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Chair

The Honourable Hedy Fry

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● (1535)

[*English*]

The Chair (Hon. Hedy Fry (Vancouver Centre, Lib.)): I think we should begin. We have a quorum.

I want to welcome the witnesses and thank them for coming.

We are studying pensions, both private and public, and unpaid work. We hope you can give us some ideas, elucidate some of the information you have, and help us with looking at public policy on this issue.

Each group will be given 10 minutes. We have you down as four groups: the Office of the Superintendent of Financial Institutions Canada; the Canadian Labour Congress; the Canadian Association of Retired Persons; and the Federal Superannuates National Association.

If you think we shouldn't divide you into four groups and you would like to work this differently, let me know now because we give each group 10 minutes. At the end of 10 minutes we open it up to rounds of questions. There's a total presentation time of 40 minutes, so if any of you wish to share your time you can let me know.

Monsieur Dussault and Mr. Braniff, do you want to share your time or are you fine? Do you want to go with 10 minutes each?

Mr. Dan Braniff (Chair, Georgian Bay Chapters, Canadian Association of Retired Persons): We'll share.

The Chair: All right, so that will be 30 minutes. That will give us more time for questions and answers.

We shall begin with the Office of the Superintendent of Financial Institutions.

Ms. Cameron, welcome.

[*Translation*]

Ms. Judy Cameron (Managing Director, Private Pension Plans Division, Office of the Superintendent of Financial Institutions Canada): Good afternoon, ladies and gentlemen.

Thank you for inviting me here today.

My name is Judy Cameron, Managing Director of the Private Pension Plans Division of the Office of the Superintendent of Financial Institutions (OSFI). OSFI is tasked with implementing the laws and regulations put in place by Canada’s Parliament. Our regulatory mandate includes banks, insurance companies and federally regulated private pension plans. We regulate and supervise about 7% of all private pension plans in Canada, representing about 12% of total pension assets.

Today I will briefly outline some of OSFI’s perspectives on the current state of the pension industry and our expectations of plan administrators.

[*English*]

Everyone is aware of the financial and economic turmoil of the past two years. We have seen sharp declines in stock markets globally while at the same time long-term interest rates have remained close to their historical lows. These developments have produced a double hit to defined benefit pension plans, as the value of pension assets and liabilities fluctuate with changing financial and economic conditions. The impact of this is reflected in OSFI's solvency testing results.

As you may know, pension regulations do not require defined benefit pension plans to be fully funded at all times, but where the ratio of assets to liabilities on a solvency or liquidation basis is less than one, the plan must make payments to address the deficiency. The provinces and many other jurisdictions have similar rules.

OSFI requires underfunded pension plans to file an annual valuation report. In addition, we estimate solvency ratios for federal pension plans every six months to provide a snapshot of the financial health of the defined benefit pension plans we regulate. Our most recent solvency testing results show that the average estimated solvency ratio, or ESR, of federal plans as of June 2009 is 88%. That is to say, on average, the market value of pension plan assets would be sufficient to cover 88% of promised benefits.

The estimated solvency ratio of 88% for June 2009 represents a modest improvement from the December 2008 figure of 85%. So while the situation has improved somewhat, the degree of under-funding remains significant. The solvency testing results also suggest that pension plan sponsors will continue to face funding challenges in the current economic environment and that plan sponsors and administrators must continue to be vigilant.

OSFI's primary objective in running solvency tests is to detect problems and challenges early on so that we can, working together with pension plans, take steps to safeguard members' benefits.

Solvency testing is a key element of OSFI's enhanced monitoring of federal pension plans. We will continue to identify underfunded pension plans and take action ranging from encouraging plan sponsors to cease contribution holidays to requiring enhanced notification to members or requesting early valuation reports.

OSFI has a risk-based approach to supervising pension plans, tailoring our activities to the risk profile of our plans. Over the past 18 months we have put particular focus on plans that have been most challenged by market conditions.

Regulation alone cannot improve the environment for pensions. Effective plan governance is also critically important to controlling risks. A key focus of OSFI's supervision is therefore an assessment of the quality of pension plan governance.

OSFI continues to remind plan administrators to be prepared for a wide range of potential shocks or adverse events and to use regular scenario testing as a risk management tool. We believe regular scenario testing will help plan administrators understand the risks they face. We also encourage plans to develop funding policies, as this is one way to be clear about the level of risk they are comfortable with.

Governance is not one-size-fits-all. More complex benefit structures or more sophisticated investment products and strategies will require more sophisticated governance procedures and more time and effort to assess and monitor risks.

OSFI recognizes that Canadians are concerned about the health of their pension plans. It is important that governments, regulators, and pension plan administrators work together to meet the challenges facing private pension plans.

Thank you, and I would be happy to answer any questions the committee might have.

● (1540)

The Chair: Thank you, Ms. Cameron. That was four minutes. Excellent.

Now I'll move on to the Canadian Labour Congress.

Ms. Barbara Byers (Executive Vice-President, Canadian Labour Congress): Thank you. You've certainly set the bar for all of us.

Thank you very much for the invitation to be here.

We've handed out two documents. I'll be referring mostly to the single page, but you also have a more detailed document beside it.

With me is Joel Harden, who works in our social and economic policy department. He will be able to answer a number of technical questions that you may have for us.

Having appeared before this committee on other issues, it's not any surprise that women continue to be at a significant disadvantage compared to men when it comes to income, and obviously that means to pensions. If you're working at a smaller income your whole life, you're going to end up with a smaller pension. We still earn less than men—about 70.5 cents on the dollar—and as you know, that gets worse if you are an aboriginal woman, a woman of colour, or a woman with a disability. We also end up shouldering the unpaid caregiving responsibilities. We are concentrated in non-standard, poorly paid jobs that offer little hope for a decent pension.

The issue sheet you have in front of you, which is part of our retirement security program, offers both the good and the bad news about women and pensions. It starts to explain why we think our campaign can deliver the change women deserve.

The good news is that we've made some pension gains in recent decades. This is particularly true of women in the public sector and women retirees accessing public pensions. The number of women in workplace pension plans tripled from 1974 to 2004. Almost all the increase in workplace pension plan membership came from women joining unions and gaining decent pensions.

We've also fought for better pension legislation. We won part-time worker access to workplace pensions and better pension vesting rights. We won fair Canada Pension Plan rules for those who stopped work to help raise children. We won a battle to index CPP and old age security benefits to inflation so that the value of public pensions would hold steady over the course of one's working life.

These victories are reasons why fewer retirees—not every retiree, but fewer—today live in poverty. In 1980, the retiree poverty rate was twice the rate of the working-age population. By 2004, retiree poverty was half the rate of the working-age population. That means that there are a lot of people who are close or barely over. I don't think we should be saying to people who work their whole lives that what we're aiming for here, folks, is that you can live close to the poverty line. I think we should be looking for something that has a little more dignity to it.

The bad news is that, despite the positive developments, there is still a major gap in pension income between men and women. Between 1991 and 2001, for example, retired women still earned 60% in pension income relative to retired men. By 2004, 7.3% of retired women still lived in poverty, which was more than double the rate of retired men. That gets even worse when you look at single, divorced, widowed—known as unattached—elderly women. A 2004 study found that an astounding 45.6% of women in these circumstances still lived in poverty.

