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Tuesday, November 24, 2009

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Chair

The Honourable Hedy Fry

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• (1535)

[English]

The Chair (Hon. Hedy Fry (Vancouver Centre, Lib.)): Colleagues, I'm going to call the meeting to order.

Today we have, as you know, witnesses waiting to speak. But before we begin, I beg your indulgence, because the parliamentary secretary to the minister would like to make a quick announcement.

[Translation]

Mrs. Sylvie Boucher (Beauport—Limoilou, CPC): Good afternoon to everyone. I spoke with Minister Guergis earlier. She asked me to invite everyone from the committee to join her at the event hosted by the Equal Voice group. She thinks it is important for us to be there. So I am extending the invitation on her behalf.

[English]

The Chair: *Merci.*

Is it Equal Voice?

A voice: Yes, Equal Voice.

The Chair: Do you want to say where and when?

An hon. member: It's non-partisan, so it goes to all parties.

[Translation]

Mrs. Sylvie Boucher: It is at the Metropolitan Brasserie.

[English]

The Chair: Okay, good. Thank you.

Now I will begin the meeting.

Pursuant to Standing Order 108(2), we're studying women and pension security. As you know, we have today a witness from the Canadian Pensioners Concerned Inc., Gerda Kaegi.

Am I pronouncing your name...?

A voice: Madam Chair, I think the system is frozen.

Mrs. Gerda Kaegi (Member of the Executive, Ontario Division, Canadian Pensioners Concerned Inc.): Yes, you are.

The Chair: She's told me that yes, I am pronouncing her name... so she's hearing. We cannot see.

Does everyone want to wait until we get the video, or would you like to just do it with the audio in the interim?

Mrs. Gerda Kaegi: Let's do whatever you like.

The Chair: Committee, shall we go ahead?

Some hon. members: Agreed.

The Chair: Good morning.

As you know, we have a particular format that we use when we hold committee hearings. You have 10 minutes in which to present whatever it is you want to say to us, and then there is a round of questions. Each question is going to have a time limit that includes the answer.

I'm sorry, we've just disconnected completely.

While we're waiting for the reconnection to occur, Sylvie has another invitation.

[Translation]

Mrs. Sylvie Boucher: The event starts at 5 p.m. So you need to get there a little earlier because people will start speaking at 5 p.m.

[English]

The Chair: I think all of the women have already had invitations directly from Equal Voice. But thank you anyway.

Is there anything else you wanted to discuss?

No? Good.

Mrs. Alice Wong (Richmond, CPC): Madam Chair, I suggest that we adjourn right at 5 so that we can go there, seeing that we have only one witness.

The Chair: How does everyone feel? There is a suggestion from Ms. Wong that we adjourn at 5 to go to the Equal Voice event.

• (1540)

[Translation]

Ms. Nicole Demers (Laval, BQ): Madam Chair, we have only one witness. It would be silly to prolong the debate.

[English]

The Chair: Are we connected yet?

No, we're not. I'll suspend for a moment.

Mrs. Gerda Kaegi: Are you there?

The Chair: We had a disembodied voice, but....

Ms. Kaegi, can you hear us?

Mrs. Gerda Kaegi: Yes, I can.

The Chair: All right. Then we will resume without the video of Ms. Kaegi.

As I was saying, and I don't know how much you heard, you will have 10 minutes to present.

We're disconnected again. Thank goodness we only have one witness.

[*Translation*]

Ms. Nicole Demers: Madam Chair, could I make a suggestion while we wait?

[*English*]

The Chair: Okay, we're connected right now, so let's go with this.

Madam Kaegi, I'm sorry that we keep starting again from scratch.

Mrs. Gerda Kaegi: That's all right.

The Chair: You will be given 10 minutes to present.

What's going on here? We've never had this problem before.

A voice: No, it's gremlins.

The Chair: Are we connected again now?

Remember, anything we say in the room will be in the transcript. So we need to be able to decide whether I want to pause the meeting or not.

All right? Good. Thank you.

Ms. Kaegi?

There we are, finally.

• (1545)

Mrs. Gerda Kaegi: Yes, here's hoping.

The Chair: As I said before, you have 10 minutes for presentation, and then there will be rounds of questions and answers. We will deal with the rounds when they begin.

Will you begin your presentation now, Ms. Kaegi, please?

Mrs. Gerda Kaegi: Thank you very much, Madam Chair. I preface my remarks by saying the context of what I am saying is based on the fact that women live longer than men. Please keep that in mind.

Here are our comments on the OAS/GIS/PPP/QPP. Yes, we agree the depth of poverty has been reduced. However, if you have to live on OAS and GIS, you are in the depths of poverty. You are below the low-income cut-off, and then of course the determinants of health negatively affect your healthy aging. Statistics Canada has noted that inflation increases for seniors are different from that of the general population, and of course the increases to OAS and GIS are based on the broad consumer price index. So seniors, and particularly older women, will fall behind.

We are really concerned at the endemic poverty of older persons. Single, unattached older persons, and particularly women, have quite high poverty rates. Their rate is 38% as opposed to 25% for men, and yet governments claim that the poverty of older people has been resolved. We're concerned about recent older immigrants, especially those who have been brought by their children to help with child care. They're at risk of being poor because of the years of residency required to be eligible for OAS and GIS. The aboriginal communities—first nations, Métis, and Inuit—are at the greatest risk of poverty and deprivation, and we hope your committee is

giving particular attention to women from these populations as to how changes in pensions can improve their lives.

