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Chair

Mr. Bryan May

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

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•(0845)

[English]

The Chair (Mr. Bryan May (Cambridge, Lib.)): Good morning, everybody.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Monday, June 13, 2016, the committee is resuming its study on poverty reduction strategies. This is meeting three of five of the first phase of the study on government-administered savings and entitlement programs.

We are joined today by Gwendolyn Piller, through video conference from Oakville, Ontario.

From CARP we have Wanda Morris, chief operating officer and vice-president of advocacy, and Wade Poziomka. Wade is not going to sit at the table, but we'll recognize him anyway.

From the Canadian Taxpayers Federation we have Aaron Wudrick. Welcome back. I believe this is your third visit.

From Working Canadians we have Catherine Swift, president, I believe on video conference.

From Brad Brain Financial Planning we have Brad Brain, registered financial planner, from Fort St. John.

Welcome to all. We'll try to keep our opening comments to five minutes. I apologize to all of you in advance. We will be cutting things a little close because of votes today. We'll have to cut things off at about the hour mark. When the bells start ringing, I'll be looking for unanimous consent to continue for a bit longer.

We'll get started with you, Brad.

Mr. Brad Brain (Registered Financial Planner, Brad Brain Financial Planning Inc., As an Individual): Thank you, Mr. Chair.

My expertise is in retirement income planning. Over the last couple of decades, I've helped to plan the retirement for thousands of Canadians. My clients are fairly representative of the population, but there's one notable exception, which I'll discuss.

There are three things I want to draw your attention to today: seniors benefits, the tax-free savings account, and registered disability savings plans.

When we talk about seniors benefits, we're looking at the expansion of the Canada Pension Plan. I've heard some people say that this would help address seniors poverty, but I don't agree with

that. By increasing the CPP benefits, we aren't specifically targeting people in need; rather, we're increasing benefits for all Canadians who contribute to the plan. When it comes to addressing poverty, people of modest means are not making the same contributions to the CPP.

The other thing that I think isn't getting perhaps as much attention is that there isn't any free lunch here. The expansion of the CPP is going to increase payroll taxes, we know that, but specific to the consideration of this committee, we're increasing payroll taxes on the working poor as well. Even further, we're increasing payroll taxes for the employers of the working poor. The jobs of the working poor would be most affected by this. If somebody has a skilled occupation, maybe an engineer with a healthy six-figure income or something like that, that person probably isn't going to see their job in jeopardy from an increase in payroll taxes. It's another story altogether when we're looking at people who are at the margin.

While expanding the CPP might have an appeal, it also forces people, including the working poor and their employers, to pay more taxes now, and there's an opportunity cost to that. This isn't a small matter. More than half of Canadians are already in difficult financial circumstances, so they don't need additional payroll taxes reducing their take-home pay even further. Right now we have too many Canadians who are already living paycheque to paycheque.

I think the biggest issue of all when it comes to the Canada Pension Plan, and specifically for this committee, is that it's not the right program to address seniors poverty issues. It's the guaranteed income supplement we need to look at. That's the one that's targeted for low-income seniors, not the CPP, and I don't hear the same level of discussion about the guaranteed income supplement.

This is something that will pay about \$860 per month to low-income seniors, but it's reduced by one dollar for every two dollars of annual income above \$3,500, and it's eliminated altogether for any single senior with an income above \$17,304. If what we want to do is look at the issues around seniors poverty, then perhaps increase the income level before the GIS clawbacks begin, maybe increase the cut-off income level where benefits are lost completely, or perhaps reduce the percentage of the clawbacks. Some combination of these would be better at targeting the issue of seniors poverty without the same unintended consequences of the CPP changes.

The second topic I'd like to raise is the tax-free savings account. We recently saw the TFSA contribution limit reduced. It's my understanding that it was based on an assumption that TFSAs were primarily used by the wealthy, but the evidence just doesn't support that. TFSAs have been used, and remain to be used, by Canadians with all sorts of income levels, and to reduce the options for people to plan for their future is not, to my mind, the right approach. Where possible, we should be encouraging people to be more self-sufficient and less dependent on government benefits.

It's good policy to allow people to plan for their future with a minimum of impediments. The reality is that what might seem like a lot of money as a lump sum really isn't if what you need to do is stretch that money out over a lifetime. For a married couple at age 65, there's a 72% chance that at least one of them will live to age 85. A person might have even \$250,000 saved up, but that's really not that much money if you have to stretch it out over a quarter of a century or more. It's even less of a nest egg if you factor in inflation. Even with modest inflation, it's very likely that we could see the cost of living double while a person is retired.

Given all of this, I'd like to see the annual TFSA contribution room returned to \$10,000, with indexing for inflation to allow people to better prepare for the future.

My final discussion point is in regard to the registered disability savings plan. I mentioned at the outset that my clients are pretty representative of average Canadians with one exception: I have very few disabled clients. The reason is that any prolonged medical condition is bound to have severe financial consequences. First people lose their health. Then they lose their wealth. So we have registered disability savings plans, but really they're not well utilized.

I think there are two reasons why the uptake on RDSPs has been underwhelming. One of the things is that RDSPs are complicated. Their literature is confusing and hard to decipher.

• (0850)

I think the bigger issue is that there are some restrictive rules that accompany RDSPs. There are rules on when you can open an account, when you can take money out, how much you can take out, how much grant money you'll receive, and, probably most important, how long you have to leave the money alone before you're eligible to retain the grant money. That's the real sticky point.

If a person needs to take some money out that has been in the fund for less than 10 years, then they're going to have to repay the government grants and bonds that were contributed to the account over the last 10 years at a ratio of three dollars of government grants and bonds for every one dollar withdrawn from the account. Simply put, leaving money untouched for 10 years just isn't consistent with the realities of living with a disability. I think there's a tremendous need for the idea of the RDSP, but I also think we can improve on the implementation.

In summary, I think we should focus on the right tools for the job. We should allow people to make the best choices for their unique circumstances, and to me that means focusing on the guaranteed income supplement rather than other seniors benefits. I believe the TFSA annual contribution room should be returned to \$10,000 per

year, and I think that registered disability savings plans need a major overhaul to make them more transparent and more accessible.

I'm happy to elaborate on these points or to speak to any other financial planning topics you wish to discuss. Thank you.

The Chair: Thank you, Mr. Brain.

We'll now go over to Gwendolyn Piller for five minutes.

Ms. Gwendolyn Piller (As an Individual): I'll start with the topic of RDSPs, since Mr. Brain just finished with that.

