HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Finance

FINA • NUMBER 044 • 1st SESSION • 41st PARLIAMENT

EVIDENCE

Tuesday, February 28, 2012

Chair

Mr. James Rajotte

Standing Committee on Finance

Tuesday, February 28, 2012

● (1530)

[*English*]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call to order this 44th meeting of the Standing Committee on Finance. Pursuant to the order of reference of Wednesday, February 1, 2012, the committee is continuing its study of Bill C-25, an act relating to pooled registered pension plans and making related amendments to other acts.

We have with us here today six organizations: the Canadian Association of Retired Persons; the Canadian Bankers Association; the Canadian Bar Association; the Canadian Federation of Independent Business; the Canadian Medical Association; and the Regroupement des jeunes chambres de commerce du Québec.

[*Translation*]

You have five minutes to make your presentation.

[*English*]

Ms. Eng, we'll begin with your presentation, for five minutes, please.

Ms. Susan Eng (Vice-President, Advocacy, Canadian Association of Retired Persons): Thank you very much.

CARP is a national, non-partisan organization with more than 300,000 members and 50 chapters across the country. We advocate for policy and legislative changes that will improve the quality of life for all Canadians as we age, and retirement security is the issue that brings us here today.

The core goal of any country's pension system is to provide an adequate system that is available to the full breadth of the population, sufficient to prevent poverty in old age, affordable to employers and employees, and robust enough to withstand major shocks, including economic, demographic, and political volatility. Recent events demonstrate that Canada's retirement system is not meeting that goal, in part because of inadequate pension coverage.

The question is whether the pooled registered pension plan envisioned by Bill C-25 fulfills the goal of a robust system.

It is not universal, but is optional. It's at the employer's option.

It's not necessarily low-cost. We have already heard the Minister of State for finance indicating that they may not set fees according to section 26 of the act.

It is a strictly defined contribution plan, which is little different from a group RRSP and not as attractive in some cases, since this plan is going to be locked in. And it is not as portable as it could be, given the challenges of the bureaucratic changes.

So it is respectfully submitted that material improvements are necessary, including proceeding with the promised enhancement of the CPP in order to ensure that the vast majority of Canadians can actually have access to an affordable and reliable pension savings vehicle to save for their own retirement.

To speak specifically first on the issue of universality, the PRPPs are dependent on the voluntary choice of employers to enrol their employees, and once enrolled the employees have an option to opt out. If they are not enrolling in RRSPs now, then what are the improved incentives going to be that will have employees choose to remain within PRPPs? Certainly deductible contributions are welcome, but mandatory employer contributions would be even more welcome. Even the existing DC plans require a 1% payroll contribution by the employer in order to be registered.

We would suggest that some reconsideration be made of the locking-in provision, because at this point, for many people it's a disincentive. It is important to allow some flexibility to employees, because they are now, according to the scheme of the act, not able to change their own administrator once an employer makes that change.

Auto-enrollment is something we have recommended, because it would improve uptake. But it's only beneficial if the plan itself is providing a predictable and adequate pension; it's not necessarily valuable if it is driven into the arms of a private-sector plan.

The second point that's important is that any new plan should enhance the adequacy of any retirement income, in terms of both sufficiency and predictability. The pooling and professional management envisioned by the PRPPs will of course improve adequacy, but high fees can still erode the earnings, as evidenced by the Australian experience with its superannuation fund. We are concerned with the reported comments that the government will not use section 26 to regulate the fees but will rather let it go to competition among relatively few players.

Finally, defined contribution plans leave the risk with the employees.

We are also a little bit concerned about the governance and fiduciary responsibilities, which at first seem to impose a fiduciary obligation, but we find that as soon as an employee makes a choice, this is going to be relieved.

I want to make a final comment on the CPP enhancement.

I left with the clerk, Mr. Chair, a copy of a chart that I think the members might find useful and, if it's acceptable to you, I'd ask that it be circulated.

The point I want to make about CPP enhancements simply is that it is an opportunity to provide for a mandatory contributory plan. CARP members were very encouraged in June 2010 when the finance ministers offered both a CPP enhancement and the PRPPs. Now that the CPP enhancement is off the table, that is a concern.

Our point to you simply is that even a modest improvement in the CPP—say, a 10% improvement to the benefit—would be a very cost-effective method to improve on people's retirement security. The cost is no more than $45 a month for employer and employee at the maximum levels, and for a low-income person—for whom this matters the most—at, say, a $20,000 income, the cost is an additional $18 a month for employer and employee.

We believe that Bill C-25 is mostly an important first step in addressing the retirement savings gap among Canadians, but we believe more can be done.