There are lots of things to explain it. We've talked before with this committee about the question of equal pay for work of equal value. We've talked about the need for women to have full-time, full-year jobs and that they want that. We've talked about the need for women to have pension plans that actually address their needs.

We have a statistic here that the majority of working-age women are on the job and comprise 46% of the Canadian labour market. We think that number is probably going to need to be adjusted just because of the changes we've seen. But we should be very clear that when you look at those numbers, it doesn't mean that all those women are in full-time, full-year, good jobs.

● (1545)

While the expectations on working women have changed, caregiving expectations have not. Women still shoulder, as we said, the bulk of unpaid caregiving work of children and seniors. In 2002 over two million Canadians offered personal care for seniors; three-quarters of those people were women.

So in the absence of affordable child care and dependant and elder care, women have been put in very stressful and frustrating circumstances. I have already pointed out the dominant role we have in low-paid, low-quality, precarious work. Indeed, 40% of women work in these kinds of jobs and they really don't get much, if any, pension. A lot of women—over 60%—don't have access to a workplace pension.

If I can just stop there for a moment to say that when you look at our longer document, you'll see on page 4 that we have some key demands about doubling the benefits for the Canadian Pension Plan; increasing the low-income pensions, the GIS, by 15%, so that no senior lives in poverty; and also protecting Canadian pensions through a federal system of pension insurance.

If we're going to raise up all women and men, we think the way to do it is to actually do something about the Canada Pension Plan again—and the Quebec Pension Plan, obviously. This the fairest way. It's a transferable plan, so it doesn't matter where you work or which province or territory you're in. It's fair, it's inflation protected, and it can be generous.

So what we need to be doing here, really, instead of talking to people about RRSPs or private pension plans—through which we have just seen people go through a disaster from the fall in the markets—is we should be saying, our responsibility as Canadians is to create a Canada Pension Plan that works for all seniors.

I'll leave it at that, unless Joel wants to add anything. But we'll get into some of that in the questions.

I don't think I met my time limit, but....

The Chair: You did very well, at seven minutes.

Ms. Barbara Byers: There you go. There's lots of time for questions. *C'est bien*.

The Chair: Mr. Braniff.

Mr. Dan Braniff: Thank you for inviting me to represent CARP.

Just to clarify Mr. Dussault's position, he is here as our assistant. He's our expert, and I'll describe him a little bit more to you as we go along.

I'm Dan Braniff. I'm an unpaid volunteer and chair of the Georgian Bay chapter of CARP. I also serve on CARP's advisory board, which has recently been created to advise the executive director, Moses Znaimer, who is running CARP these days.

CARP represents a new vision of aging for ages 45-plus. It has 350,000 members across Canada.

I wear two hats. I'm also the founder and organizer of the Common Front for Retirement Security. The common front evolved from the Common Front for Pension Splitting. It consists of 21 member groups, with a collective membership of two million. You have a handout showing the groups we represent, three of which are women's groups, who have stuck with us through all of this time. They deal primarily with women's issues. Others are a cross-section of pensioner groups, retired military and civil servant pensioners, and age-related organizations like CARP and the Royal Canadian Legion, which is the largest group we have. You'll notice that the FSNA is part of our common front; hence, we have at our command or advantage Mr. Dussault.

My involvement with pension issues started with the Confederation Life Insurance Company wind-up in the mid-nineties, when I served as the founding president of the Bell Pensioners' Group, the BPG. It was by default the representative of all policyholders at that time. We therefore played a major role in representing all policyholders with the liquidator and the court. The BPG, the Bell Pensioners' Group, helped win a precedent-setting wind-up priority for all policyholders, including the pension plans, and 100% was gained from our arguments with Bell Canada regarding their supplementary pension plan. I'll relate this to what we're trying to do today.

I last appeared before this committee in March 2007 on the issue of the economic security of women. Not much is different today, except we're looking at pensions specifically. On pension splitting, we had some discussions about how that might serve women, and I suppose there are still some questions about that. Pension splitting was subsequently passed into law on June 22 of the same year.

Women's pension security is clearly underrepresented. In looking at the blues of the StatsCan visit here, I notice their witnesses failed to answer many of the questions that pretty obviously need answers for you people to do your work. I think that indicates the lack of priority on where women stand, which really puts us in a very important position here at this table.

Statistics show that progress has been made. I think the CLC has pointed this out in their statistics, and we agree with everything the CLC witness said with respect to the background of this, but much is needed to achieve real fairness for women.

The problems are that women live longer, earn less, have lower retirement savings and pensions, and spend more years alone. They have greater responsibility for caregiving and suffer more in poverty. We all seem to agree on that.

CARP and the Common Front for Retirement Security insist, number one, that the Canada Pension Plan Act must be reformed and updated. Corporate Canada has exposed private pensions to unprecedented deficiencies, and it has incorrectly blamed these on the economy.

Private defined pension plans have little contingency protection, and they should have the type of protection that insurance companies provide their policyholders.

● (1550)

The wind-up priority has been described as many things. I think it should be looked at separately from the corporate idea of wind-up or bankruptcy. We have some suggestions in that respect.

We believe a “made in Canada” universal pension plan is long overdue. We hear the CLC speak to that as well.

My colleague, Mr. Bernard Dussault, the former chief actuary of the CPP, who had his hand in the creation of the plan as we see it today, is at your disposal to answer any questions you may have.

Women-oriented remedies should be adopted. As the CLC mentioned, we should increase the GIS allowance; we should update the rules for the pension survivor option; and we should look at the mandatory RRIF withdrawals. As you know, there's a common mandatory age for men and women to make RRIF withdrawals, in spite of the fact that women live five years longer. And Canadian pensioners on RRIF have to withdraw at almost twice the rate of their U.S. counterparts. That doesn't seem fair, especially for a gender group who's living longer.

The pension situation is urgent. The financial crisis has maybe given us one little gift, in that it's exposed the deficiencies and cracks in the present system.

Now, we have millions of baby boomers who will start emerging as seniors, starting in two years' time, in 2011. So we don't have much time to really prepare for the future.

I see in the media reports over the weekend and this morning that there's some action being proposed by the federal government under a task force led by Ted Menzies. We welcome that. We still don't understand it completely, but we hope it isn't the final answer to this particular problem.

We can shout fairly loudly that we need a pension summit. Pensioners, including women's champions, must be at the table.

Thank you very much.

● (1555)

The Chair: Mr. Dussault.

Mr. Bernard Dussault (Senior Research and Communications Officer, National Office, Federal Superannuates National Association): I have nothing to add.

The Chair: You have nothing to add? You were the author of some of this.

Mr. Bernard Dussault: Well, if you have questions, I'll be pleased to answer them.

The Chair: All right, thank you.

Thank you very much. Everyone came in nicely under time.

The first round of questioning is a round of seven minutes per person, but it includes questions and answers. What we would like to do is get in as many questions in each seven-minute round as we can.

Ms. Neville.