Regarding the RDSP, to follow up on some of the systemic gaps with that, not only with what he was speaking about, I'm a mental health and addictions advocate. With the RDSP, you need to requalify for that on your disability tax credit. In mental health, you have to continually requalify for the disability tax credit every so many years. If any of your situations change, such as a psychiatrist or medical health team change, it can be difficult to get that paperwork done, and there's the cost and so on. It took me 15 years to find out from the government that if you do not requalify for the disability tax credit and you have an RDSP, the money the government put in has to be repaid when the RDSP is cashed out.

Regarding the disability tax credit, there are issues with living in poverty and under the poverty line with the disability tax credit. They are non-refundable tax credits. As a person with a disability, you can't benefit from the way the disability tax credit is set up. I see recommendations for making that more user-friendly for the person with the actual disability. The disability tax credit should benefit the person with the disability, and provide assistance with actual medical costs, as well as refundable tax credits.

Currently, someone like me on CPP disability does not have any help with extended medical costs, without any extended health, other than OHIP. There should be open disclosure of the RDSP disability tax credit rules and regulations regarding requalification and paybacks. There should be collaboration between governments to close the gaps between government-administered savings programs and assistance programs such as the ODSP and the CPP disability program. We also need a review of the disability tax credit and systemic gaps. The programs should benefit the qualified recipients and not hinder them.

Any studies by committees created to research the Canadian poverty reduction strategy should include people with lived experience from diverse backgrounds. No one knows what we need better than those living within the system, and no one knows the failures better than we do. Think things through. I'd like to see that things are thought through from the perspective of a person's lived experience. We're the ones trying to figure the programs out and how to live through them.

With the guaranteed annual income, I don't see a real benefit to it, and I think it's just going to create further systemic gaps. In my situation, it is not going to make a lot of difference. Although it increases my income, I'll still have the same systemic problems. For example, with the guaranteed annual income, my cost of health care will go up, the income on my deductibles will go up through the Trillium drug program, the cost of my housing will go up because of the rent geared to income, and other subsidies I receive will go down as the income I have goes up.

• (0855)

I would be much better off if I were provided with health care because of the health care costs that I have. I would still receive the same type of discrimination and stigma in trying to find a place to live, because I would still be stigmatized by having a guaranteed annual income compared to a rent supplement. So I don't see where the benefits are. I would still struggle with the same types of issues.

The Chair: Thank you so much. That's five minutes. I hope we'll come back with some questions for you to elaborate on some of that. Thank you.

Moving on, we have for five minutes, please, Wanda Morris from the Canadian Association of Retired Persons.

Welcome.

• (0900)

Ms. Wanda Morris (Chief Operating Officer, Vice-President of Advocacy, Canadian Association of Retired Persons): Thank you very much.

I'd like to start off by talking about the CPP. I am commending this government for the work it's doing with the provinces to increase the CPP that will be payable. CARP thinks it's an important first step but not enough. We really would like to see the CPP doubled.

If we take a look at some of the statistics about the next generation of seniors, even those who are in pre-retirement, we know from a Broadbent Institute study that the mean retirement assets of somebody 55 to 64 is less than \$4,000. Clearly we are heading for a retirement crisis. Two-thirds of working Canadians have no workplace pension, and that rises to three-quarters when we look at 25- to 34-year-olds. So we need to address issues with senior poverty not only now but also as it's coming forward.

With respect to CPP, I also would encourage the committee to look at raising the threshold of CPP contributions. Right now we do have a situation where very low-income individuals are required to make contributions to CPP on earnings above \$3,500. That could certainly be revisited.

I find myself agreeing very much with Mr. Brain's comments on the GIS. I think we have created a system where we have a misalignment between our goals and the various clawbacks and treatments of GIS. Imagine the disincentive of a 50% tax rate. We claw back OAS at 15%. Why are we using a 50% clawback rate on GIS? We would certainly support a reduction in the clawback rate, as well as an increase to the limit of earnings that individuals are able to make before they lose their GIS.

I'd like to speak briefly to the proposal that was made, the election promise, about a cost index for seniors specific to the types of things

that seniors buy. What we hear from so many of our members are concerns about living on a fixed income with very low opportunities to make a return from their investments, few remedies available to them in terms of increasing their assets, and the hardship they face when there are spikes in some of the services that they need to pay for. It's particularly acute for seniors who are not homeowners. What we're finding is that many of them are simply unable to continue to live in the communities where they have lived most of their life, and are often going into rural settings where the cost of housing is cheaper, but then facing impacts like social isolation and a lack of accessibility to medical support.

I'd also like to talk about investor protection. This is something that I think is contributing very much to seniors living in poverty now who may not have previously done so, or might have lived well earlier. First, one of the things we know is that individuals do not have high levels of financial literacy. We see that playing out in this field in particular by very low-income earners being encouraged to contribute to an RRSP as their investment vehicle of choice, which for a low-income earner makes no sense. They're getting very little tax benefit at the time of the contribution and then when they cash in the RRSP or the RRIF, it's resulting in a direct clawback of their GIS. They're really paying a price for a system that doesn't have fully trained advisers. Canadians pay some of the highest mutual fund fees in the world at 2.5% to 3%, and that's a significant headwind if we want to empower Canadians to save for retirement and be self-sufficient.

I'll speak briefly about RRIFs. I'd like to acknowledge the positive changes that were made to mandatory RRIF withdrawals in 2014, and implemented in 2015. But they still don't go far enough. While I recognize that a withdrawal from a RRIF doesn't mean that a person has to spend it, anybody who's studied behaviour economics knows that there is a correlation. What we find is that with seniors living longer with low rates of return, increasing what I call the longevity risk, there's an undue risk that seniors will outlive their savings. It's a significant concern among our members. Almost 50% of them are concerned that they will outlive their savings.

• (0905)

Finally, the committee asked for innovative responses. I'd like to touch on something completely different, which is the issue of elder abuse. We know that homelessness among the elderly is rising and that the most prevalent type of elder abuse is financial elder abuse. We're particularly seeing abuses rising around powers of attorney.

I believe a solution such as mandatory reporting of elder abuse would be a significant way to address elder poverty. There are some estimates that up to 10% of Ontario seniors are abused.

The Chair: Thank you very much. Unfortunately, that's the five minutes. I understand that this is the first of two committee hearings you're going to be attending today. Hopefully the other committee gives you a little more time than we did today.

We'll move on quickly to Aaron Wudrick from the Canadian Taxpayers Federation.

Welcome again, sir.

Mr. Aaron Wudrick (Federal Director, Canadian Taxpayers Federation): Thank you very much, Mr. Chair, and thank you of course for the invitation to speak to this very important study on poverty reduction.