The changing labour market is critical, because as you know—you've had presentations on it—defined benefit pension plans are steadily disappearing and being replaced by defined contribution pension plans where the risks are very high. Again, the fact is, women outlive men, so the risk to women proportionately becomes higher. Among the oldest old, more people are living into their nineties. Most of them are women. The RRIF requirements that funds must be wound up by age 90, when the fastest-growing cohort of older persons is 80-plus years, particularly harms older women.

The longevity of women, as I've been pointing out, is a crucial factor around pensions, and clearly one cannot live that much more cheaply than two, because if one dies, accommodation and food and so on still have to be paid for.

We draw attention to women's paid labour. Women are paid significantly less than men, and they are still clustered in the lower wage sector of the labour market, the service sector in particular. Low-wage workers live from day to day and cannot put money into tax free savings accounts or RRSPs. The data I saw on your website that you received from Stats Canada is incorrect. I may have got the context wrong, but in June of this year, Statistics Canada showed the average women's earnings to be 65.7% of the wages of men in 2007. That concerned me.

Female single parents—you know the issues, and their opportunity for saving and putting aside money for their old age is increasingly limited. The self-employed segment is rising. Women make up a major number of the self-employed. They're there out of necessity, not by choice. To have access to PPP/QPP they have to make payments as employer and employee, and that can be really hard.

Now to the issue of women and caregiving. Women still carry the major responsibility for caregiving, which has led to interrupted participation in the labour force or a move to part-time work. This in turn leads to lower pensions, and the PPP/QPP drop-out provisions that are there for child care should be replicated for other forms of family care. The requirement for the caregiver credit must not be based on the expected imminent death of the person being cared for, but should recognize the broader range of care needs that families face.

•(1550)

There was an attempt in the past to limit or cut the cost of living increases in these national pension and income programs. We plead that this never be attempted again, despite our budget deficits. The impact of government services is huge on lower-income people. So any move in this time of economic trouble for government service cuts will have a huge impact on lower-income people.

We looked at recent immigrants and poverty, especially those who have come to Canada over the past twenty or fewer years. They face high levels of unemployment and underemployment. Again, they are going to become the new older poor.

Given that women live longer than men, the risk of poverty and lack of personal pensions is very high. Racialized women, especially among the more recent immigrants to Canada, have low pay levels and high levels of underemployment and unemployment. They comprise the marginal workforce and are the overwhelming majority of workers in nursing homes, personal support workers, and paid caregivers. They lack access to pension plans and they will depend on OAS and GIS.

The rising number of workers without access to any pension plan and people in minimum wage jobs will be at increasing risk of poverty. We're concerned about the issue of current younger workers. Statistics Canada reports for 2007 that the assets of the 44-year-old are only at \$47,000. That's not going to be enough for their old age.

We haven't touched on the threats to pensions through corporate bankruptcies. Ontario has a program that protects pensions up to \$1,000 per month. Yet this program is at risk in the current economic collapse. No other province carries it.

So we came up with nine strategies for change.

The maximum replacement rate for CPP should be changed to \$60,000 and be fully indexed. It would be nice if the indexing reflected the older person index. We request the design of CPP in light of increasing variations in labour force participation.

We would like the committee to include the impact of increasing short-term and self-employment on contributions to and the benefits of CPP/QPP.

The federal and provincial governments need to bring in a contributory pension plan that would enable low-paid workers and those without a plan to participate. They should increase opportunities for contributory pension plans, professionally managed, that would be open to all workers, especially those in small businesses or who are self-employed.

We're really concerned about people between 60 and 65 and the penalties they face for early uptake of CPP. Yet it's almost impossible for them to find work.

If we could ensure that employment and pay equity programs were in place, women would be better off and the lower wages for women compared with men would be ended.

We need to have a special focus on racialized women who are employed in the personal service and health and social services

systems. Their working conditions and level of pay doom them to poverty.

Some of the most serious threats to the health and well-being of older women would be alleviated if we had an adequate supply of affordable and supportive housing where rent is geared to income. Of course, this would help all low-income seniors.

Ideally, the creation of a guaranteed annual income would ensure a basic income for all Canadians, whatever the age. Of course, that would alleviate the penalties faced by people who are solely dependent on government programs.

Finally, I guess, given the economic times, we note that the benefits citizens receive through public services far outweigh any tax cuts.

•(1555)

The possible reduction in government services because of the huge increase in the national and provincial debts would have the greatest impact on low-income to moderate-income people. Again, we note that the use of tax credits benefits only those with higher middle and high incomes and does nothing for those whose incomes are at or below the low-income cut-off.

Thank you very much for the time. I appreciate your patience in the difficulty making the connection.

The Chair: Thank you very much, Ms. Kaegi. Now we will move to questions and answers.

The first round will be a seven-minute session for each person, but those seven minutes include questions and answers.

We will begin with Ms. Zarac.

[*Translation*]

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

Good afternoon, Ms. Kaegi. Thank you for being here today.

When your corporation was founded in 1969, your focus was primarily on seniors. Then you expanded that focus to include a number of other groups. In your opinion, which group is the most vulnerable?

[*English*]

Mrs. Gerda Kaegi: That's a difficult question. Clearly, single, unattached older persons have very high poverty rates. For single-parent female heads of families, it's a huge problem for them. I'm sorry, I'm giving you a number of people, but again, for our aboriginal communities it's a very high issue, and the new group—new to us—is, we believe, the immigrant population, especially those from the racialized communities. They are facing job discrimination. Many of them are in the marginal labour force.

So we see quite a cluster of people, and it's hard to put one solely ahead of all the others.