Hon. Anita Neville (Winnipeg South Centre, Lib.): Thank you.

I just have a couple of quick questions for clarification from the CLC.

At the bottom of your one-pager you talk about 7.3% of retired women still living in poverty. I'm assuming you're talking about people who have been in the workforce. Is that correct?

Mr. Joel Harden (National Representative, Social Economic Policy, Canadian Labour Congress): The figure you're referencing there does in fact refer to all retired women. Where you see the jump-up figure on that following page, we're talking about women living on their own over the age of 74—though that is not specified in the text. For popular documents like this, we often have to cut down on the verbiage.

Hon. Anita Neville: And do you mean in that 45.6% that it could include people who have never been in the workforce as well?

Mr. Joel Harden: Absolutely. Predominantly.

Hon. Anita Neville: Okay. I just needed clarity on that.

I guess I have two questions, one for the CLC and one for Mr. Dussault—or anybody can answer them.

What I am interested in is your views on extending the Canada Pension Plan to self-employed workers. We know that a significant number of women are small business owners or entrepreneurs. Have you given any thought or study to that issue? I'm interested in your comments on that.

Mr. Dussault, I'd be interested in your comments on that as well. I guess what I would ask you is if you were recrafting the Canada Pension Plan today, would you recraft it differently to be more sensitive to the differing needs of women?

Mr. Bernard Dussault: I'll answer the first question you asked about the self-employed. You asked me if I have given thought to that, and the answer is no. The reason is that the self-employed are already covered by the Canada Pension Plan. There's an exception. The Canada Pension Plan covers employment earnings. I know there are some self-employed who, rather than declaring salary to themselves, take shares, whatever, but it's only employment earnings that are covered. That's perhaps one aspect that might need to be covered.

Hon. Anita Neville: The information I have is there are many who are working out of their homes, on their own, who are not covered by it. It's that cohort I'm looking at.

Mr. Bernard Dussault: If they're not covered, it's because they don't pay themselves a salary or they don't receive a salary. All salaries are covered by the Canada Pension Plan.

Hon. Anita Neville: Okay. All right.

Mr. Bernard Dussault: Now, your second question?

Hon. Anita Neville: If you were recrafting the Canada Pension Plan....

Mr. Bernard Dussault: I'm a strong believer in the Canada Pension Plan. By this I mean it's a very well-designed pension plan. A lot of people think it's the best-designed plan in the world, and I agree with that.

The only thing is this. If I had been asked to be involved in the decision made in 1966, the main thing I would have changed is not the benefit design, because it's designed as well as could be. There is nothing perfect, but it's very well designed. The point is in respect of the financing. In those days I considered there were two deficiencies in that respect. This is why our children today are paying much more than they should to the CPP. The real full cost of the CPP is about 6%. As you know, our children are paying 9.9%, because they have to pay for the deficiencies that have been built up over the years.

There are two reasons for these deficiencies. The first one is that the full cost of the CPP is 6%, and from 1966 to 1986 the contribution rate charged was only 3.6%. The second point is that normally a fully funded private pension plan—the CPP is not a private pension plan—does not provide benefits immediately to people who have just retired, who are already retired. As most of you must know, by 1977 all people who contributed to the CPP over only 10 years were entitled to full benefits. This is the second point that gave rise to those high deficiencies of the Canada Pension Plan, the high liabilities that have not been paid for, and it's our children who pay for that.

If we had to start it over again, I would say, well, I understand that for starting a new plan 6% is a lot of money, but let's do it immediately, otherwise the problem will be even bigger later on. That's what happened, because having charged 6% rather than 3.6%, that would have represented 2.4% more, but now our children are paying 4.4% more. We have created a big problem that is more expensive to resolve today than it would have been if it had been done in this manner in the first instance.

● (1600)

Hon. Anita Neville: Thank you.

The Chair: Ms. Byers would like to answer.

Ms. Barbara Byers: Yes, I think you asked the question of us as well, the question of the self-employed. It is our understanding that yes, the self-employed are covered. But again, as Monsieur Dussault has pointed out, it's on the basis of declared earnings.

I'm glad that Mr. Braniff raised the question of the summit. I think if there are other reasons we need to look at in terms of the self-employed, that's why we need a summit. We need to be bringing together not just governments but also women's organizations, trade unions, groups that represent immigrants, equality-seeking people, so we can have a real discussion about who needs to benefit from the pension plan and how we can all do it together.

Hon. Anita Neville: I have another question, but let me come back to the summit.

What I'm hearing you proposing is a government-convened summit to look at both public and private pensions with all of the various stakeholder groups. Is that correct, Mr. Braniff?

Mr. Dan Braniff: Yes, that's correct. I would add to the list that the CLC mentioned that pensioners should be there.

Hon. Anita Neville: I would hope so.

Ms. Barbara Byers: Yes, and I apologize.

I think what we're looking for is this. We don't want to have a discussion about people who are concerned about pensions and retirement over here while governments are having discussions over there. There's no point in federal, provincial, and territorial governments getting together if you're not going to have the people in the room who really need to add to that discussion.

What we're saying is it is time for us to have a national summit on pensions. Obviously, we have a key interest in the Canada Pension Plan, but there will be discussion, you can be sure, on the question of private pension plans because everybody's seen, by and large, theirs take a hit, if not just go in the tank altogether. So that has to be part of the discussion.

Hon. Anita Neville: Thank you.

Mr. Dan Braniff: May I add a point there? The reason to—

The Chair: We've gone over time, Mr. Braniff, so I'm giving you 30 seconds.

Mr. Dan Braniff: Okay, that's all I need.

Mr. Dussault pointed out the reason why you need a summit. If we knew at that time and we were involved at that time when that decision was made, I think it would have been a different decision.

The Chair: Thank you.

Madame Demers.

[*Translation*]

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

Thank you very much for being here this afternoon, ladies and gentlemen.

On my way to the meeting this afternoon, I was listening to a conversation between Mr. Nadeau and our analyst, Ms. Cool, in spite of myself. They were right in front of me and were speaking loud enough for me to overhear. Something in their conversation really struck a chord with me. I started wondering whether we were approaching this issue all wrong. Isn't it time to be innovative and to look at the bigger picture?

On a personal level, the reason I was able to attain the standard of living I currently enjoy is because my mother had six children. She did not have 1.5 or 2.5 children, she had 6. And she stayed home to raise us. She did not start working outside the home until she was 50 or 55 years old. Her six kids work and pay taxes. So that is wealth she contributed to through our upbringing. Yet, today, she receives the Guaranteed Income Supplement.

Isn't it time to start taking the attitude that governments, the state and businesses should have a program to ensure that we make payments to those women who have chosen to stay home to raise more children? Having a daycare program is very important. It is also important to provide everything that women need so they can work and have well-paid jobs and decent pension plans, but we also need to provide everything that women need to make real choices.

Things today are different than they were in the fifties. When women worked in those days, it was a second income said to be used to buy luxury items. That is no longer the case nowadays. That second income is essential for paying rent and buying groceries.

Therefore, isn't it time that we start taking an innovative approach and seeing things in a different light, looking at the bigger picture. I think that a summit is one possible way, among many, to study this problem with the bigger picture in mind.