For those of you who are unfamiliar with the Canadian Taxpayers Federation—although I hope this committee is familiar by now—we are a federally incorporated not-for-profit citizens group with more than 90,000 supporters nationwide. We have three key principles: lower taxes, less waste, and accountable government.

Given those principles, I want to focus my remarks today on the third subject under the study, and echo in large part the remarks made by Mr. Brain, talking about the tax-free savings account, the Canada Pension Plan, and old age security.

It's fair to say that we at the CTF are big fans of tax-free savings accounts. We believe incentivizing savings in a way that allows individual Canadians and their families to direct money and to structure their savings in ways that can be tailored to their own individual circumstances and preferences is better than a one-size-fits-all approach. We were therefore very disappointed to see that the government decided to reduce the annual contribution limit from \$10,000 to \$5,500 per year. Like Mr. Brain, we would urge them to strongly consider restoring this limit to \$10,000 in the forthcoming budget.

It was also especially disappointing to see that change in light of some of the subsequent steps taken by the government to increase CPP premiums. Again I have to echo Mr. Brain on this. Concern for seniors in poverty is of course a legitimate goal, but the question is whether CPP is the right tool to address a very particular demographic. If we are talking about people who do not have the means to save and are not paying into CPP in the first place, an increase in the generosity of CPP will not assist these people. The correct tool to address that problem is indeed old age security or the guaranteed income supplement.

If we are talking simply about people who have the means to save but choose not to save, it's an open question as to whether the government is in the position to second-guess whether these people would prefer to spend more. For example, people in my situation, with a young family, may need to spend more money, whereas in old age they may be more willing to cut back.

Finally, I have a few comments with respect to the old age security. We were also disappointed to see the government decide to return eligibility to age 65 from age 67. It's fair to say that we're not the only ones who feel that way. The finance minister himself offered a whole book on this subject before he became finance minister and in that book recommended moving the old age security up to age 67. That is a prudent decision that would reflect the growing lifespans of Canadians and would save Canadian taxpayers

tens of billions of dollars. The decision to revert to age 65 will, down the road, become a considerable hardship to younger people, who of course are going to be the ones on the hook for extra costs.

I think it's important to remember the context in which these programs, CPP and OAS, were introduced. OAS was introduced in 1952, CPP in 1966. At that time, the average lifespan for Canadian men was 69 years of age and for women 75. If you fast-forward to today, it is now 79 years for men, a full decade longer; and 83 for women, almost a full decade longer. That's of course a reason to celebrate—Canadians are living longer—but there is going to be an obvious impact on the sustainability of programs designed to support people in retirement.

That is to say, at the time they were introduced, OAS and CPP were designed to support people for perhaps four to five years in retirement. Now those programs have to support people for 10, 15, or 20 years and sometimes longer, so the programs themselves are much expensive.

●(0910)

Finally, it's important to point out that the demographic trends in this country are placing a heavier and heavier burden on the people paying. At the time these programs were introduced, fifty years ago, there were eight working Canadians for every retiree. By the year 2000, it was down to five and a half workers. We're now at about four workers per retiree, and we're closing in on under three by 2030. We can see what is coming down the road here. In order to adjust in a way that's fair to people, so that changes can be phased in over decades and not suddenly, moving OAS from 67 back to 65 was, frankly, a step in the wrong direction.

I'll leave it there, Mr. Chair, and I'll be happy to take questions.

The Chair: Thank you very much—with time to spare. Thank you.

By teleconference from Toronto, Ontario, we have Catherine Swift, president of Working Canadians.

Welcome.

Ms. Catherine Swift (President, Working Canadians): Thank you very much.

Thank you for inviting me today. In my previous incarnation as president and CEO of the Canadian Federation of Independent Business, I've appeared before countless parliamentary committees. This is my first one, since my retirement from CFIB, on behalf of Working Canadians.

We want to provide a voice, a counterpoint to the extremely strong voice that unions have in Canada, particular public sector unions. As you may know, the majority of unionized employees in Canada today work for government. They have a disproportionately loud voice as a result.

I don't want to be too redundant. A few of the issues I want to touch on have been mentioned before. I want to mostly address briefly tax-free savings accounts, but also the inequities in the tax treatment of retirement savings between the private and the public sector, and how these inequities contribute very significantly to the financial struggles of most Canadians.

As was mentioned, the TFSA ceiling was reduced. That was very unfortunate. It was misrepresented as a tool only for the rich, and yet when you look at the actual data, over 11 million Canadians have TFSAs, which is over half of working-age Canadians. It's a very popular instrument among Canadians for something that's only been around since 2009. When you actually look at those who top up their TFSAs, about 60% of those earn less than \$60,000 annually. This is a tool that is very valuable. Clearly, Canadians like it a lot. It's nice and flexible, as others have mentioned, unlike things like CPP, which are not, and restoring that level to a \$10,000 ceiling would certainly be a very positive measure for the vast majority of Canadians who do use this.

It was also mentioned that the limit was reduced because it was supposedly unaffordable for government, and yet contemplate that in 2014, public sector pensions cost over \$21 billion of our tax dollars. That's only for the federal level of government; the others, of course, are considerably in addition to that, but we'll deal with the federal level at the moment. Yet on the TFSA, government revenues that were so-called foregone by the TFSA were around \$1 billion. So for the 80% of Canadians who do not work for government, I think we can afford a little bit more to increase that TFSA ceiling, given the many, many tens of billions that we spend on very generous public sector pensions.

Again, we did see, as others have mentioned, an increase in the CPP and a reduction in the TFSAs, which, again, is regrettable. I'd also like to make a few remarks regarding other inequities in the tax treatment of retirement savings, when we compare the private sector, which is about 80% of Canadians, versus the public sector, the other 20%.

The allowable contribution limit for RRSPs, for example, remains at 18% of income, up to a ceiling of around \$25,000 for this calendar year. Yet when you look at public sector pensions and the allowable contribution—this includes both top-ups that happen and the usual matching that typically takes place in a public sector pension from the private sector taxpayer—those numbers, compared to the 18%, are frequently 30% or higher, so significantly higher, in terms of the very favourable tax treatment given to a public sector employee vis-à-vis the private sector worker. Again, that 18% limit should be considered for increase, simply to restore some fairness.

Some people mentioned RRIFs and the fact that at the age of 71 one is converting an RRSP into a RRIF. Again, increased longevity would suggest that the age of 71 should be increased further so that people don't outlive their money.

