.

Mr. Laurie Hawn: People are aware.

Mr. Michael Cape: I think in the RCMP people are generally aware of it. That doesn't mean.... There's always a potential for a gap; someone gave out the wrong information to one individual or a group of individuals. I think we've done a pretty good job in the RCMP.

Mr. Laurie Hawn: People focus on the bridge benefit they're losing, but they're not talking about the CPP they're receiving, and that is the whole package.

Mr. Michael Cape: Correct.

The Chair: Thank you, Mr. Hawn.

Now over to Mr. Bouchard.

[Translation]

Mr. Robert Bouchard (Chicoutimi—Le Fjord, BQ): Thank you, Mr. Chair.

Thank you, as well, for appearing before the committee and answering our questions. My questions will be brief. They may have already been asked, but I will ask them anyways.

Do you know of any groups in the federal public service who receive the same consideration that is being called for or highlighted in Bill C-201, that is, who receive their old age security pension at 65 without having their retirement benefit reduced?

[English]

Mr. Michael Cape: On that stacking of the benefit, there was only one case I've ever heard of, and it wasn't Canada Post. It was probably the Bank of Canada or a smaller organization. They stopped doing it because it was expensive. The members had to contribute more to pay for it. That's the only one I'm aware of. As I said, it doesn't exist any more.

[Translation]

Mr. Robert Bouchard: In your research, did you find that they do things the same way in the U.S. or England? Apart from Quebec and Canada, do you know what the situation is in other countries? For this group specifically, can you give us examples from your research?

[English]

Mr. Michael Cape: We haven't done any exhaustive research on this. I can tell you in the States the movement isn't to deal with defined benefits; it's to go to defined contribution, which means, don't worry about what you're going to get in terms of a guaranteed income at the end, you'll get whatever your money generates when you retire. That's the movement, to go away from that defined benefit, which puts retirees more at risk.

Ms. Lynne McKenna-Fleming: I would also add that it's not necessarily comparable because pension is part of the total compensation package you get. So perhaps in other countries they might get paid a little less, and their pension might be better, or vice versa, depending on what's appropriate in their culture.

[Translation]

Mr. Robert Bouchard: If Bill C-201 is passed and comes into effect, do you think it would prompt other groups of workers within the public service to demand the same thing?

[English]

Mr. Michael Cape: I really can't comment. The only thing I can think of is that if the public sector is going to lead the private sector in the pension world, it might have an impact, but I can't really comment as to what the impact would be. I don't know. We haven't researched that.

The Chair: Now we'll go back over to the Conservative Party, and I understand this is the final questioner.

Mr. Lobb, for five minutes.

Mr. Ben Lobb (Huron—Bruce, CPC): Thank you very much, Mr. Chair, and thanks to the guests who've come today.

Just to Mr. Bouchard's point, we did a study in the spring on veterans' benefits among our G-7 or G-8 partners. I think what Ms. McKenna-Fleming mentioned is that there are various differences among countries, but definitely Canada puts a high value on our CF members when it comes to all benefits and pensions.

I'd just like to make another comment. We as parliamentarians have found that Canadians, generally speaking—not just pointing out the CF members or RCMP members—have a pretty low level of financial literacy. It's something you have to work at every day, and we know many Canadians don't do that.

One of Mr. Stoffer's disputes with this bill has been the actual upfront cost, which is \$7 billion. We heard the number referenced today. I wondered if you could comment, Mr. Cape, on your confidence level that this number would be in that range. We would even give you a plus or minus of 10%, but it's generally speaking in the multiple billions of dollars.

• (0950)

Mr. Michael Cape: I would expect it's in that range. The OSFI witnesses who were here the other day would be the ones who could probably give a more definitive answer on that question.

Mr. Ben Lobb: Thanks very much.

The other thing that is astounding to me within the bill, or at least in the discussions that followed the bill, is the comment about employment insurance actually funding a pension benefit and the fact that, potentially, CF members would not ever collect employment insurance. We know they collect certain employment insurance benefits. The precedent concerns me a little because anybody could potentially say, "I would rather not pay into employment insurance. I would like to take that money and put it into my own self-directed or self-benefit pension plan."

I wonder if you could comment on the idea of employment insurance or the Canada Pension Plan as a universal, global concept for all Canadians.

Mr. Michael Cape: I think that's beyond my scope as the director of pensions for the RCMP, but I will comment on the fact that anytime we play with any aspect of the compensation equation, it impacts our members. If you take away one or you add something here, it impacts us in terms of where we're at in the overall scheme of things with compensation for police officers. To me, the whole chain has to be looked at.

Ms. Lynne McKenna-Fleming: I would reaffirm that. I would suggest that with any kind of scheme like a pension plan, what happens to individuals within the plan is going to vary. But what happens to the population is how they determine what the contribution rates are going to be, how much it's going to cost, and what kinds of interest rates they will have to achieve to pay for benefits into the future.

So if you drop out of the plan, then you basically undercut the plan design and you may as well have no plan.

Mr. Ben Lobb: I have one final comment or thought. My grandfather was a CF member and he retired at about 48. He went on to work as a court clerk in London for many years, until he retired at 65.

I wonder if you could comment, to follow up on what Mr. Hawn said, about your experiences with members who have retired. Do they generally receive more benefit or a higher pension after 65 if they've worked for a number of years after their first retirement?

Mr. Michael Cape: I'm not sure.... So you're saying they worked at another organization—

Mr. Ben Lobb: For example, in Mr. Hawn's example, he worked until 65. I'm not saying that's for everybody. He worked until 65 and his experience is that his actual benefit has increased by roughly \$300 from what he had. Is that generally what you would see in a typical case for someone who has a second career after retirement?