The Chair: Thank you very much for your presentation.

I have your document. It is in English only, and as the chair, I can't distribute documents unless the committee overrules our procedure unanimously. If the committee wants me to do that, I can, but the practice is, of course, to have only documents in both official languages distributed. We will translate it and have it distributed to members for their reference.

● (1535)

Ms. Susan Eng: That's fine with me. Thank you.

The Chair: Thank you.

We'll now go to the Canadian Bankers Association, please.

Mr. Marion Wrobel (Vice-President, Policy and Operations, Canadian Bankers Association): Thank you. Good afternoon.

I would like to thank the committee for this opportunity to provide the banking industry's perspective on pooled registered pension plans. The Canadian Bankers Association represents 53 banks operating in Canada, banks which are well-managed, well-capitalized, and which operate in a competitive market with strong prudential oversight.

A strong and healthy banking system is the cornerstone to a strong economy. It is an essential component in helping small businesses grow and thrive and helping Canadians to buy homes and save for education and retirement. We believe that banks and other financial institutions can also make a significant contribution to closing the gap in pension plan coverage for several million Canadians, and that is what I want to speak to you about today.

It is our view that, designed properly and subject to an appropriate regulatory regime, PRPPs have the capacity to achieve the government's objectives of substantially increasing both the number of Canadians who participate in a pension plan and the number of employers who provide such plans. This will be achieved by making available a low-cost pension savings product that is attractive to employers and employees as well as to self-employed Canadians.

The PRPP offers opportunities and incentives to save while ultimately letting individuals decide how they do so. Canadians, particularly employees of small and medium-sized businesses and self-employed individuals, will have the ability to participate in structured pension plans, meaning that contributions will be locked in for retirement—options that many currently do not have.

For those who tend to avoid making active decisions about their retirement investments, PRPPs will have a default option that combines capital protection and growth. For those who wish to take greater control of their investments, PRPPs offer advice and more sophisticated investment options.

For employers, the PRPP allows SMEs to provide a pension plan to their employees. While many employers recognize that pension plans can be an important part of their total employee compensation package, the options available under the current regime are costly and administratively complex, and they contain some risks that smaller employers are simply not prepared to take. Group RRSPs go partway to addressing these challenges, but PRPPs go one step further. As currently drafted, employers would have a limited set of obligations and responsibilities under the PRPP and thus would bear fewer risks. Those risks and responsibilities would be borne by plan administrators; that is, financial institutions.

Banks are well-placed to deliver a low-cost pension savings vehicle to Canadians. Banks are able to leverage their relationships with more than one million SMEs across the country to provide them with information about PRPPs and how they work. This broad reach ensures that the federal government's target market for PRPPs is developed quickly and cost-effectively. Moreover, the banks can rely on the skills, resources, and experience of their broader financial group to effectively deliver PRPPs.

Let me address four key factors that will be crucial in ensuring the success of the PRPP and the achievement of the government's objectives, particularly the objective of keeping costs low.

First, there will need to be a regulatory regime that does not impose costs in excess of what is needed to provide employee protection appropriate for the nature of this product. This is especially true for the default investment option.

Second, there must be a sufficient number of participants that a minimum efficient scale can be achieved. This requires that the PRPP be appealing to SMEs and individual workers, and that requires that there be few obligations and risks to SME employers.

Third, there must be a high degree of regulatory harmonization across federal and provincial jurisdictions and a simplifying and a streamlining of the supervisory requirements, again with a view to federal and provincial harmonization. The degree of harmonization that appears to have been achieved to date, as outlined in the December 2010 framework, along with more recent efforts, is commendable.

Fourth and finally, to make the PRPP successful, provincial governments need to adopt companion legislation to enable the PRPP to be provided to provincially-regulated businesses. We ask committee members to bring this issue to the attention of their provincial colleagues to ensure that employers and employees in all parts of Canada have access to this savings tool.

I look forward to your questions.

Thank you.

● (1540)

The Chair: Thank you for your presentation.

We'll now hear from the Canadian Bar Association.

Mr. Mitch Frazer (Chair, National Pensions and Benefits Section, Canadian Bar Association): Mr. Chair and honourable members, good afternoon.

On behalf of the Canadian Bar Association, I would like to thank you for the invitation to appear before the committee today to discuss our submission on Bill C-25 and to answer any of your questions. We are grateful for your parties' interest in securing the pension promise for all Canadians.

[*Translation*]

The Canadian Bar Association is a national organization representing more than 37,000 legal experts, including lawyers, law students, notaries and law professors throughout Canada. The primary objectives of the association include improvement of the law and the administration of justice. It is with these objectives in mind that I am speaking to you today.