There's a lot more that could be said on the large inequities that exist between compensation and retirement arrangements between the public and private sectors. These inequities are unfair, but they're also unaffordable, as they impose a large burden on private sector Canadians to support a privileged public sector class. It's also widely acknowledged that most public sector pensions in Canada are very seriously underfunded. We see them requiring ongoing infusions, often several billions of dollars, every time they get into hot water. We know we're not seeing high rates of return for the foreseeable future, and this is hitting those public sector pensions hard, just like it's hitting the rest of us.

As an example, from the recent Canada Post negotiations we saw that the pension plan is currently underfunded by over \$8 billion, a pretty sizable chunk of change. This is only one agency of government, so you can imagine if we summed up the entire situation, we are dealing with hundreds of billions of dollars of underfunding. Even the Chief Actuary of Canada concedes that the superannuation plan, the largest plan, is underfunded by about \$175 billion to \$180 billion.

● (0915)

To conclude, we've seen a lot of attention paid to the so-called 1% of high-income earners and how unfair that is perceived to be by a majority of people, but not enough focus has been directed at the glaring gaps between compensation, retirement arrangements, and other benefits enjoyed by government employees at the expense of their private sector counterparts, who can't come close to achieving such benefits for themselves. Working toward a system where private sector Canadians, 80% of us, can enjoy an equivalent level of tax assistance for their retirement savings as do public sector employees is a goal that would greatly assist low- and middle-income Canadians in the private sector as well as restoring some fairness to the policy framework.

Thank you very much.

The Chair: Thank you.

Thank you to all of our witnesses today.

I believe first up, for six minutes of questions, is MP Poilievre.

Hon. Pierre Poilievre (Carleton, CPC): Thank you very much.

I want to ask about “redistribution”, wealth redistribution. Often we hear that word and we think it means government is taking from the rich and giving to the poor. But on closer examination, the money seems to go in the opposite direction so often. Government intervention takes from those who have very little political power, can't afford a lobbyist or a lawyer, and redistributes that money to the well connected and the wealthy.

My first question is for Aaron Lee Wudrick.

We see these examples of wealth redistribution to the wealthy in corporate welfare, in green energy programming, and in so many other areas. Can you comment on this phenomenon, please?

Mr. Aaron Wudrick: Thank you for the question.

Look, I think you make a good point. When we talk about redistribution, it is generally assumed that it is going towards people who need the money. I think that is a fair societal goal and a proper role for government. You mentioned corporate welfare. We're a group that opposes the use of public money to go towards wealthy executives. We think that's wrong.

One thing this government has done that we do like is that they've changed the child care benefit and made it a means-tested benefit. Now the money is going more towards people who need the money. We think that's a positive change.

In many other instances, government is often a very blunt instrument. It can often result in unintended consequences where money is going to people who don't need it, and it's coming from people who have lesser means. I think we need to be very careful when we use government instruments, and ensure that when we are redistributing, the money is coming from people who have considerable means to the people who need it more.

Hon. Pierre Poilievre: Provincially, here in the province of Ontario, we've seen hydroelectric prices skyrocket through something called the green energy act. This has been a policy to overpay for electricity in order to subsidize so-called green energy companies. Higher electricity prices are a regressive phenomenon, because they represent a higher share of a low-income person's family budget than the family budget of a wealthy person. The beneficiaries have been millionaires and billionaires who have secured these contracts to sell inflated electricity to the tune of \$37 billion, according to the Auditor General.

While that is a provincial policy, it does certainly have an impact on poverty, because it raises the price of a basic necessity of modern human life and it transfers money to extremely wealthy people. I wonder if Catherine Swift can comment on policies like this and the impact they have on low-income people, the people who can least afford to pay.

● (0920)

Ms. Catherine Swift: Well, yes, there is no question; I'm based in Ontario, and I pay those astronomical hydro bills personally. It's been referred to most recently, unfortunately, as a "heat or eat" conundrum. People are actually going without other necessities because in our climate and in our environment, we can't do without hydro.

That is a provincial responsibility and not your purview, but broadening it out, say to carbon taxes in general, the federal government has announced its intent...and again, it will be manifested through the provinces. We don't really know what it's exactly going to look like at the moment, but I don't think there's any question that we all need to consume carbon in one form or another, multiple forms in most instances, and it's going to be a regressive tax. Here in Ontario, it's probably the worst possible incarnation. They're talking about a cap-and-trade system, which, as we've seen in Europe, is a huge corrupt mess that creates lots more bureaucracy with very little gain. Recently, some other countries have actually abandoned their carbon taxes, Australia as an example, because it was such an abject failure.

Again, it's not specifically in your terms of reference for this committee, but I think it's pretty hard to avoid the consideration of taxes like the carbon tax without some kind of corresponding.... At least British Columbia did offset it by reductions in income tax. The Prime Minister has said that the federal carbon tax will be revenue-neutral, and that is just not true at all. For the vast majority of provinces that have announced today the type of carbon tax...Quebec and Ontario, for example, both with a cap-and-trade system.

I think it's the elephant in the room, really: a brand new tax on everything. It will affect everything we consume one way or the other. I think it would be pretty tough for this committee to be able to ignore the elephant in the room.

Hon. Pierre Poilievre: You're absolutely right. The Stats Canada data shows that low-income families spend a third more of their family budget on heat, gas, and electricity than do high-income households. Therefore, they will be disproportionately impacted by these taxes. If the green energy act in Ontario and other similar so-called green programs are any indication, there will be instant millionaires made out of very well-connected insiders. It is a major wealth transfer from the poor to the rich.

Another regressive nature of our benefit and tax system is the high level of marginal effective tax rates on low-income people who are trying to get off income support and into employment.

To Mr. Wudrick, has the Taxpayers Federation done any policy development with respect to the high levels of effective taxation faced by people who are living in poverty but want to work their way out?

The Chair: I'm afraid that's more than time. Maybe we can come back to that question if you get another opportunity.

We'll move on to Monsieur Robillard, please.

[*Translation*]

Mr. Yves Robillard (Marc-Aurèle-Fortin, Lib.): My questions are for Ms. Norris.

When they appeared before the committee on October 20, 2016, Ms. Notten and Ms. Cook both said that an individual's financial position is not the only factor to be considered in measuring poverty.

Starting from that premise, what avenues would you like us to pursue as part of national poverty reduction strategy?

[*English*]

Ms. Wanda Morris: I'm sorry, I missed the first part of that question. Were you asking essentially about the means CARP uses to advocate or to measure poverty?

The Chair: Could you just repeat the first part, Monsieur Robillard? I'm not sure the translation was working.