[Translation]

Mrs. Lise Zarac: I know that there are many people in need, but the first group you mentioned is surely one of the most important, women with children. What changes do you think are necessary in order to give this group of women the opportunity to receive a better retirement income?

[English]

Mrs. Gerda Kaegi: Well, if you go back to the fact of their intermittent access to labour, to the labour market, what if we had an additional plan that targets people at the very low end of the scale?

The other thing that would help all people facing poverty in their old age is a significant increase to old age security and to the guaranteed income plan. That would make a heck of a difference for all of them.

I hope that has answered your question.

[Translation]

Mrs. Lise Zarac: Bill 51 seeks a 2% reduction, to 9%, in the retirement benefit of women who want to retire before the age of 65. What impact will that have on these women, in your opinion?

[English]

Mrs. Gerda Kaegi: I'm sorry, but I didn't get the first part of the question.

[Translation]

Mrs. Lise Zarac: I will repeat it. A provision in Bill C-51 seeks to reduce the retirement benefit by 2%, to 9%, for women who want to retire before the age of 65. Right now, the penalty is 0.5%.

•(1600)

[English]

Mrs. Gerda Kaegi: The trouble is the fact that they're living longer. That penalty is going to be significant the older you are, because that's going to last for the rest of your life. Therefore, our concern is that people who become unemployed at 60 are not going to be employed in the labour market. There's huge discrimination. By having that penalty, they will live with an even lower income than what we talked about initially, the \$1,169 per month that is the current OAS and GIS, with a marginal CPP.

[Translation]

Mrs. Lise Zarac: If I understand correctly, you think it discriminates against women. So what would you suggest?

[English]

Mrs. Gerda Kaegi: Well, I hate to be biased, but the trouble is, given women's low income across the board in Canada—the average low income for women—it would be important to see that maybe there could be special recognition for the difficulties women face at the age of 60, though, on the other hand, there's growing unemployment for men, and they too are going to be paying a penalty.

So maybe, given the current economic times, what we should do—and this could change later—is perhaps look at that penalty not being applied for a period of time, and then you could go back and look at the implications.

[Translation]

Mrs. Lise Zarac: So, according to what you are saying, it is pretty hard to solve during a recession.

[English]

Mrs. Gerda Kaegi: On the other hand, the CPP is in good shape. It has done well. The change in how it's invested has brought a great deal of resources to the CPP. I think if we regularly review, as we did not that many years ago, we could look at the cost now for the CPP and then go back and see what the implication is, how much would have to change once the unemployment level has dropped and the conditions of older people have improved.

So I would see this as a temporary move, reflecting the difficulties that our people are facing now, and it will carry over into the end of their life.

[Translation]

Mrs. Lise Zarac: Thank you. We are talking about improvements to the Canada Pension Plan, but it is also said that people should save for their retirement. Since the majority of women—you mentioned 65.7%—earn less than men, do you think it is possible for them to save for retirement? If not, what incentives do you think the government could provide?

[English]

Mrs. Gerda Kaegi: We responded to the Harry Arthur pension commission in Ontario. They had a very interesting suggestion of an alternative plan that could focus on workers who are at minimum wage, who work for small employers where there are no options for pension plans. There can be a way of looking at that large group of workers and maybe developing another form of pension plan that would at least give them something. Yes, workers should be investing for the future. We know they are not, and Statistics Canada has pointed that out. But many workers can't afford to invest because they are low-wage workers; they are marginal in the labour force. We suggest looking at some other form of contributory plan that could be targeted to the specific population.

•(1605)

The Chair: Thank you very much. Time is up on this one.

The next person is Monsieur Desnoyers.

[Translation]

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

Welcome, Ms. Kaegi. If I understand correctly, you said that, especially in the case of women, the Canadian government should ensure that they have a decent income, that they can maintain their standard of living and that they are protected against inflation during retirement. Is that correct?

[English]

Mrs. Gerda Kaegi: I didn't say standard of living. I think what I said was we should ensure they're not below the low-income poverty line. They shouldn't be in poverty.

On the inflation issue, Statistics Canada did an analysis about four years ago that looked at the different inflation effects on different segments of the population, and they found that the seniors' population, the older population, had a somewhat higher inflation rate than other demographic groups in the population. And we're saying, unfortunately, that it may be too complicated, but the indexation of OAS and GIS is based on the consumer price index and not the real inflation that older people face.

[Translation]

Mr. Luc Desnoyers: Thank you.

Do you think it is necessary to go through the public plan in order to give women a decent retirement income? There are all sorts of reasons for that, including the ones you gave. We are talking about the lowest wages and the slew of reasons why women, in particular, will never have a decent pension plan. Those who are already being heavily penalized will continue to be throughout their retirement.

Do you agree that this needs to happen in the public plan?

[English]

Mrs. Gerda Kaegi: Yes. That indeed is what we are recommending. We think it is the only way to go.

Private pension plans can be wound up. Private pension plans and pensioners go to the end of the line in the bankruptcy of their employer or the shutting down of their employment place. The public plan, so that the burden is carried by everybody in the community, is a far better and far safer way to go.

[Translation]

Mr. Luc Desnoyers: On that subject, a number of stakeholders have talked to us about increasing the replacement rate from 25% to 50%. But you say that is not necessary. However, if we want to improve the public plan, that could become a key component of reform, which would make it possible for women to have access to a decent retirement pension, at the very least, through the public plan.

You said it, defined benefit pension plans are the best way to go. Would you be in favour of turning the Canada Pension Plan into a defined benefit pension plan?

[English]

Mrs. Gerda Kaegi: Yes, we would. Defined benefit plans are clearly the better way to go.