● (1605)

[*English*]

Ms. Barbara Byers: *Oui, nous sommes d'accord.* This comes into so many places, whether it's child care, employment insurance, parental rights, and all that sort of stuff. We look fondly to Quebec and say since they brought in $7-a-day child care, since they provide for extra parental benefits, since they provide that fathers get five weeks of parental benefits, that makes a big difference, and in fact I believe the birth rate has gone up in Quebec. So there's a big difference.

I believe there was a parliamentarian here one time who said that government has no business in the bedrooms of the nation. Well, the government *is* in the bedrooms of the nation, because as long as people can't get access to child care or to parental benefits at an appropriate rate of EI, as long as they can't deal with Canada Pension, then quite frankly, people are going to make decisions that are going to be limiting the size of their families. Whether that's where they want to be or not, it becomes “What can I do for my family now?” and also “What will my life be like 40 years from now?”

So we would certainly say yes, there need to be comprehensive programs.

Joel?

Mr. Joel Harden: The only thing I would add to what Barb said, in response to the excellent points that were made, is that one of the reasons why we have proposed three key demands that we're trying to orient the pan-Canadian labour movement around is because our pension system is so fragmented. We almost have to approach it that way. It would be great if there was a one-shot deal to fix it, and we do believe the Canada Pension Plan is an enormously powerful vehicle, but the reality is it's not going to help workers aged 58 to 64 who have serious pension needs right now, particularly people whose employers are in bankruptcy, as we're seeing with the Nortel pensioners, the Canwest situation, and AbitibiBowater. That's why we need pension insurance for those folks, so that we have the same priority assessed to people's pensions as we currently do for their homes or their bank deposit accounts or their job with WCB or EI contributions. OAS and GIS are also very important. One has to make, as a senior, less than $11,000 a year to qualify for GIS, and 1.6 million seniors in this country, predominantly women, do. What a statement, in 2009.

So that's why we support that 15%. It will put another $110 in the pockets of low-income seniors per month. If you want to talk about economic stimulus, that's economic stimulus.

● (1610)

The Chair: Thank you.

Mr. Dussault, and then Mr. Braniff.

[*Translation*]

Mr. Bernard Dussault: Your question is somewhat along the same lines as an earlier question that I did not answer, that is, whether the Canada Pension Plan could do more to offset the insufficient income of women. To my mind, the Canada Pension Plan, like any other plan, really cannot do any more in that respect. The plan already has provisions to that end in terms of the amount of time that women spend raising children.

However, you make a good point: women make a big contribution to the economy by raising children. Instead of using a pension plan to recognize that work, I think it would need to come from the government. Women should be paid for that work, because raising children is the most important job in the country.

[*English*]

The Chair: Mr. Braniff.

Mr. Dan Braniff: I would add that the proposed expanded universal plan, the expanded CPP, would save additional money in payouts from GIS, as it has done. Canada, right now, ranks among the lowest participants in the world for supplementary plans like we have, because we have the CPP and other provisions. It seems to me there's going to be a net saving to the taxpayer, and this could be used to enhance in the direction you're proposing.

As an alternative, I have no trouble looking at an idea that you would give some partial credits of some sort, some formula, to bona fide caregivers who are looking after aged parents or disabled family members, whatever. As I proposed in my notes to you, we also think we should extend the option of pension splitting to situations where we have a caregiver and a disabled person or an elderly person in the family. I don't think that would be an outrageous kind of proposal. I think we all have some degree of understanding and sympathy for people who are providing unpaid caregiving.

The Chair: Thank you very much.

Ms. Cameron, feel free to jump in whenever you wish.

Ms. Judy Cameron: Yes.

The Chair: Good.

We'll now hear Mr. Van Kesteren.

Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC): Thank you, Chair. Thank you all for coming.

This is, indeed, a very important study that was undertaken. I, too, am an advocate of the CPP system. It's a model for the world. I wasn't aware of those statistics that you brought forward about what happened in the early 1960s. However, I should add at this point that all pension plans should follow the CPP model. The reason we're running into all these problems you mentioned is that we put our pension plans at risk when we move in another direction. I'm an advocate of following the example of CPP.

We had a number of witnesses before us, I believe it was last week. I don't have the statistics in front of me, but we talked about ratio to workers and to retirees. I believe back in the 1980s I was seeing something like 7:1, and now we're moving towards 6:1. What was most shocking was that by 2050 we're looking at a 2:1 ratio.

I understand that the Canada Pension Plan works in such a way that it's funded by contributions. I believe a segment of that is invested, but the majority of it is funded by contributions.

We all want better things for our seniors. The only thing I can see is that if we as a government, as a people, were to significantly raise that contribution.... I guess I want to ask—and it might not be a bad thing—both you, sir, and possibly labour, if they would go on record as saying that we need to raise the contribution by workers. If anybody else wants to jump in, go ahead. I mean, that's the first. We have to start at that point.

● (1615)

Mr. Joel Harden: I'm speaking as a young person who came at the CPP debate in graduate school, when we were told in the 1990s it would go broke and we needed to turn it into a group RRSP so it would be fairer for my generation. What the actuarial studies indicate now, and what Mr. Dussault worked on in the 1990s and tried to convince the government of the day about, and what we're seeing today is that the Canada Pension Plan in its current funding system—roughly 5% of salary for each side, employee and employer—is funded well until retirement surges in the population and then it ebbs away. The high water mark is 2050, and then it falls off after that; the demographics change. The Canada Pension Plan is fully sustainable until 2085. That's what—

Mr. Dave Van Kesteren: But if we're going to increase the benefits.... Are you an advocate of increasing the benefits?

Mr. Joel Harden: Three percent per side is what we're proposing, a seven-year phased increase.

Mr. Dave Van Kesteren: You feel the employer....

Okay. What about CARP?

Ms. Barbara Byers: On page 4 of our document, the first point says “financed by a modest increase in worker and employer premiums which would be fair for lower paid workers”. If you need it in writing, it's there in writing.

Mr. Dave Van Kesteren: So you recognize the demand, the urgency, and you are prepared to take that?

Mr. Joel Harden: We worked with Mr. Dussault as well in developing our costing.

Mr. Bernard Dussault: The Canada Pension Plan was amended one or two years ago, to the effect that any amendment to the plan has to be, from now on...because it was not applicable before. If you improve the benefits, you have to charge the contributions that are associated with those benefits on a fully funded basis. The three or six percent he mentioned is something I provided. That was easy; I can replicate all the actual reports. They give all the figures to assess or determine how much it would cost to double the benefits, and a lot of people are surprised. They say how come the current 25% costs 9.9% and this would cost just 6%? It's because the 9.9% is not on a fully funded basis. A fully funded basis, done immediately, is less expensive.

Mr. Dave Van Kesteren: That's it, Chair. I want to split my time, if I could.

The Chair: You have three minutes to split with Ms. Boucher.

[*Translation*]

Mrs. Sylvie Boucher (Beauport—Limoilou, CPC): I want to thank everyone for being here today.

As you know, this is a very interesting issue, because things are clearly changing, and we need to shift gears.