Mr. Michael Cape: I think for the RCMP, we have members who retire at a relatively young age and generally start a second career. The opportunities for them to create a pension package for themselves when they reach 65 is a very positive situation.

Ms. Lynne McKenna-Fleming: I would say similarly, just because of the way the two plans are designed. If you get an

immediate pension after 25 years in the Canadian Forces and that makes you 43 or 48, you certainly have time for a second career. The CPP is calculated over 40 years, so it gets paid into over 40 years and the benefit is calculated that way.

So if you are working in the forces and you are paying into the CPP in that 25 years, and then you continue to pay into CPP, you would certainly see the benefit in your benefits.

The Chair: Thank you very much.

Thank you to the witnesses for answering the questions so effectively.

We are going to move to clause-by-clause now, so we will allow you to carry on, and then we will carry on with the business of Bill C-201.

• _____ (Pause) _____

• (0955)

The Chair: Let's move to clause 1.

Do you want a recorded vote, Mr. Stoffer?

Mr. Peter Stoffer: No, raised hands are fine.

(Clause 1 negated)

(Clauses 2 to 10 inclusive negated)

The Chair: We move to the Bloc Québécois amendment 2, proposed new clause 11.

Monsieur André.

• (1000)

[*Translation*]

Mr. Guy André: I move an amendment to clause 11. Did you get a copy in both official languages?

[*English*]

The Chair: Have you moved that now, Monsieur André?

[*Translation*]

Mr. Guy André: I will not go into detail regarding the terms of these amendments, but it was the testimony we heard from the correctional officers last week that prompted me to move them.

I think their testimony showed that the work those officers do entails a certain degree of danger that is equivalent to that of RCMP members. We saw that their work is demanding and that officers cannot necessarily perform their duties for 35 years, as with other occupations. We heard about the psychological impact of their work, as with RCMP members and veterans, and about post-traumatic stress syndrome, which is related to the violence that officers deal with in detention centres. I think they showed that very clearly.

My point in proposing these amendments is simply for us to show respect to those who practice this occupation, people who must deal with extremely dangerous situations, as well as difficult consequences. Under such conditions, these individuals cannot necessarily work as long as those in other fields.

The goal is to include correctional officers in Bill C-201, alongside veterans and members of the RCMP.

[*English*]

The Chair: Monsieur André, this has been considered. I want to read a ruling to you.

Bill C-201 amends the Canadian Forces Superannuation Act and the Royal Canadian Mounted Police Superannuation Act by eliminating the deduction of Canada Pension Plan benefits from the annuity payable under each of these Acts. The amendment attempts to modify the Public Service Superannuation Act to include the Employees of the Correctional Service of Canada.

As *House of Commons Procedure and Practice* states on page 654:

An amendment to a bill that was referred to committee *after* second reading is out of order if it is beyond the scope and principle of the bill.

Consequently, Monsieur André, I'll need to rule this amendment out of order.

[*Translation*]

Mr. Guy André: Mr. Chair, I respectfully appeal your ruling.

[*English*]

The Chair: Monsieur André, it's the procedure of the House.

Just let me refer to the clerk. I don't know if you can challenge something that is procedural.

I'm advised by our staff here that you can certainly challenge any decision by the chair, but of course when the bill goes to the House, the procedure will be applied by the Speaker and it will be ruled inadmissible at that time. If you would like to exercise that challenge, then we'll go to a vote as far as that decision is concerned.

Mr. Mayes.

Mr. Colin Mayes (Okanagan—Shuswap, CPC): Mr. Chair, I would like to make a motion to support the ruling of the chair on this issue.

The Chair: We'll have to go to a vote regarding this challenge then.

All those in favour of the challenge to the chair, in other words defeating my ruling, please raise your hands.

(Ruling of the chair sustained)

•(1005)

The Chair: The challenge is defeated and the ruling stands.

Monsieur André, do you want to move another amendment, or would you like that one to pass?

[*Translation*]

Mr. Guy André: No, my efforts included all three amendments, so it is fine.

[*English*]

The Chair: Okay. Since every clause has been defeated, the bill will be referred back to the House as...

I apologize, ladies and gentlemen. We still have to ask whether the title shall carry.

Shall the title carry?

Some hon. members: No.

The Chair: Shall the bill as amended carry?

Some hon. members: No.

The Chair: Shall the chair report the bill as amended to the House?

Mr. Laurie Hawn: Can I ask a question on procedure? Since we have effectively defeated the bill, is it actually reported to the House? What is the procedure for reporting to the House what has happened?

The Chair: The actions of the committee need to be reported back to the House.

Mr. Colin Mayes: The chair reports to the House that the bill has been defeated at the committee level.

The Chair: That's correct, and I believe everybody is in favour of that.

[*Translation*]

Mr. Guy André: We do not agree that a report on this bill be tabled in the House. We vote against that.

Mr. Chair, it has to be voted.

[*English*]

The Chair: We need to report it to the House, and I think everybody else is in favour of that, Mr. André.

The staff has made something else very clear. It was ordered to our committee and ordered that we report back to the House. We are a mechanism of the House of Commons, so we want to be faithful to our other colleagues who sent it here and have demanded us to report back.

Monsieur André, do you have another comment?

[*Translation*]

Mr. Guy André: Okay.

[*English*]

The Chair: We have some business to deal with before members go.

[*Proceedings continue in camera*]

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