We have noticed over the years that women have benefited from this. They have become the majority of workers in the public sector, and that's where you're going to find union negotiated defined benefit plans. Those are the most secure plans, as we have seen during this current economic downturn in our society.

[Translation]

Mr. Luc Desnoyers: As for the replacement rate, various witnesses have talked to us about going from 25% to 50%. Earlier, you seemed to think that that was not necessary.

I would like to hear your thoughts on that. Improving the public plan is a real head-scratcher. If we change it to provide defined benefits, another increase would be needed, an increase from 25% to 50% in the replacement rate. The witnesses we heard from did not

say that it would happen overnight, but that it would happen over a certain period of time.

• (1610)

[English]

Mrs. Gerda Kaegi: Actually, what we recommend is an increase in the cap to \$60,000. That would make a difference. You could phase that in, because the current cap is very low compared to how incomes have moved over the past number of years.

If you move to \$60,000, 25% isn't bad. It would be wonderful if we could go to 50%, but at least move the cap higher. That would make a huge difference.

[Translation]

Mr. Luc Desnoyers: You also talked about protecting pension plans. Many pensioners have been seriously affected by the current economic crisis.

Various stakeholders talked about the fact that we should have pension legislation to protect pension plans at the federal level. Do you agree with that?

One last thing. You mentioned creating a guaranteed annual income plan. Could you elaborate on that?

[English]

Mrs. Gerda Kaegi: The last point is one that's been around a long time. The example we use is the Ontario pension insurance plan. It is very limited, but at least it protects workers where companies have gone bankrupt. I'm thinking of many of the workers in the lumber industry, Nortel, you name it; their pensions are at risk. They're at the back of the line in terms of claims on the assets of the company. The Ontario plan protects up to \$1,000, which is better than nothing, but it's not a lot if all you have is \$1,000 on top of what you have left in your old age security.

So, yes, we believe there should be a federal government insurance plan based on the model of Ontario, but we would hope it could be at a somewhat higher limit.

The Chair: Thank you very much.

Madam McLeod.

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

Mr. Desnoyers brought up a few points that I am actually very interested in hearing more thoughts about. First, on your comments around the inflation index, could you tell me again, was that based on some work done by Statistics Canada? Has there been some ongoing work? Are there some reports that might be readily available?

Mrs. Gerda Kaegi: I forgot to answer the question on his plan on the guaranteed annual income.

I couldn't find any current information. What I have is a report that came out in 2005, where Statistics Canada reported the inflation rate between 1992 and 2004, and they were looking at the average inflation rate for seniors only households. I'm trying madly to look at where you would look for it. I have a long "http" line, and I could try to fax it or e-mail it to one of the staff of the committee tonight, if you like, if that would be any help.

Mrs. Cathy McLeod: That would be excellent. Thank you.

I'll ask my next question. You talked about RRIFs. I didn't realize that at 90 you had to be completely out of your RIFF. I know we have raised the age. Now it is 71 instead of 69, where you have to start accessing those savings. Could you speak a little more in terms of that particular issue?

•(1615)

Mrs. Gerda Kaegi: The government decided, in its wisdom, many years ago when the RRIFs were brought in that given the fact that there were tax benefits that came along for people who had the money to contribute, there would be an end point to it, because the goal was not to preserve assets for inheritance; it was to provide, as I understood it, income for older people as they aged. The issue is, if a RRIF is to be wound up at 90, and women are younger and live longer, what happens to them if they live to be 95, 96, 97? For us that is an issue. We have a concern.

By the way, there is something, if I may add, that we have discovered anecdotally. Many men are not designating their spouse as the beneficiary, whether it is their CPP or their RRIF. We are now starting to alert women: you had better ask; you had better find out what your husband is up to.

Mrs. Cathy McLeod: Actually, that comment you just made is quite stunning to me. That is something we do need to—

Mrs. Gerda Kaegi: It was to us.

Mrs. Cathy McLeod: We need to find out if that's happening, because it would be very concerning if you had a partner and you're not the designated beneficiary.

Let's say someone had an RRSP and died before retirement. The government takes their share of the taxes from that. I don't see why the government would make you move it so that it doesn't go to estates. If it was still in an RRSP, it would have to be paid out in tax benefits. That requirement "by 90" is something that's interesting to me.

Mrs. Gerda Kaegi: I think it should be looked at, given the changing demographics and the huge growth in that older population.

Mrs. Cathy McLeod: I found it interesting that when you looked at CPP you were talking about going to \$60,000 plus indexing. A number of witnesses have talked about moving it from 25% to 50%. Intuitively, you would think that the 25% to 50% would support more low-income folks. Has there been any analysis of the cost of your suggestion? What would its impact be in contributions?

Mrs. Gerda Kaegi: I'm sorry, I didn't bring that material with me.

One of the key things to remember is that the 25% of \$47,000 is very small. Yes, if you move to half of \$47,000, it's higher. On the other hand, if you start at 60 and keep indexing over the longer term, we think that would be more beneficial. We're prepared to agree to

go higher than 25%, but if you move the cap higher, you would in the longer run increase the pension incomes of older people.

Mrs. Cathy McLeod: You mentioned the calculations that have been done. If you have the calculations on the costs of that proposal, would you send them to the clerk?

Mrs. Gerda Kaegi: The one on the index? Yes.

Mrs. Cathy McLeod: I know that the Parliamentary Secretary to the Minister of Finance has done round tables. Were you part of any of those conversations on pensions and pension reform?

•(1620)

Mrs. Gerda Kaegi: No, we were not invited. We participated in the Ontario Pension Commission.