Mr. Braniff said earlier that the parliamentary secretary worked very hard over the summer to hear what people had to say, because we need to rethink our approach. Ms. Byers also told us that she used Quebec's plan as a model. True, Quebec has made strides that are working quite well there. But, we also have to consider the reality of all the other provinces and not muddle the two.

Earlier, we heard about RRSPs. Could someone tell me what percentage of Canadians have tax-assisted retirement savings through an RRSP?

[*English*]

Mr. Joel Harden: Thirty-one percent of Canadians make contributions to RRSPs, but the two untold stories about RRSPs—not to chew up too much of your time—is that a Harvard study recently showed the average RRSP administration fee, what are called MERs, bleed about 35% to 40% of an RRSP over a 40-year work career. There are massive mutual fund fees charged to RRSPs. They don't have any protection against market slumps. So when markets tank by 52%, as we've seen in the last 18 months—they've rebounded since—your RRSP tracks that. The Canada Pension Plan is the same if you retire in a slump or if you retire in a good period. It's a defined benefit, not a defined contribution RRSP.

The Chair: You can have 30 seconds.

[*Translation*]

Mrs. Sylvie Boucher: Mr. Dussault wanted to answer, so he can have my 30 seconds.

Mr. Bernard Dussault: There is another important component to registered retirement savings plans. Not only is the percentage of people who take advantage of them fairly low, but also, a large proportion of people—and I apologize as I cannot recall the number, and I would not want to just throw one out there—withdraw from their RRSP even before they retire and do not use the money for its intended purpose, since they are not required to do so.

Attaching an obligation to a pension plan is very important. If you do not require people to save, they won't, and if they do, they will do it only temporarily, as if they had not saved anything at all.

● (1620)

Mrs. Sylvie Boucher: Fine. Thank you very much.

[*English*]

The Chair: Thank you.

Ms. Mathyssen.

Ms. Irene Mathyssen (London—Fanshawe, NDP): Thank you. I'm going to be more boisterous, Madam Chair. I know you've said that often you can't hear me.

I want to thank all of you for being here. I appreciate very much this wealth of information. I want to sort of pick up on bits and pieces of what we've heard.

From Barb and Joel we heard that 31% of Canadians ultimately make contributions to RRSPs, but over a 40-year period, 35% to 40% is lost to management fees. Of course, as you alluded to, the realities of what's going on in the economy and the stock market have further bled away the savings. Yet so many Canadians have been encouraged to top up their retirement with RRSPs. Given the current climate, obviously this isn't working.

Is it possible to convert all that money? In terms of what the government has invested in tax breaks and what Canadians have invested in terms of money that disappeared into the ether of the stock market, there must be a considerable amount of money there. If we were to invest that in the kinds of pensions that have been discussed here—public pensions, pension insurance, better GIS protection, better CPP protection—would it in fact benefit us? I know there's always this discussion that it would cost so much to do this. I'm wondering whether it really would if we were more intelligent about the investments.

Ms. Barbara Byers: We have to look at what the tax breaks are because of people investing in RRSPs. I believe the figure is about $18 billion provincially and federally. What's the cost to us to do it that way?

Also, we should be realizing that for people who may have made some investments in RRSPs...I'm of the understanding that for the age group 55 to 64, which is near and dear to my heart because that's where I fit, the average monthly payout for somebody with an RRSP is not an astounding amount of money. It's $250 a month. Can you imagine what would happen—Joel has already pointed it out—if we actually got real money back into people's hands through enhanced CPP and OAS? That would be an economic stimulus in our communities, and we'd have fewer worries. Again, this gets back to the point about the pension summit, because we can start to then have that discussion about what happens if we get people to convert.

For 14 years I didn't have a pension plan; I had RRSPs. Like a lot of other people, I started looking at them a year ago and watched them go down and was thinking, "Man, bring on the cat food." I could joke about it for a while, but it wasn't funny after a while.

Mr. Dan Braniff: I would like to add that there are some myths. First of all, from the tone of this I get that we're worried about the cost, and I have to give you my own example. I'm 78 and I've been retired for 24 years. I can tell you that looking at the pension plans and their performance, I have performed much better than those plans, and I know a lot of people who have as well. Maybe we were just lucky, but maybe we've lived long enough to be smart.

We talk about costs and the top cost to future generations, but any advantages I might have been able to achieve through RRSPs and my pension plan have been compensated for; they've been paid back. I pay a higher rate of tax now than I ever did in my life. So the idea that you're just puffing this into the wind is a myth.

When we look at the cost, one of the questions that hasn't been asked and maybe should be answered is what about small business? How are they going to be able to afford this? I've been on the other side of the fence and know how business operates. When you get a plan introduction like we did with the CPP back in the 1960s, an adjustment is made. It's made at the bargaining table or in the negotiations people make with their employers. You trade this off. There's no question that the final cost of this will be absorbed by the total compensation. The payoff will be for companies as well because they'll have transferable benefits. They won't have the burden they seem to be complaining about these days, in spite of the fact that with the plan I have, the sponsoring company enjoyed 12 years of contribution holidays.

Ms. Irene Mathyssen: Thank you very much.

While we're talking about costs, I was reading through some of the Canadian Labour Congress pension material and noted the stark statement that we can't afford not to double CPP benefits, because there is a social cost to Canadians and our whole community if it remains at 25%.

You alluded to poverty, and I'm wondering if you could go that extra step. What kinds of social costs were you thinking about?

● (1625)

Ms. Barbara Byers: I think a lot of us are talking about the social determinants of health. Sometimes it's too easy to say, "Oh well, it's poverty. It's unfortunate, but it's over there." But there's a whole bunch of interconnections as well.

My background, as some of you know, is as a social worker. I primarily worked with street kids, but I also did financial assistance for a number of years. The reality is that you see people making life and death decisions about whether to take their medicine or not and whether to live in a rat-trap place or not. But even for some people who are not right on the edge of poverty, it's a matter of some small advance, some life of dignity. If we're just here to provide a pension plan to keep people down, I don't think that's what we really want. We want to know that our parents and grandparents, and indeed ourselves, will have some sense of dignity. So it is about social determinants of health, which is a pension plan.

The Chair: I'm sorry, but we've gone 30 seconds over.

We'll move into the second round and begin with Madame Zarac.

[*Translation*]

Mrs. Lise Zarac (LaSalle—Émard, Lib.): Thank you, Madam Chair.

Good afternoon and welcome.

Mr. Braniff mentioned that a pension should act as an insurance policy. Indeed, paying into a pension plan is ensuring that we will have enough to live on when we get older. But, as we have seen with Nortel, there is currently no guarantee; there really is no insurance policy.

What provisions currently exist to provide protection in case of bankruptcy?

[*English*]

Mr. Dan Braniff: The only real protection you have is the health of the company itself. I think the circumstances with Nortel, General Motors, and others have indicated this.

The concern I have is that there is a different attitude in the Canadian corporate world than there used to be. I could go on and explain this. To give an example, as a young manager with Bell Canada, one of my duties was to visit all the pensioners in my territory. It was my obligation to report if I found any who had health problems, etc., or financial problems; we actually attended to that. We actually increased pensions so that people would be able to be self-sufficient. But there is no real protection.