[*Translation*]

Mr. Yves Robillard: When they appeared before the committee on October 20, 2016, Ms. Notten and Ms. Cook both said that an individual's financial position is not the only factor to be considered in measuring poverty.

[English]

Ms. Wanda Morris: I'm not aware that CARP has a particular policy on this, although I certainly am aware of the impact that assets have on retirement. We have many members who are house-rich and cash-poor. It's a tricky situation. When we're looking at the issue of government entitlements, do we look only at income or do we look at an individual's total assets? It's very tricky. If we bring assets into the picture, then we've seen people make decisions that are sometimes not in their own best interests. To the extent that we want policy to align with our objectives for keeping people out of poverty, at this point, while it's flawed, I don't have anything more to offer than the focus on income only.

• (0925)

[Translation]

Mr. Yves Robillard: Would you recommend a specific approach to reducing poverty among seniors in urban areas?

Have you identified particular vulnerabilities among them?

[English]

Ms. Wanda Morris: Thank you.

I know there are other meetings of this committee that will look at housing, but I think that's a significant issue that we need to explore. Often we hear about individuals who are socially isolated. With good intentions, often housing for seniors is moved into rural areas or into suburban areas where the land and development costs are cheaper. That really isolates seniors from the assets, such as transportation, that they need to be connected to. With the increase in housing costs, we're seeing pressure on seniors. They're having to move from the current places where they live.

We're very supportive of explorations into creative new ways for housing. Certainly housing subsidies make a big difference for individuals on fixed incomes without housing assets. There are also innovative private approaches, for example co-housing or other things, where individuals can be encouraged to share parts of their living space and live more cheaply. We're very supportive of that.

Mr. Yves Robillard: Thank you.

[Translation]

The rest of my questions will be for Mr. Long.

[English]

The Chair: Mr. Long.

Mr. Wayne Long (Saint John—Rothesay, Lib.): Thank you, Mr. Chair.

Thank you to our presenters.

I'll ask Mr. Brain and Mr. Wudrick a couple of questions with respect to poverty reduction. This is a study on poverty reduction. I think the committee is determined to come out with a different style of report, and not just the same old policies debated back and forth.

That being said, Mr. Brain, you talked about the TFSA and how beneficial that was. Can you explain to me how beneficial the TFSA is to those living in poverty right now? And in your business, how many of the people who you actually deal with live in poverty?

Mr. Brad Brain: As one of the other presenters mentioned, the problem with some of the other planning tools, specifically the RRSP or eventually the RRIF, is that they're going to be taxable upon withdrawal. If somebody of modest means is potentially a candidate for the guaranteed income supplement, adding to their taxable income is just working at cross-purposes with the idea of continuing to be eligible for government benefits.

The beautiful part about the tax-free savings account is that it provides a way for people to efficiently save for their future without some future punitive situation where they're going to be facing an additional tax burden when they go to spend their own money.

As somebody mentioned—

Mr. Wayne Long: Sorry—thanks for that—but how many people living in poverty are you dealing with who have tax-free savings accounts?

• (0930)

Mr. Brad Brain: To answer the question specifically of how many people in poverty I am dealing with, it would be a handful. Typically my clients aren't the people your committee would be fully focused on. However, certainly I do have some people who are of limited means. I know one lady in particular who is almost petrified about touching her money for fear of losing her guaranteed income supplement. For people who do not have an abundance of resources to work with, the TFSA is a beautiful tool that allows them to be a little more self-sufficient.

The Chair: Thank you very much, sir.

MP Sansoucy, you apparently want a bit of time.

[Translation]

Ms. Brigitte Sansoucy (Saint-Hyacinthe—Bagot, NDP): Thank you, Mr. Chair.

I would like to thank all the witnesses for their contribution to our committee.

Mr. Brain, I am very pleased to hear your views on the registered disability saving program. Having worked with individuals with a disability, and with their families, I would say this program needs to be improved. Thanks to improved health care, we are facing a new situation as compared to a few decades ago. Nowadays individuals with a disability can outlive their parents, which worries many families a great deal.

One solution would be to improve the registered disability savings plan. Right now it is underutilized because it is much too complicated.

Ms. Piller, you are quite right in saying that your contribution is valuable to our committee. We need to hear from the users of the various programs.

My question is for Ms. Morris. I would like to say something first—my colleagues would be surprised if I did not. You pointed out that your organization, the Canadian Association of Retired Persons, CARP, does not really know what a national poverty reduction strategy could be. I invite you to look at Bill C-245, which I introduced. It sets out the direction we could take.

You are right in saying that two thirds of the citizens we represent do not have a workplace pension plan. That is something we have to consider. I think all of our witnesses spoke today in particular about seniors. In our society, they are especially poor.

At the end of your presentation, you mentioned some interesting innovations that we should consider, as a committee looking at ways to reduce poverty. You said one way of reducing poverty among seniors is to focus on the abuse they suffer. You mentioned living wills. I would like to hear more about this please.

[English]

Ms. Wanda Morris: Thank you. I appreciate the question.

The magnitude of elder abuse can't be overstated. What's important to realize about elder abuse is that it's often hidden. If you compare decades, we're 20 years behind where we are in addressing violence against women. Violence against elders is a tremendous problem, because so often the senior is dependent on the people perpetrating the violence.

I mentioned that the most prevalent type of elder abuse is financial. It can happen in a number of ways. A senior can bring in an adult child to look after them, and then the adult child can almost extort the senior, take over assets—i.e., they're given money to buy groceries, and the change never comes back—and the senior becomes virtually a prisoner in their own home. One of the remedies to this is to make sure it gets reported. Often there is often a stigma with seniors, particularly because so much of this abuse is perpetrated by their own family. If, for example, personal support workers, letter carriers, hairdressers, or others who are interacting with the seniors are reporting potential issues of abuse, I think that would be a great first step.

Another thing we're looking for is specialized police forces. I realize this isn't a federal issue, but we're looking for task forces and training. Often when people come to a situation where there is a report of elder abuse, the prevalent stereotypes that we have of agism come into force. If a senior is complaining about something, for example, and their adult child says their mother's memory isn't as good as it should be and she's a little confused, often their testimony cannot be as persuasive as it might be if they were not elderly.

I know that the City of Toronto has recently piloted some specific training in their police force around elder abuse, and I think that should happen nationwide. Certainly we need to reach out. Elder abuse is particularly prevalent in certain cultural communities where there is a lot of risk. For example, individuals who have been sponsored to come to Canada, who perhaps don't speak the language and aren't aware of the resources available to them, are particularly vulnerable.