Mrs. Cathy McLeod: There is another thing I struggle with. With respect to EI and the self-employed, we are talking about double-sided benefits they would have to contribute. Realistically, it might be in a compensation package for the employed, but at the end of the day this is the full compensation package. If it was an employee-employer contribution, then perhaps there would be other benefits added for the employee on an EI plan. For a self-employed person, it seems like a dramatic amount of money. But if you look at how it affects an employee, it's probably not much different. It just looks that way when you're going from an unknown to more than 9%.

Mrs. Gerda Kaegi: The self-employed are often low-income people. They're often there not by choice but by necessity. If you have a low income and you make some payment into the CPP, it is a significant amount of money. You're right: if the employer and employee are both contributing, it's deferred wages for the employee. But for the low-income self-employed, it is a tough thing to do. So we're recommending that you look at it. Maybe a strategy could be developed that would make it possible for at least some contribution to be made. Maybe it would be at a lower level, but at least it would be something.

The Chair: Thank you very much, Mrs. Kaegi.

Cathy, I'm sorry, your time has expired.

Ms. Mathysen.

Ms. Irene Mathysen (London—Fanshawe, NDP): Thank you, Madam Chair and Mrs. Kaegi. You've brought a great deal of quite pertinent information, I think. I was quite intrigued by a number of the things you said.

We've heard from a variety of witnesses, and a couple or three weeks ago the Canadian Labour Congress was here. They have quite an interesting proposal, and I wanted to ask you about it. They're suggesting that over the next seven to ten years, CPP contributions should be increased from 5.33% to 7.7% to double the CPP, and make sure that money is increased to the level where CPP could be more beneficial. Also, GIS should be increased by 15%, or about \$110 per month, for seniors.

Does this suggestion strike you as a good beginning? Is this something we should recommend?

Mrs. Gerda Kaegi: I think it is a very good beginning. The contributions to the CPP were revised. I pointed out that you're clearly in poverty if you're eligible for GIS. So anything that would increase that I would fully support.

Please remember that there are people who don't pay into the CPP and get no benefit from that. That's where we have a great deal of concern, because many of those people are women.

Ms. Irene Mathysen: I appreciate that very much.

There's been an estimation that to lift all seniors above the poverty level in Canada would cost us in the neighbourhood of \$700 million a year. As of January 1, the extra tax cut to profitable corporations will be \$1.5 billion. I think your point with regard to tax cuts not having the same level of benefit as services to Canadians is quite a valid one.

I also wanted to ask you about your comment with regard to aboriginal communities. You said they're at the greatest risk, and government needs to act decisively. What recommendations would you have? What should we include in our report with regard to aboriginal women?

• (1625)

Mrs. Gerda Kaegi: Would you please look at the issue of aboriginal families, their poverty levels, the social issues they are dealing with? It seems to us that aboriginal women, who do live longer than aboriginal men, even though both have a shorter lifespan, have a huge burden, because many of them are taking care of grandchildren from children who have gotten into trouble or who have died. Don't put the aboriginal community to one side; they tend so often to be left off the table. Look at the larger community.

So whatever can be done in terms of their guaranteed income, some way of reducing the appalling poverty that our first nations, Inuit, and Métis people face, to us, is absolutely essential.

Ms. Irene Mathysen: Thank you.

You also referenced the reality women face in terms of a need for pay equity, a need for decent, affordable housing, for a national child care program—the things that help women particularly at the lower-income level to manage and perhaps look ahead to retirement. If we don't pursue these things, are we looking at poverty for future generations of women?

Mrs. Gerda Kaegi: I think we are. We think we are. We think they are at great risk given the difficulties that people are increasingly facing in the labour market. We are getting a higher percentage of marginal workers than we've had before. We've got contract work, low-income work, part-time work; that's the area that's growing. So we are deeply concerned that the younger generation are the people who are really going to be facing a much higher level of poverty over time.

I hope that answers your question.

Ms. Irene Mathysen: That was very good. Thank you.

Do I have any more time, Madam Chair?

The Chair: You have about a minute and a half.

Ms. Irene Mathysen: Okay. I'll try to be succinct then.

You talked about defined benefit plans. It reminded me that these plans very often have a retirement component that includes drug coverage, eye glasses, and dentistry. That's what has made these plans so much more valuable or preferable. It caused me to think about what you said in terms of an enriched CPP, an enriched pension plan that was public and made sure that pensioners, seniors, were well taken care of.

Would your vision of a proper pension include pharmacare, eye glasses, and dentistry? Is that something you envision?

Mrs. Gerda Kaegi: For years we have called for a pharmacare program. Seniors are lucky because they have the benefit of drug protection when they are older, although it doesn't cover all the drugs they need. We say pharmacare is essential. The more benefits people can receive by paying into the plan, the better off they're going to be.

But we have found that many defined benefit plans are negotiating out some of those benefits that were there originally. They are losing drug benefits and eye glass benefits. So we are concerned what is going to happen to these people facing the costs of needs that are there among our community as these negotiations reduce access to the benefits.

• (1630)

The Chair: You've just gone over seven minutes, so that's fine, Irene.

The next round, Ms. Kaegi, is a five-minute round. The person will ask you questions and you will answer them well within the five minutes. This is our second round of questions. Boy, are you on the hot seat today.

Ms. Neville.

Hon. Anita Neville (Winnipeg South Centre, Lib.): Thank you. You may be on the hot seat, but you're providing us with some very good information.

I think you stunned us all when you referenced the fact that many women are not designated as the survivor to their husband's benefits. I was going to ask you about survivor benefits before you dropped that little bombshell.