The insurance I was talking about—and I refer back to the wind-up of Confederation Life in the mid 1990s. Some people think today that insurance companies don't fail. That was one of the top insurance companies of the world that failed. The decision the court made, that Judge Houlden made, was that the policyholders, which included pensioners, were entitled to be ahead of all other creditors. It was surprising to me when I looked back, because when that court decision was made, there wasn't an unsecured creditor represented in the court—not very bright.

That is the case for insurance companies, and I'm asking the very question that I think you're addressing: why don't we have the same thing for pension plans? Why aren't they treated similarly to insurance provisions in that same category, in pensions and other policies?

The other thing that occurred during the decision on Confederation Life is that it was determined that.... It took five years to do the wind-up, by the way. During that five years, the liquidator was obliged to accumulate and pay compound interest on the value of these pension plans. I'm going to shock you because interest rates at that time were between 14% and 18%. Most of the policyholders walked away with more interest than they did principal.

So can't we look at innovative ways? I'm hearing from the experts that we can't change the bankruptcy act. Well then don't change the bankruptcy act. Make this pension program somewhat similar to what we already have in the insurance policies.

● (1630)

The Chair: Ms. Cameron, did you want to...? You have not been allowed to contribute here. I'd like to see if you have something to say.

Ms. Judy Cameron: As the regulator, we don't actually make any rules around the bankruptcy act or the priority of pension claims. I can understand the issues they're speaking to, but we don't really have a formal position. There are arguments on either side.

The Chair: And you're not allowed to have a formal position, is that it?

Okay, thank you.

Ms. Byers.

Ms. Barbara Byers: I would just ask that Joel have a chance to respond to some things as well, because he has child care responsibilities to take care of, so he won't be able to be with us for the whole time. I want to make sure he has an opportunity to respond to part of the question you asked.

The Chair: You were to leave at 4:30. You're now four minutes over time.

Mr. Joel Harden: I know. I'm already at risk that the CAS will pick up my kid.

I want to add just a couple of things to what Dan has said. He's absolutely right. The culture on Bay Street has really changed. I don't have time to get into it now, but I would direct members of the committee to look at some of the documents that Diane Urquhart, an independent financial expert, has been promoting lately to really describe what's going on in bankruptcy courts today, where you actually have a whole class of interests that literally use what's called the “junk bond” industry, very minimal bonds. What they often do, in a predatory way, for companies going into bankruptcy protection, is buy up those bonds, knowing that the bankruptcy procedure is a tax-sponsored procedure. For every dollar they invest in getting ahead of workers getting to their pension money, they often make $1.30. It's a very profitable business. There are a lot of hedge funds, private equity funds, and vulture funds that are involved in this. At the moment, Canada has the unfortunate distinction of being one of the only places in the world that allows those sorts of junk bond holders to buy their own insurance. They're called credit default swaps. What they do is buy their own insurance going into a bankruptcy proceeding, so they're completely covered, and they often make $1.30 on every dollar they invest, and they rank ahead of pensioners right now. The Nortel pensioners are finding this out from first-hand experience. The Canwest experience is ongoing. We don't know what will happen there, but definitely there will be pension cuts. AbitibiBowater....

I want to tell you two quick stories before leaving, because I want the voices of these workers to be heard here. I was in New Brunswick three weeks ago, and I spoke to a worker from Nackawic, New Brunswick, whose pulp and paper plant closed in 2004 with a 52% funded pension, but she didn't get a 52% funded pension. After all the creditors who were ahead of her picked through the carcass of her employer, she got $400, after 16 years of service—not $400 a month, not $400 a year, but a commutative value of $400. That's fact. It's happening all over the place, in Ontario and Quebec in the manufacturing sector; in B.C., in northern Ontario, and the Atlantic in the forestry sector; and we're seeing it with some of these large, formerly blue-chip federal sector employers.

The unfortunate thing is, the federal government's announcement today, while I hope it's well-intentioned, has no intervention in the bankruptcy proceedings, which is federal jurisdiction, to be completely clear. The government of the day could bring in an emergency system of pension insurance. It could tell Canadians that they will adopt the pension plans that Canadians have in bankruptcy court at their full value—so a 52% funded pension would be a 52% pension. It could even rank up their status in bankruptcy hearings. The announcements today do some positive things, but they don't get to the eye of the hurricane right now, which is bankruptcy proceedings, where people are losing decades and decades of work.

I would hope this committee could forward a statement to the government that there's an urgency here. Nortel pensioners, particularly the long-term disabled, are literally moving from a regime where they got a workplace pension to the social assistance or welfare system. That's the reality now. I would encourage you to be a voice for those people.

● (1635)

The Chair: Thank you very much.

We now move into the second round.

Ms. Wong, for five minutes.

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

Thank you very much for coming.

I think one of the questions I would like to raise is connected to what Dave just said about the fact that whatever kind of reform you're suggesting, from 25% to 50%...and then immediately benefiting those who haven't even paid into the pension plan. Am I right to assume that about the CLC recommendation?

Ms. Barbara Byers: I think our recommendations are right there, in terms of page 4. It reads:

> We propose to phase in a doubling of the proportion of average earnings replaced by CPP from 25% to 50% over seven to ten years to $1,635 per month, financed by a modest increase....

So it's for both workers and employers, and making sure as well that we're fair to lower-paid workers. I think it's really clear that there's an urgency here. Joel has raised it. Whether it's a private plan or whether it's the Canada Pension Plan, there's an urgency that we do something.

It is an economic stimulus. If you get money into the hands of seniors, they're going to spend it here, by and large.

Mrs. Alice Wong: My question is, have you ever directly taken into account the intergenerational inequities in regard to this reform? We are now asking people who are working very hard, who are keeping their jobs, who are paying into CPP—and then also future generations—to pay right now, using their money. They're making their contribution right now. They're paying into it for the people who are already retired. Have you ever looked at that inequity?

Ms. Barbara Byers: I think Monsieur Dussault has some details.

But the reality here, folks, is that if the generation now isn't prepared to support the generation who went before us, and there are a lot of women who, for a number of reasons, aren't getting any kind of a pension plan.... I thought we had a bit of a social responsibility to each other.

I still regard women who worked at home and may not have drawn a salary as having contributed something pretty significant, including Madame Demers' mother, who contributed a lot to this country, obviously, but didn't necessarily draw a salary.

Mr. Bernard Dussault: If the CLC proposal were implemented January 1, 2010, contributions would be increased immediately or over a period of five to seven years, but the benefits would not be increased immediately. Already retired persons would get nothing, and someone who would reach age 60 in 2010 and start to receive CPP benefits in 2015 would get just five-fiftieths of the increased benefit, because that person would have paid in for just five years rather than 45 years.

That's what full funding is, and this cannot be escaped, because it's a new requirement of the CPP. So intergenerational equity would be preserved, that's for sure, just because it's a requirement of the CPP.

● (1640)

Mrs. Alice Wong: Yes.

Another question is that for those who have not paid into the CPP at all, how are we going to administer that?

Mr. Bernard Dussault: Those who don't pay into CPP get nothing from the CPP.