• (0935)

[Translation]

Ms. Brigitte Sansoucy: Okay, thank you.

I have no further questions, Mr. Chair.

[English]

The Chair: Thank you.

Over to MP Sangha, please, for six minutes.

Mr. Ramesh Sangha (Brampton Centre, Lib.): Thank you to everyone for coming and giving input.

Mr. Brain, you talked about the RRSP, the tax-free savings account, and other programs. You have worked in financial services for many years with other customers. While there are people who were unable to put money into the program and people who are unable to save the money, you also told us that half of the population of Canada are those who are living from paycheque to paycheque.

In this situation, what is your advice to them? What are the solutions for your customers who are in such difficulties? Can they put money into the savings programs? What is the best course for these people? Please explain this to the committee.

Mr. Brad Brain: Thank you for the questions.

One of the things I had to do today was trim my remarks a bit to meet the time frame that was allowed for us. I don't know if I did a very good job of explaining what I meant by the idea of these increased payroll taxes having an unintended consequence.

One of the issues here is that everybody who contributes to the Canada Pension Plan is eligible for benefits. If what we want to do is address seniors poverty, then, as somebody mentioned, we have a pretty blunt instrument here. Even millionaires are going to get the Canada Pension Plan. But we're not going to be able to allow people of modest means to have that same access to it because they aren't contributing as much money. Where we're getting this unintended consequence is that we're asking people to pay higher payroll taxes now on this promise of a future benefit. If somebody is in dire straits right now and has pressing financial circumstances, then, given the choice, they probably would elect to deal with whatever the emergency is today, such as paying down credit cards, paying for health care costs or education funding, or even meeting the basic necessities of life.

What the higher premiums with the enhanced CPP are going to mean is that choice of how to best use the dollars that are going to be spent on the Canada Pension Plan contributions is removed from the individual. As another presenter mentioned, there's the assumption that the government knows the best way for people to use their own money. I would prefer that we had a situation where more flexibility is given for people to decide what their priorities are, including making sure that they can live within their means today and not take too much money off the table now to increase the Canada Pension Plan later on.

Mr. Ramesh Sangha: Thank you, Mr. Brain.

You said you assist and counsel people with diverse and difficult financial situations. Could you explain to the committee your experience regarding tackling this with the clients? Were they open to listening to you and discovering how to save money, or were there too many challenges in working with them? Are people discouraged by the recent measures put in place, or do they want to understand?

• (0940)

Mr. Brad Brain: That's a very interesting question. People have a lot of different approaches and attitudes towards money. Really, there's a wide range of attitudes, from people who want to delve right in and become as knowledgeable as possible to people who are very reluctant to do it.

To some, the idea of money and discussing money is a painful topic. It's almost like going to a dentist for a painful treatment; they'd prefer not to have that discussion in the first place. I really do think that's an unfortunate attitude. As somebody mentioned, the idea of where we are with financial literacy in the country is probably something that we could improve on, even going right back to school ages, which I think would make a lot of sense. I don't know that there's much formal education when it comes to financial literacy, so we're relying on a bit of a hodgepodge of various ways to get this information out to Canadians.

One of the things that was mentioned today is that there are probably some skills lacking in the financial advisory community. One of the things I find extremely interesting is that the term "financial planner" is actually something that is not regulated in any way. Basically, anybody can call themselves a financial planner. I think that's an unfortunate circumstance. To me, the level of professionalism needs to be raised in the industry. That's a great big topic in itself, but it's an issue that somebody could be in a completely unrelated field and call themselves a financial planner overnight. It doesn't make much sense.

It's a very big topic, how to increase financial literacy in the country. It would be nice to have a quick and easy solution to it, and I don't know that I have one, but raising the professional bar in the country is one area. The other is to look at some sort of financial literacy that goes right back to school-age kids.

The Chair: Thank you very much, sir.

Now we'll go to MP Long.

Mr. Wayne Long: I think it's MP Tassi.

The Chair: Sorry, over to MP Tassi.

Ms. Filomena Tassi (Hamilton West—Ancaster—Dundas, Lib.): Thank you to each of you for your input today.

I would like to address my questions to you, Ms. Piller. I'm interested in the biggest challenges that people with disabilities face, which in effect results in them falling into poverty. In your opening statement, you talked about two challenges in particular: the issue of requalification and the problems that provides, as well as the issue of health care costs.

Can you expand on those two items for us, please?

Ms. Gwendolyn Piller: Regarding mental health disability, one of the problems that I have faced, and I know that other people have faced, is requalification for the disability tax credit. In that requalification, one of the things I have never done is take out an RDSP, because we could not find the information on what would happen if I didn't requalify for the disability tax credit.

With the disability tax credit, it actually does very little for someone who is living in poverty, because they're all non-refundable tax credits. Unless you have someone such as a spouse, a parent, or a caregiver to whom you can transfer the medical expenditures, there is no actual benefit to the person with the disability unless they have a high enough income to be paying taxes.

Ms. Filomena Tassi: What exactly are the costs incurred with respect to health care and this requalification as well as other things for people living with disabilities?

• (0945)

Ms. Gwendolyn Piller: Do you mean the cost incurred just for the requalification?

Ms. Filomena Tassi: Well, that first; yes.

Ms. Gwendolyn Piller: The cost of the requalification would be to have the doctors fill out the forms. Even though the government does pay the doctor to do that, they always charge the patient as well to fill out the forms. For the actual requalification, there is a cost for the doctors to do the forms.

On the health care, when you're on CPP disability and living in poverty, the only health care coverage you have is OHIP, so all your health care costs are out of pocket.

Ms. Filomena Tassi: What is the cost of that form to a patient not covered by OHIP—the form the doctor fills for the requalification on the mental health side?

Ms. Gwendolyn Piller: Depending on the psychiatrist you have, it could be anywhere between \$50 and \$200.

Ms. Filomena Tassi: How long is the requalification for?

Ms. Gwendolyn Piller: That depends on the government and how long they give you. My first disability tax credit was good for 15 years. When I requalified, it was good only for three.

Ms. Filomena Tassi: Does that vary depending on what the—

Ms. Gwendolyn Piller: It depends on the information the psychiatrist gives.

Ms. Filomena Tassi: What input would you give with respect to that, to help improve that experience for people with disabilities, particularly in mental health? What advice could you give us as a committee that would help improve that for people going through that experience?

Ms. Gwendolyn Piller: With mental health especially, for certain mental health disorders that are not going to get better and that you are going to have all your life—you are not going back to work—in those situations, I think the disability tax credit should become permanent without requalification.