[*English*]

The CBA submission you have received was prepared by members of the pension and benefits law section. This section consists of lawyers who have specialized knowledge and expertise in pension and benefits. They provide advice to a wide range of stakeholders, including pension administrators, employers, unions, employees and employee groups, and trust and insurance companies, to name a few.

The CBA has encouraged the government to adopt legislation permitting PRPPs in Canada as one means of improving the retirement savings system by providing an accessible, straightforward, and administratively low-cost retirement option for Canadians. We provided advice and recommendations to the government on the framework for PRPPs and on related tax issues as Bill C-25 was being developed.

The CBA was pleased with the government's introduction of legislation to allow PRPPs, which should fill a gap in the retirement savings system, particularly for the self-employed and for employees of small to medium-sized businesses that do not currently participate in registered pension plans. However, based on our expertise and knowledge of pension law, we have four general concerns about the bill's proposed framework.

First, PRPPs, as contemplated by the bill, do not appear to be a traditional pension plan, such as a defined benefit plan. Rather, they appear to be a new savings plan vehicle, analogous to group RSPs. As such, PRPPs may not, by themselves, provide adequate retirement income.

Second, PRPPs should strive for provincial harmonization to achieve the government's desired effect of offering simple, low-cost plans. Having to accommodate for different provincial treatments increases costs and could prevent eligible administrators from offering a single PRPP across the country.

Third, the bill should specifically allow associations of professionals to act as plan sponsors. We believe that this would help achieve the government's primary goal of achieving expanded pension coverage.

Fourth, the bill requires PRPP administrators to act as trustees, which will give rise to a fiduciary duty on their part. The CBA section questions how that duty will be reconciled with the administrator's ability to offer a commercial service.

Our written submission to the committee also contains a number of technical recommendations that we believe would help clarify the interpretation of the bill. While I do not have time to go through all of these recommendations in detail, I'd be pleased to answer any questions during the allotted time.

We at the CBA would be pleased to respond to any follow-up questions at a later date.

On behalf of the CBA, thank you again for the opportunity to appear before the committee.

[*Translation*]

I would like to thank you for the interest and time you have given me.

[*English*]

We commend all of you for your efforts with respect to this extremely worthwhile initiative.

Thank you.

The Chair: Thank you very much for your presentation.

We'll hear now from Mr. Kelly, please.

Mr. Daniel Kelly (Senior Vice-President, Legislative Affairs, Canadian Federation of Independent Business): Thank you very much.

We're pleased to be here on behalf of our 108,000 small and medium-sized business members to support this piece of legislation. We think it's a very important tool, one that will respond well to many of the needs of small and medium-sized firms across Canada.

It is our sector of the economy, the small businesses, that is the primary target for PRPPs in Canada. Quite frankly, the success or failure of this tool depends on how small and medium-sized businesses perceive it and take it up. I should mention that today the CFIB was meeting with different suppliers about offering this to our 108,000 members across Canada as an option for our members, who have currently very few retirement savings options for themselves and their employees.

Just as a reminder, there are 2.3 million businesses in Canada. Half of those are self-employed; they're businesses of one. Some 98% of the businesses in Canada have fewer than 50 employees. It is this target that this tool is designed for, and we hope it will meet their needs. In any discussions of pensions, one of the things we've flagged over the last number of weeks is to ensure that the gap between public-sector and private-sector retirement savings options is equalized.

It's something that is of great concern to small and medium-sized firms right now, with unfunded liabilities in the billions. We note that the self-employed retire on average at 66, whereas those in the public sector retire on average at 60. Private-sector workers fall somewhere in between.

Why do small firms not offer pensions now? Why do Canadians struggle today to use the retirement savings options now on the market? The biggest issue is affordability. They struggle to find the dough to put into these retirement savings tools that exist today. The PRPP, on the surface, is not necessarily going to change that. It is how small businesses react to this and some of the measures you're putting in place that will make or break this tool.

Some 80% of our members—small businesses—offer nothing. They offer their employees no retirement savings options. They have no company retirement savings plan for themselves. This is the biggest hurdle for the PRPP or for any other retirement savings option that exists today. It is this group that we most need to focus on. It is only at about 50 or more employees that the majority of firms offer some form of retirement savings plan for their employees.

Why is this the case? The number one reason is that they find it too expensive. They don't have the money to put into retirement savings plans. That is true, whether it is a PRPP or a CPP increase. That is the biggest struggle we have: small businesses are not sitting on basements full of cash that they're just too cheap to unlock. This is the issue we need to address.