Mrs. Alice Wong: That means those who are already retired and are receiving CPP will not benefit from this reform at all?

Mr. Bernard Dussault: No, they won't.

Mrs. Alice Wong: Okay.

I have another question. By using this formula, am I right to say we will be benefiting those who are wealthy as well? You don't draw a line at those who are already pretty well off.

Mr. Bernard Dussault: No, it's a give and take thing. You get out of the CPP what you have put into it.

Ms. Barbara Byers: It becomes part of the tax discussion as well, as I understand it. Does it not?

Mrs. Alice Wong: I'm just asking the question because in this reform it means it will benefit the wealthy as well. Am I right to assume that?

Mr. Bernard Dussault: Yes, but it's—

Mrs. Alice Wong: Okay. I just wanted to hear that. I have another question.

You mentioned the pension summit. Everybody knows that Mr. Menzies met with Ken Georgetti of the CLC, and the Canadian Labour Congress was present at the first meeting in Ottawa with Mr. Menzies, and he also met with CARP, with the teamsters, with the Pionairs, and many more related pensioners' organizations.

He went to cities like Halifax, Montreal, Toronto, Ottawa, Whitehorse, Vancouver, Winnipeg, and Edmonton. Are you suggesting that's not enough?

Ms. Barbara Byers: Absolutely, it's not enough.

Mrs. Alice Wong: And you want another summit, another round —

Ms. Barbara Byers: There hasn't been a summit. What there has been is a series of discussions across the country.

We're saying it's time for us as a society to get together and have a summit around the question of pensions, to be able to deal with how we are going to improve the retirement security for all Canadians, to make sure it's fair all across. And people have to be included in that discussion.

Quite frankly, there will be people who will want to, either directly or through representatives, be able to tell some of the stories like the one about the person Joel mentioned, who is getting $400 as a payout—that's it, for however many years.

We don't want to have closed-door discussions in various places. What we want to do is bring people together, if we really want to do something about the Canada Pension Plan, OAS, and private pension plans.

The Chair: Your time is up, Ms. Wong.

Monsieur Desnoyers.

[*Translation*]

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

Given the statistics and figures in the CLC's documentation, the situation today is urgent: 40% of women are not even able to accumulate any pension income; and 60% do not have access to a workplace pension. That means that things will be a lot more than just difficult for these women in the future; basically, they will have to live below the poverty line. The way I see it, we must act now. I completely agree with you.

I have a question specifically to do with the national pension insurance program you mentioned. How will the program work? How will it be supported? Will it be a sort of guarantee fund, similar to the U.K. or the U.S.? We know that those funds, which may be specific or private funds, have not always worked so well. So I would like to hear your thoughts on how an insurance fund would work.

Mr. Bernard Dussault: Do you mean the insurance fund or the CLC's proposal?

Mr. Luc Desnoyers: The CLC's proposal.

Mr. Bernard Dussault: Which is to double....

Mr. Luc Desnoyers: Not the proposal to double benefits. The CLC suggested introducing a national pension insurance program.

Mr. Bernard Dussault: So I will let you answer.

[*English*]

Ms. Barbara Byers: I'm going to see if Monsieur Dussault wants to comment on this because of other discussions he has had. I'm not the expert on this. The expert has left to deal with child care and also to continue contributing to the pension plans for all of us.

What we're saying is, again, this is something that can be done that will provide protections for people, essentially.

I don't know if you want to comment.

● (1645)

[*Translation*]

Mr. Bernard Dussault: If you are referring to something other than the Canada Pension Plan, I really cannot comment.

Mr. Luc Desnoyers: I understand the principle behind a pension insurance system: the desire to avoid situations like that of Nortel led to talk of using bankruptcy legislation to protect pensioners.

I think that idea is even better, however, because we could set up a system where the Canadian government would guarantee pension plans. From what I understand, under such a system, people would pay into pension plans and those plans would be monitored more closely because there would be a sort of insurance policy.

We were talking about that earlier, an insurance policy. You work for that your entire life, and then you lose everything because of economic conditions. It gets even worse: women—and they are our focus today—are in even worse situations.

I think that would be a major asset. These are social choices we are making. We are talking about doubling the pension plan, doubling contributions, going from 25% to 50%. When we decided to create a healthcare system in Canada, you will recall that we had a nationwide debate. In Winnipeg, the debate was quite heated: doctors were against it; insurance companies were against it; basically, everyone was against it. This debate will be similar because we are talking about similar proposals.

I think that a government that stands up for these measures and an opposition that supports the government will help to make great strides. Yes, we will make progress; women will make progress, and that is what counts.

You can laugh at women on the other side all you like, but there is an urgent need to act on this issue. And we need to adopt positions that lead to better conditions for them.

I would like to hear your thoughts on the status of women in the few minutes remaining.

Mr. Bernard Dussault: I am better able to answer your question now. I misinterpreted what you meant at first.

There are two components. The CLC's proposal to double the CPP and the proposal to guarantee the CPP.

But I think you are referring more specifically to the current pension plan. It offers no guarantee, and the only way to get one is to pay for it. A mechanism for that does exist. When you contribute to a pension plan through an insurance company, that company can fully guarantee your pension for a very high price.

A separate guaranteed fund is just part of the solution. There have been instances where guaranteed funds were exhausted because losses outweighed what was in the fund. If you want a full guarantee, you have to go through an insurance company, and that costs a lot more, of course.

[*English*]

Ms. Barbara Byers: Certainly we can have Joel come back and talk to people in more detail.

I don't have the pages in the French version, but if you do look at our longer document, beginning on page 16 in the English version, it's the third point, about protecting Canadian pensions through a federal system of pension insurance. It gives you an idea of why we need it and how it would work.

As it says, it would be a way to “adopt abandoned pensions when an employer shuts down permanently”. It's a fund that “insures a base floor of pension benefits when an employer restructures during bankruptcy proceeding and is unable to make good a solvency deficit”, and so on. So I think it's fairly well laid out there.

Again, once you've had a chance to look at it, maybe someone who's much more expert in those kinds of details can come back.

[*Translation*]

Mr. Luc Desnoyers: It would be useful to have some more documentation, if possible.

[*English*]

The Chair: That would be great, because we have now gone to six minutes on this one.

We now have Madam Mathyssen again.

● (1650)

Ms. Irene Mathyssen: Thank you very much, and thank you for a spirited discussion. I've appreciated it.

I would like to say that I believe the generations that went before us built the infrastructure—the health care, the education system, the services that present and future generations will enjoy and benefit and achieve great opportunity from. I think there's a little bit of quid pro quo here.

I had a sense that you were pre-empted in regard to the question of whether wealthy seniors benefit more in an increased CPP regime. My sense is that the income tax system would probably take care of that, but I wanted to give you an opportunity to respond, Monsieur Dussault.

Mr. Bernard Dussault: This is not really a matter of whether wealthier persons would benefit more, because anyone who has a salary of, let's say, $50,000—if you consider that a rich person— would get a benefit equal to 50% of $50,000. Someone with a salary of $25,000 would get a benefit equal to 50%. So it's what I meant when I said give and take; everybody gets the benefit in proportion to the money they put in. A richer person gets more in absolute terms, but relatively speaking, everybody gets the same benefit in terms of proportional equity.