Do you have any idea of the numbers and how widespread that is, or are you expressing it as anecdotal evidence? What recommendations would you make overall on survivor benefits?

Mrs. Gerda Kaegi: That's a huge question. Let me address the issue. It surprised us when we started to hear that men were not necessarily designating their wives as the beneficiaries. Information should be provided, like the blitz the federal government did educating people about applying for the benefits of old age security, CPP, and so on. Do the same thing on this issue. The federal government has reached out on elder abuse, so do it on this. I think that kind of public education campaign would reach women who've never thought to ask.

I think you also asked whether we have survivor benefits evidence. I'm sorry, I forgot that part of the question.

Hon. Anita Neville: I asked whether you have any hard numbers—what percentage that's true of. But I also asked whether you have any overall recommendations on survivor benefits. It's been suggested that it should be a higher percentage. I don't know.

Mrs. Gerda Kaegi: Yes, we do think it should be, because depending on the level of the CPP.... You're referring to the CPP, I assume.

Hon. Anita Neville: I am.

Mrs. Gerda Kaegi: One person doesn't live that much more cheaply than two. You have to pay for accommodation, and rents and costs are high. So if survivor benefits were higher, you would move people out of a low level of income, out of the risk of poverty. But of course many people living in poverty have no CPP. That's what we have to keep in mind. So I agree you should increase survivor benefits if you can.

Hon. Anita Neville: Thank you.

Can I go back to the question Ms. Mathysen asked you, which relates to aboriginal women. You spoke about the improved living conditions. I'm assuming you're referring to on reserve, although it could equally well apply in many urban settings as well. Aboriginal women often live under a different regime. Do you have any specific recommendations that we might put forward as it relates to pensions, pension benefits, opportunities for aboriginal women?

Mrs. Gerda Kaegi: When we referred to aboriginal people, we were thinking of both on reserve and off reserve. I have lived in Winnipeg, I have lived in Montreal, and I've lived in Toronto. Many aboriginal people are in desperate straits in the urban centres, as they are in the remote reserves. On some of the reserves that are near the urban centres, the women and the families there are better off.

What we have to do is look at some means of ensuring that the poverty levels for women and the families they care for are eliminated.

Whatever strategy weight we do, it has to be achieved.... Under the Constitution, of course, the primary responsibility for our first nations community is federal. That's why I feel your committee, hopefully, can look at strategies of how to get a guaranteed annual income, or whatever means it is, into the hands of our aboriginal communities.

•(1635)

Hon. Anita Neville: Thank you.

Mrs. Gerda Kaegi: I'm sorry, I'm not too specific.

Hon. Anita Neville: No, that's fine. You've raised the issue in itself, which is important. Thank you.

The Chair: Thank you very much, Ms. Neville.

Madam Wong.

Mrs. Alice Wong: Thank you, Madam Chair. Thank you, Ms. Kaegi.

I had a specific question related to your remarks about immigrants. You stated in your presentation that older people brought into the country by their children for child care are now in poverty and that something needs to be done in order to help those people. How did you gather the information and data, please?

Mrs. Gerda Kaegi: What I said was they are at risk of being poor because they have to wait a long period of time—10 years—in order to be eligible for OAS and GIS. Certainly in the city of Toronto there are a number of older parents who have been brought into this country to do child care, and then their families, unfortunately, have not paid or supported them the way they ought to. Many of them have ended up in the social housing units provided for low-income seniors in metropolitan Toronto.

I had this information from what was then the community services of metropolitan Toronto. We are still hearing it from people who are dealing with low-income people who have come as seniors, as immigrants, into the country.

Unfortunately, families sometimes can't keep supporting their seniors. They've become unemployed. So there's a huge issue for that almost hidden group of poor who really fall between the cracks. We have a concern about them because they're not easily identified. The communities are not known. It's really difficult, so communities I work with in the poverty groups are saying we have to start thinking about these people. They're on our doorsteps. There's little we can do for them.

That's where I'm coming from.

Mrs. Alice Wong: In other words, in fact, those families that promised and signed sponsorships should also take their responsibility. When they apply for these people to come in, they guarantee they will look after them. Finally, for whatever reason, they give up.

In some cases there are abuses. Senior abuse has been common in all areas, and some seniors actually had money, but then the children took it away. It's across the field, not just in specific communities.

Are you aware of a government program called New Horizons, which actually educates seniors and other people to report any form of abuse? Financial abuse is one thing. These sponsors have to declare that they cannot support these seniors in order for these people to get OAS and GIS. This is a more complex issue than simply saying, "Let's give everybody a pension."

I have been working as a volunteer with low-income seniors for a long time, and I think these issues are more complex. I'll just mention it, and then I think—

Mrs. Gerda Kaegi: I agree with you. In fact, I was one of the instigators to develop the prevention of elder abuse policy lens that has been adopted by the Province of Ontario, and we have taken it across the country. It's a way of identifying the different forms of abuse. And yes, you're right, financial abuse is a huge issue for seniors. But I'm also recognizing that many sponsoring families have been hit badly by the economic downturn, so they can't support the older person, let alone their families. We have a problem with people falling between the cracks, apart from the issue of financial abuse.

• (1640)

Mrs. Alice Wong: Do you believe that programs such as the New Horizons project, which gets the seniors out for wellness and encourages people to stop exactly what you've been mentioning, would be a good program?

Mrs. Gerda Kaegi: New Horizons programs are great, but they're very limited. The maximum dollar amount is very low; they're short term—the vast majority aren't long-term programs—so there is an issue around them. You can do a wonderful pilot, but you don't have the money to continue it.