There are other mental health situations that can change and get better. For those, I completely understand that the situation can change and there needs to be requalification. They need to go back five or ten years to look at things and see how the situation has changed regarding the disability. But there are other situations where things aren't going to change, and I think that makes a big difference.

Ms. Filomena Tassi: [*Technical difficulty—Editor*] the cost of those requalification assessments can go over \$1,000. Have you ever heard that?

Ms. Gwendolyn Piller: No, I haven't.

Ms. Filomena Tassi: Okay.

When we talk about people living in poverty in Canada, would you define it differently for those who live with a disability?

Ms. Gwendolyn Piller: Definitely.

● (0950)

Ms. Filomena Tassi: How would you define it?

Ms. Gwendolyn Piller: For people living with a disability, everything is more difficult. There are struggles that anybody living in poverty faces, but it takes that much longer to do anything and there is that much more stigma. You are stigmatized not only for being in poverty but also for the disability you have—especially with mental health, because it is an invisible disability, and the stigma is that much worse.

Unless you've experienced it, it's hard to describe what it's like. Just listening to people here, there are some wonderful ideas, but it really doesn't sound like the people on the panel really understand what it's like to live in poverty, where your income is \$10,000 a year or less. To me, that's what living in poverty is like and what struggling in Canada is like.

As a person in poverty, you are not worried about trying to open a TFSA but about whether you are going to be able to buy milk that week, or whether you're going to be able to take the bus because it's raining.

Ms. Filomena Tassi: Yes, and you know what? That's why your testimony is so important. Thank you very much.

Ms. Gwendolyn Piller: You're welcome.

The Chair: We'll go over to Mr. Zimmer, please.

Mr. Bob Zimmer (Prince George—Peace River—Northern Rockies, CPC): Thank you to all our witnesses today. I have a couple of comments and a few questions.

Ms. Morris, I have two parents who are seniors. I have a dad who is 82 and a mom who is 72, and I am concerned about their incomes. They do all right, but my dad, at 82, still works; he is a carpenter still to this day. You said something about doubling the CPP. The current contribution—well, the most current I have is from 2012—is \$127 billion per year. When you say to double the CPP contributions, what you are actually proposing, if you average about 20 million taxpayers, is an average of \$6,350 increase per taxpayer per year.

It was just mentioned that we don't seem to understand what poverty is. I am concerned about Joe and Jane Taxpayer, who are already close to the line right now and who might be buying Kraft Dinner for the last week before their paycheque. How can they afford another \$6,350 per year?

Ms. Wanda Morris: Thank you for the question.

We have repeatedly polled many of our members to ask them about their retirement efforts, and over and over, if there's one story we hear, it's that they wish they had saved more. They wish they had been pushed into saving more. There is a wonderful book called *Nudge*, about how we can encourage people to do things—

Mr. Bob Zimmer: That's fine. I think you're asking a particular group of people, though, if you look at the middle-income wage earners, the people who are eating Kraft Dinner...which is a dollar a

box, if you've ever bought it. How is that person going to afford...? If you want to double that for a working family, you're talking about mom and dad with about \$13,000 before taxes per year. It's impossible.

Brad, I want to talk about the CPP. We call it a small-business tax, and we have the other side saying it's not a tax. Essentially, it is like a tax. It's the Joe and Jane Taxpayer types of small businesses that have to bear this and still be competitive in the market, still make jobs from their hairdressing business, coffee shop, or whatever; and we're constantly asking them to give more.

From your perspective, what is the CPP business tax rate per person going to be, the actual number? We've heard it's more.

Mr. Brad Brain: With the expansion to the larger CPP...?

Maybe I can answer this way. When I first heard the proposal that the Canada Pension Plan was to increase in size, my first thought wasn't as a financial planner but rather as a small-business owner. I have a couple of staff, and it just got more expensive for me to have these people as employees.

Your last question, Bob, was very interesting, when you asked about CPP in terms of your own family's situation. The expansion of the CPP won't help your family. It's one of the things I think people need to be clear on here. Larger CPP is not going to do anything for current seniors. If a person is 50 or older, they're not going to see their benefits change. We're scheduled to have CPP premiums increase, and I believe it's starting in 2019 and will be fully implemented approximately by 2025, but the benefits aren't going to be seen in any meaningful way for decades to come. The current seniors aren't going to get a benefit from this; it's the millennials.

On the point about people not saving enough, without a doubt that's a true statement. The other point, though, is that if people are so inclined to save at the moment, they can. If people want to save for the future they can put money into their RRSP or TFSA, or pay down debt. They can do things with their money. But the increase in the Canada Pension Plan will force people to reduce their take-home income now to save for a future benefit.

To my mind, we do a pretty good job in Canada of providing for seniors as a whole, when you look at the Canada Pension Plan, old age security, guaranteed income supplement, and our health care system. It's not as if we're running in second place. If you look at the international studies, we are doing all right.

Mr. Bob Zimmer: I have another question for you, Brad, and we haven't even started talking about a new carbon tax thrown into the mix, which will add another \$1,000 to \$2,500 per family on top of things.

There's an answer here that none of us are talking about. The reason I'm such a promoter of the development of our natural resources is this. As we hear from Aaron, we're getting down to a ratio of 3:10 in terms of working people versus those who are going to need services. The obvious answer to me is that we need to be developing some way to pay for all of this. We're with CARP; we're with all these particular plans; we want to see our seniors taken care of. But at the end of the day, that tax-paying family, that middle-income family, has to pay the bill.

Brad, you had some comments that you wanted to change the clawbacks to the GIS. Can you speak to that quickly?

• (0955)

The Chair: Please be very brief.

Mr. Brad Brain: With the Canada Pension Plan, the problem is that it doesn't directly target low-income seniors. The guaranteed income supplement is the program we have now that's targeting low-income seniors. The problem is that it's clawed back, as somebody mentioned, at a 50% rate that starts really early. Anything above \$3,500, you start losing your GIS. That's a real conundrum for somebody of modest means. If they go and maybe take on a little part-time work or maybe they get a bit of investment income coming in, they're looking at reducing their government benefits.

The way I look at the guaranteed income supplement is that this is the benefit that brings people "up" to the poverty line. These are exactly the types of people I think you guys would be focused on. What we have is a situation right now where the benefit is quickly clawed back and eliminated at a fairly low hurdle rate. If what we want to do is specifically target seniors poverty, then some ideas would be maybe to have the clawback start a little later, so, let's just say, for the sake of discussion, at \$5,000 rather than \$3,500. Maybe they don't get eliminated completely at such a low rate, so perhaps rather than \$17,000 maybe a person could make \$20,000 before they lose their benefit completely. Perhaps it doesn't get clawed back at a 50% rate. Right now, if you make two dollars, you lose one dollar in benefits. Maybe a person could address that.