I just want to make sure that there is no misinterpretation of what we mean. Do richer persons get more? Yes, they do get more, but they put more into the plan too.

Ms. Barbara Byers: Just to add to that, the reality is that people with higher incomes who can afford to now contribute to RRSPs are doing better because they're getting a tax break as well, which somebody at a lower income who doesn't have a pension plan doesn't get.

Again, I go back to why we think there needs to be a summit, so that we can start to sort some of these details out so that people feel that what we're developing is a better system for all, not addressed to only one group or another.

Ms. Irene Mathyssen: My riding is the second poorest riding in Ontario, and the reality is that there are a lot of poor seniors. I have about 9,000 seniors in my riding, and a lot of them have been compelled to go back to work after they've retired. They're Wal-Mart greeters; they're taking up jobs because their pensions are not adequate.

Now, it's been suggested in this committee that they do that by choice. I'm wondering what your experience is in regard to those who are finding at age 68 or 69 that they can't make ends meet.

Mr. Dan Braniff: I think we should all be looking at that and considering other methods of improving the predicament of these people.

In terms of this discussion about the rich and the poor, of course I'm well aware of some people who don't worry about a pension plan or their RRSP. They have money; they'll make it anyway. I think we want this thing to be all-inclusive.

The thing we have to remember in all this is that it's very important for us to institute a system that gives people the feeling of self-sufficiency, and stability, and self-reliance. When that happens.... I've heard figures on what the value of volunteerism is in our society. I've been a volunteer all my life; it's kind of in my blood. It's why I'm here today. I mean, I could be doing other things. I think you'll find the people who are able to volunteer in this respect are people who already have the comfort of financial security.

I don't know, it's trillions of dollars that we're getting out of the voluntary sector, and they don't get tax breaks on that. You have to ask, who are these people? Can the person who's worrying about the next meal be a volunteer? Well, some of them are, and they volunteer at hospitals and so on, but I think that generally it's people who already have the comfort of stability in their income.

The other thing that is being debated as we are sitting here at this table is longevity. There are predictions now that people are going to live to 200 years. So don't try to look too far ahead, but I think we're going to have a different system where people are going to take sabbaticals, they're going to go back to work. In some respects, I work harder now than I ever did in my life, but I'm doing it at my pace and on my terms.

Ms. Barbara Byers: If I could comment briefly, this is a bit like the discussion about women who work part time wanting to work part time. The reality is that most of them want a full-time, full-year job.

I was recently in a restaurant and an older man was taking the dishes off. I don't know how old he was, but he was working very hard. I don't think this is how he saw his retirement years. I think he may have had all sorts of wonderful ideas about what he wanted to do. They probably weren't big, expensive ideas, but working in a restaurant cleaning off dirty dishes into huge bins probably didn't help him at all.

● (1655)

The Chair: Thank you very much.

Ms. McLeod.

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

I want to pick up on a few points—high-level, mid-level, and then down to some specifics.

I think Mr. Desnoyers' point about societal choice is important. We're talking about women and pensions, but I don't think there's a member of Parliament who doesn't have constituents call...people with disabilities, children. There are many, many needs, and at the end of the day the government's job is a balancing act. If I had my druthers, I'd be saying to support many things. There are many, many needs.

But we also need to ensure that we create opportunities and jobs within our system. It's a very difficult balancing act, and it will always be hard to get that right.

We're here to talk specifically about pensions and women. I know that the parliamentary secretary has worked for a number of months on this. That's not to say that summits don't have their value. When you travel from coast to coast, into communities, meeting with different organizations, we can't say that doesn't have incredible value. But many people can't travel to summits, and when you have a group of people who go to open themselves up to listen....

He's putting together the plan. I understand we're going to have a look at that, and I'm looking forward to it. Certainly he has heard the things we're hearing today. Everyone is aware of these pension plans that have run into bankruptcy and the incredibly horrific circumstances it puts people into. I don't think there's anyone here who doesn't feel that pain.

What I would really like to get into, though—and Ms. Cameron has been fairly quiet here.... We have federal jurisdiction; we have provincial jurisdiction. My first question is on whether there are similar settings. I'm pleased, but surprised, to have the Bloc taking this very national approach to this issue and looking at a national solution. I think they're more regularly concerned in terms of that provincial jurisdiction.

But you talked about 12%. Could you tell me how it looks with the different provinces?

Ms. Judy Cameron: The way the legislation for private pensions works is that you're regulated by the jurisdiction that regulates the area of employment. As the federal regulator, we regulate pensions in federally regulated areas of employment, which would be banking, interprovincial transportation, telecommunications, airlines, shipping. There are a number of areas of federal regulation that are spelled out in the Constitution. The provinces regulate other things, for example, health care and education.

As the federal regulator, we have about 10% of the private pension plans under our purview. Ontario is the biggest provincial regulator, because they have the biggest population; I think it has about 30%. Quebec comes next. The smaller provinces have less, because it lines up against population, largely speaking.

Most provinces have legislation that has great similarity to the federal legislation. Quebec has a somewhat unique model, in terms of what it requires in funding for its plans. Ontario is the only province that has a pension benefit guarantee fund. That fund would provide some backstop to members of pension plans of bankrupt companies, but it's not a huge amount.

What else would like you to know?

● (1700)

Mrs. Cathy McLeod: I can't remember exactly how it was expressed earlier, but I was under the assumption that we were in this incredible crisis because of the global recession. Mr. Braniff talked about the bigger issue of the solvency of our private pensions and that this sort of global recession has just compounded that.

I'm trying to understand Mr. Braniff's comment better and get Ms. Cameron's perspective on it.

Mr. Dan Braniff: I'll be happy to comment. You've opened the right door.

The Chair: Mr. Braniff, I will have to ask you to be brief.

Mr. Dan Braniff: The crisis revealed these cracks, but it didn't cause them. It's systemic in the way these plans have been managed. Corporations don't want defined benefit plans, and you can see that by the way they steer away from them. They don't want the liability and they don't see any benefit in them.

When a corporation really focuses on reducing costs, they can dig up some things that weren't revealed before. You can see this if you look at the submission by the so-called “group of seven” in corporate Canada. If you look at their submission to the finance committee, you will see that they have asked for things that will actually put pensioners at greater risk, not lesser risk. They're asking for de-indexation for the calculation of pension solvency. They're asking for a discount rate that's higher, and will therefore cost them less, in the deposits they have to make to the pension plan.

The Bell Pensioners' Group has hired an actuary to look at this. It would actually increase the risk to pensioners by 25% at wind-up. Yet this is being proposed as a solution. It reveals the attitude of corporate Canada.

I'm saying we have to make some changes so they understand the direction they're going. Once they understand it, they're very good at managing.

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

I want to thank everyone for coming and answering questions. There are a couple of questions I wanted to ask, but because we have a time constraint here I will leave them and see if I can get some answers from Ms. Byers and Mr. Dussault later.

Thank you very much for coming.

[*Proceedings continue in camera*]

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