I praise New Horizons programs. I think they're great, but they're not long term; they're short term. To create awareness, to start communities understanding the issues, they're terrific. But we need longer-term programs and we need to look at the underlying issues that are causing the poverty, causing the abuse.

Mrs. Alice Wong: Are you aware of any culture differences between various groups? For example, some of them, probably because of faith, would not even report what's happening. That would put the people who are in charge in a difficult position, because if there's nobody reporting whatever happens, then there's no case. Are you aware of the fact that this might be happening in all cases, not just in specific communities?

Mrs. Gerda Kaegi: Absolutely. Elder abuse crosses every ethno-cultural community in this country. It is not unique to any one group.

The more difficult issue, though, is this: where there is a language barrier for an older person, how do you identify that they're at risk? How do you identify that they need income supports if they are isolated because of language difference, communication skills, whatever? We recognize that there is a struggle to reach many of those older people because of these other barriers that exist in our communities.

The Chair: Thank you very much, Ms. Wong.

Mr. Desnoyers.

[Translation]

Mr. Luc Desnoyers: Thank you, Madam Chair.

I would like to pick up on my last question, as we did not discuss it in much detail. You mentioned creating a guaranteed annual income. Could you elaborate a bit more on that? It is at the end of your report.

I would also like to hear your thoughts on the possibility of holding a Canadian summit on pensions, where the status of women would be a major focus.

Those are the two things I would like you to comment on.

[English]

Mrs. Gerda Kaegi: The idea of a guaranteed annual income, as you know, is not new; it's been around for decades. We believe it is one way of ensuring that we don't ensure the deprivation of people in our society. We have lived with poverty from the beginning. I would argue that in today's society, it's not easy to look at the face of poverty when you walk down the street. You see children who go to school hungry; you see older people living on the streets. The guaranteed annual income would give a level of security that would allow us to ensure that people aren't living in deprivation. You would meet the determinants of health, so you'd have a healthier population, more like what you would find in the Scandinavian countries.

The other question slipped my mind; I apologize. What was the second one?

[Translation]

Mr. Luc Desnoyers: The second question was about the possibility of holding a pension summit, which would bring together all the major stakeholders to discuss this issue.

[English]

Mrs. Gerda Kaegi: I think it would be wonderful. I know the provinces have been pushing the federal government to have a meeting on pension issues. I would strongly support it.

What we would strongly recommend is to ensure that there was enough preparation at the provincial level for the groups to come together to bring the ideas that could then be taken to the summit, so that you would get a cross-section of people speaking to the issue. You'd have people not only at the government-to-government level, but from the low-income populations, from the first nations or aboriginal communities, from seniors, from the different demographic groups. You would get the voices of everyone brought to the table.

I think it would be wonderful; it would be timely. Then, out of that, we could develop a long-term plan that over time would start to reduce the unnecessary levels of poverty.

• (1645)

[Translation]

Mr. Luc Desnoyers: Thank you, that is all.

[English]

The Chair: Ms. Mathysen.

Ms. Irene Mathysen: Thank you, Madam Chair.

Again, thank you, Ms. Kaegi. I am quite intrigued with the information you're presenting.

I want to go back to a previous question from Madam Wong. I'm a bit stymied by this. Essentially, if a senior is abandoned because a family has fallen on hard times rather than because of financial abuse, it seems to me that we still have a vulnerable, abandoned elder—somebody who must be looked after. We can't just say this one is deserving, and this one is not—a scheming family, or whatever.

How would you identify and address the need to provide support for that abandoned individual?

Mrs. Gerda Kaegi: That burden has tended to fall on the municipalities, because in many cases municipalities have picked up the cost of social housing. Many municipalities, such as the City of Toronto, have designated housing for older people. There, they have the support services, the infrastructure, to help these people: to get them into the housing they need and bring the services they need.

The burden has fallen on the level of government that has the least flexibility in income. But they have picked it up right across the country.

So it is an issue. They're not left. If the municipality discovers it—and people do report, and these people are brought into service support—it is a cost in large measure faced by the lower-tier level of government, not at the federal level, not at the provincial level.

Ms. Irene Mathysen: Thank you.

You have raised an important point. I heard some years ago from someone who said that the federal government did not resolve the deficit, but simply dumped it onto a lower and less able level of government to manage.

Would you suggest that these costs be uploaded? Should the federal government be taking up its obligation with respect to supports such as home care, long-term care, social housing?

Mrs. Gerda Kaegi: I should confess, I'm a political scientist by background and I know the Constitution. I know that under the Constitution the primary responsibility is provincial. But over time, under the equalization payments and the health and...well, the transformed SHST, or whatever they were—the names change—the shift of money from the federal government to the provinces has contributed to education, social services, and the health care.

My view is that yes, that burden was downloaded in the 90s, and it was downloaded from the province to the municipality. In Ontario, the provincial government has said it is going to upload some of those costs. I haven't heard the federal government recently say anything about uploading back to the federal government. It is an issue, it is a problem, but I'm also very sensitive, especially coming from Quebec originally, about the constitutional division of responsibilities. That's a minefield.

● (1650)

Ms. Irene Mathysen: I quite agree, and in a time of deficits, one of my fears is that the deficit will become the excuse for not pursuing the kind of social equilibrium that I think we need in this country and that seniors certainly deserve.

I have another money question. I don't know if you can help me or not.

We heard from a witness a couple of weeks ago, a Monsieur Laporte, that there's about \$10 billion floating around in terms of money, retirement moneys, whether it's from private pensions or from RRSPs. His suggestion was that perhaps that would be better invested.