The Chair: Thank you very much, sir.

We'll go over to MP Long, please.

Mr. Wayne Long: Thank you, Mr. Chair.

Thanks again to our presenters for coming in and presenting today.

Mr. Wudrick, thanks again for a good presentation. I did have some questions for you about innovation and poverty reduction. From your federation, can you give me some innovative ways the Canadian Taxpayers Federation would solve or combat poverty and lead the way in poverty reduction?

Mr. Aaron Wudrick: Sure. I think, as with most debates, it comes down to a question of whether government policy can drive it or whether it's.... A lot of our advocacy is focused on leaving money in the pockets of Canadians and letting other forces do the job. Now, some people say that's sort of doing nothing. I think one thing that's important for government to remember, and it's been highlighted by this debate over CPP, is that it can be a blunt instrument, and you can have very unfortunate unintended consequences. If you are targeting help at a group that everyone agrees needs help, for example low-

income seniors, asking a question about whether CPP is the right vehicle to do that doesn't mean we don't care about low-income seniors; it just means maybe there is a better mechanism to deal with it.

For example, when Mr. Brain talks about GIS, I think that is a good example of something that would be better suited to the objective here, which is to help seniors who are at risk of poverty or in poverty.

Mr. Wayne Long: I know you're a strong proponent of TFSAs. Explain to me how more than doubling the TFSAs, when only 6.7% of Canadians actually maximize their TFSA contributions, helps those living in poverty. How does it help those in shelters? How does it help those on the streets?

Mr. Aaron Wudrick: I guess the first thing I would say is this. Some people say, well, \$10,000; who can afford to put money in there if you don't have a lot to begin with? For really wealthy people, they're not looking at vehicles like the TFSA. That is not something on their radar in terms of investments.

I remember distinctly when this change was.... I got a call from a supporter in the GTA. She and her husband were new Canadians. They had been using the TFSA. She said her household income, with her husband, was around \$40,000. She said they had been able to almost max out their TFSA every year. I said, "That's very impressive. I don't think the average person would think you could save that much." She said it was a key part of their retirement plan, precisely for the reasons Mr. Brain mentioned—namely, in terms of the money you put in there, whatever accumulates is tax-free.

When you ask how we reduce poverty, remember, we're not just talking about people today, we're talking about poverty in the future.

• (1000)

Mr. Wayne Long: This is a poverty reduction strategy, and we're trying to come up with innovative ways to help those in need. I just want you to elaborate on how you think the TFSA helps those living in poverty.

Mr. Aaron Wudrick: Sure, but again, we're not just talking about people in poverty today, we're talking about preventing people being in poverty tomorrow and in the future. If you have individuals who but for the TFSA would find themselves in poverty in 10, 20, or 30 years, I think that's a very important vehicle.

Again, it's not the single policy or the magic bullet that will eliminate poverty, but it is part of the array of tools available to Canadians.

Mr. Wayne Long: Why would you advocate for the doubling of it?

Mr. Aaron Wudrick: We're advocating for a return to the number it was at. Look, I think there are Canadians who are of modest means, and we count some of our supporters among them, who made great use of that tool. They thought it was an excellent tool to complement RRSPs, for example, and they were disappointed to see it go. I understand there's skepticism about how many people make use of this, but from our point of view, and from our own supporters' words, there are those who make use of it.

Mr. Wayne Long: What benefits are you seeing so far—it's early, because cheques really started coming out in July—in the Canada child benefit compared with previously?

Mr. Aaron Wudrick: First of all, we are supportive of the principle that the money is better sent to parents than, for example, to a government-run day care system. We think that principle is a good one, so we supported the introduction of the UCCB, but we also supported the change made by this government. We believe the means-testing reflects an important principle, which is that the money should go to the people who need it. Sending the same amount of money to a family making \$20,000 and one making \$2 million doesn't make any sense. It makes sense to us that the money is being tilted toward the people who need it more.

Mr. Wayne Long: Thank you.

The Chair: You have a minute and a half left, sir.

Mr. Wayne Long: Mr. Brain, thanks again for doing your presentation so early. I didn't realize you were in B.C.

I'm going to give you an opportunity to come up with a couple of innovative ways, from what you see and from your experience, to reduce poverty.

Mr. Brad Brain: The last question is an intriguing one. How do we help the people who are in desperate need today? Things such as the tax-free savings account don't really do that, but as the last speaker mentioned, what they do is allow people to look after themselves with as much dignity as we can provide.

As I mentioned in my presentation, a person can have what appears to be a substantial amount of money, but if we look at it as something that's going to last their lifetime, that's really not the case. If somebody has \$40,000 or \$50,000 in a tax-free savings account and that money is going to have to last a decade or two, it's really not that much per year. Giving people the tools that allow them to look after themselves is, to my mind, completely consistent with the objectives of the committee.

One thing that resonates with me is the idea with regard to people with disabilities. When it comes to innovative solutions, one thing I would put on the short list for that is taking a strong, hard look at the

registered disability savings plan and making it something that is more accessible. I've been doing this work since long before the RDSP was around—it's a relatively new program—but I have had only one client who has ever been able to utilize it. The reason is that the plan is just not terribly functional right now.

Mr. Wayne Long: That's a great suggestion.

Mr. Brad Brain: Here we have a segment of the population that is in desperate need of assistance. Without a doubt, people who suffer from a severe and prolonged disability are going to go through their money fast. They could have been fairly well off before the disability struck, but they're going to burn through their income.

In order to give people the tools that allow them to take the best care they can of themselves, I think we should really take a strong look at making the RDSP first of all more understandable, but second more accessible.

The Chair: Exactly—

Mr. Brad Brain: Perhaps one thing we could do along that line is this. Right now, if a person touches any of the money that has been contributed in the last 10 years, that's a problem. Maybe what we should do is have some sort of graduated system. Maybe you could take 10% out in the first year and another 10% out in the second year—something along those lines, something that would be a little bit more flexible—rather than employ the fairly rigid system we have at the moment.

• (1005)

Mr. Wayne Long: Thank you very much.

The Chair: Thank you, Mr. Brain.

I'm afraid we need to cut it off, ladies and gentlemen. Duty calls; we need to get into the House for votes this morning.

Thank you to all the members of this committee.

Thank you so much to all the witnesses and to all the folks who made today function as well as it did—the translators, the tech folk, and of course the analysts and the clerk. Thank you very much, guys.

We are adjourned.

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