We know about 40% of all the money that goes into RRSPs over a 35- to 45-year period ends up as management fees. It's money that's lost to the person who was trying to save. Is there a more progressive, positive, lucrative way of investing this \$10 billion that seems to be orphaned out there in regard to securing a public pension?

Mrs. Gerda Kaegi: I think there's a distinction to be made between the RRSP and the management of, especially, mutual funds, which are at much higher cost in Canada than they are in the United States. The charges in Canada are, to me, offensively high. The Canada Pension Plan has a relatively low management charge, and it has done very well.

I'm not a financial accountant, so I cannot go into it, but I do have concerns that these significant discrepancies of management fees between Canadian mutual funds and American mutual funds are offensive. If there was some way of tackling that, it would be wonderful.

People are turning to exchange-traded funds, but whether that's a good solution, I do not know. That's not my area of expertise.

The Chair: Thank you very much.

Now we'll go to Mr. Van Kesteren.

Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC): Thank you, Madam Chair. And thank you to our witness today.

I have a number of questions. First off, before I forget, you mentioned that you had 10 recommendations. I tried to jot those down, and I got some of them, but I wonder if you could send that list to us.

Mrs. Gerda Kaegi: There are nine short-term strategies, but we did e-mail them today.

Mr. Dave Van Kesteren: Okay, so we will get those. Thank you.

I want to know a little bit more about your organization, if I could. How many members do you have, and how does one join your organization? Is it open?

Mrs. Gerda Kaegi: It's open to anyone. We have been around since 1969. We are a national organization. I was national president at one time. Our national president at the present time is in Prince Edward Island. We exist across the country. We are affiliated with a broad range of other organizations, from the Older Women's Network in Ontario to the National Pensioners and Senior Citizens Federation, which in turn has affiliates across the country.

We have difficulty in saying how many members we have, because through our affiliations there are thousands. I'm not going to spring how many; I couldn't possibly tell you, because our affiliates will say they have 150 and I have to trust them. Quite frankly, I don't know, but given that Costco in British Columbia, with which we are affiliated, has 75,000, I would say there will be thousands. It will vary from one province to the next.

Unfortunately, many seniors organizations are hitting trouble in terms of numbers. The new seniors are not prepared to beat their heads against a stone wall like we've done for years over issues of pensions and poverty. They tend to want to volunteer on a short-term project and get out. So all seniors organizations are increasingly looking at moving closer together and affiliating and joining, maybe amalgamating, in order to bring their numbers to strength. We're all facing problems of numbers.

• (1655)

Mr. Dave Van Kesteren: Since 1969, I would venture that you have gauged old age pensions, so you must have quite a list of achievements, first of all, I suppose, but you also must have gathered a lot of information.

Have you made recommendations in the past?

Mrs. Gerda Kaegi: We have, and we do it at every opportunity we've been given. We talk beyond pensions, of course, as I said in the little blurb I gave to the staff of the committee. We look increasingly at all age groups, which is one of the reasons I referred to single-parent mothers.

We have accumulated a lot of briefs. We've done it year after year. I've gone to the Senate and to the House of Commons. I've done briefs on health and pensions. You name it, we do it, because we care about issues that will improve the quality of life for seniors and other age groups in the community. Nationally and provincially, that's what we do.

We also do public education. We publish *Viewpoint* four times a year, which brings in articles, ideas, and copies of our briefs. And we have a website. We try to reach out.

Mr. Dave Van Kesteren: Now, I always like those graphs. If you were to take a graph from 1969 and bring it up to your latest findings—maybe 2007—how have we been moving in the Canada Pension Plan? Do you see improvement? Do you see some improvement, and then a lack of improvement, and then some improvement again? How has the graph been moving? I'm curious to find out.

Second, in those areas where you've seen a decline, have you identified what the reason is? I'm sure you have. Can you respond to that?

Mrs. Gerda Kaegi: In terms of benefits, again, let me go back. The Canada Pension Plan re-organized because of the attack on the whole idea of the Canada Pension Plan. Of course, that wonderful woman from Quebec went on to Parliament Hill. That was phenomenal. We were formed at the same time. We've argued for the increased use of the Canada Pension Plan. We argued for the changes in the investment plans of the Canada Pension Plan, because we saw it running out of money if it was all locked into funding provincial bonds and provincial funds at almost zero interest.

We have expressed great concern and interest in the Canada Pension Plan, but we also have recognized that, increasingly, many people can't contribute to CPP. They're in the marginal labour force. They don't really exist. It doesn't exist for them. So we are concerned now with looking at what can exist, which is old age security and the GIS, and of course, provincially, the GAINS program.

Those have taken up a great deal of interest for us, because we realize that there are limitations for people in their ability to contribute to the CPP. We praise it. We like the new investment strategy. Many people have criticized it, but we've supported it. We were asked to review it by the Canada Pension Plan Investment Review Board. They asked us to give them feedback on what they were doing, and we said we thought they were doing a good job. We have seen, to us, a steady improvement. Our concern is for those who don't have access or who have minimal access. We are concerned. It is a problem, and it's going to become an even bigger problem.

The Chair: Thank you very much, Ms. Kaegi. That will be the end of questions for today.

I want to thank you very much, on behalf of the committee, for taking the time to present and for spending all that time answering questions. Obviously you know your stuff. We want to thank you very much again.

• (1700)

Mrs. Gerda Kaegi: Well, thank you for the opportunity. I really appreciated it.

The Chair: Thank you.

Now, given what was originally discussed before the meeting, I'd like to have a motion to adjourn.

Mr. Dave Van Kesteren: So moved.

The Chair: The meeting is adjourned.

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