The other important reason is that some of the tools are complicated for small business owners, and the administrative costs are significant. How do small businesses save on their own? One, they use the value of their own business; the $750,000 capital-gains exemption is very important to them. We note, with interest, that back in the 2008 election the government committed to increase that and index it to inflation. This has not happened.

We also need to look at RRSPs. That is a tool that many small business owners use. Our members are opposed to a CPP premium increase; we view that as an employee deferring income for a business owner. That's just a payroll tax hike. We think it would lead to a potential loss of 1.2 million person-years of employment.

In summary, we think that the PRPPs are an important measure for allowing small business to access proper pensions. We think that the regulations are very important, particularly for many firms that have a lot of part-time workers and have difficulties with turnover.

I'd be happy to answer any questions.

● (1545)

The Chair: Thank you for your presentation.

We'll now hear from the Canadian Medical Association.

Dr. Jeffrey Turnbull (Past-President, Canadian Medical Association): Thank you.

Mr. Chair, honourable members, thank you for the opportunity to appear before this committee.

The Canadian Medical Association represents 76,000 physicians from across the country. Over the past 30 years, we have been very proactive in the area of pensions, and have engaged in a wide range of public consultations. In fact, the CMA was advocating for retirement savings plans even before the creation of the RRSPs in the 1950s.

Like the Canadian population at large, physicians represent an aging demographic; 38% of Canada's physicians are 55 years or older, for whom retirement is an important consideration. In addition, the vast majority of CMA members are self-employed physicians, and as such do not participate in workplace registered pension plans. Physicians, therefore, rely heavily on registered retirement savings plans relative to their retirement savings vehicles.

Our research shows that our membership favours plans that would enable the self-employed to participate in pension plans like the PRPPs. Further, physicians employ an estimated 155,000 Canadians, meaning that in fact they operate small businesses. Their employees would also be eligible for and benefit from the PRPP process.

CMA members believe that PRPPs will begin to address the imbalance between retirement savings opportunities for self-employed Canadians and those with workplace pensions. We are, however, concerned about the proposed structure and limitation of the PRPPs in three particular areas, which I'll bring to your attention, if you'll allow me.

To achieve adequate income replacement in retirement, CMA believes that Canadians should be encouraged to save more for their retirement through tax-deferred vehicles. The current percentage of dollar limits on contributions for vehicles such as the PRPPs and the RRSPs are well below the limits in the United States and the United Kingdom. Maximum dollar limits were essentially frozen 25 years ago, and despite a modest increase in 2004, these limits are easily attainable, and could now be easily improved or increased.

CMA therefore encourages this committee to consider amending Bill C-25 to increase the retirement savings capacity for self-employed individuals by raising the combined limit of the RRSPs and the PRPPs.

As for defined benefit and targeted benefit pension plans, the summary report on retirement income adequacy research highlighted that defined benefit pension funds and annuities enable investors to share longevity risks as well as pool risky investments to diversify risk. By pooling risk, defined benefit and targeted benefit pension plans provide more secure saving vehicles than defined contribution plans. The PRPP proposal should thus not be limited to defined contribution pension plans but also include targeted benefit and defined benefit plans. That should be considered and encouraged.

The CMA also believes that the sponsors of PRPPs should not be limited to financial institutions. Large, well-governed professional associations that represent a particular membership should be able to sponsor PRPPs for their own members, including self-employed members. The CMA recommends that clauses 14 to 26 of Bill C-25 be amended to clarify the type of organizations that can qualify for PRPP sponsorship.

As Canadians age, concerns about long-term care are also on the increase. The CMA encourages the government to consider options for pre-funding long-term care, including private insurance and tax-deferred, or tax-prepaid, savings approaches.

In closing, while the CMA supports the proposed PRPP framework in principle, we strongly ask you to consider our recommendations, as in our view they would improve the proposed legislation before us today by ensuring that PRPPs provide value to all self-employed Canadians, including physicians.

We appreciate this committee's work in seeking retirement solutions for all Canadians. We believe that together we can find innovative ways to provide hard-working Canadians with income security and dignity after retirement.

Thank you very much for listening.

● (1550)

The Chair: Thank you very much, Dr. Turnbull.

[*Translation*]

Mr. Dubreuil, you have five minutes.

Mr. Guillaum Dubreuil (Vice-President, Public Affairs, Regroupement des jeunes chambres de commerce du Québec): Thank you very much.

We would like to thank you for inviting the Regroupement des jeunes chambres de commerce du Québec to appear. Our organization is dedicated to defending and promoting the social and economic interests of our membership, our membership being the young members of Quebec's business community. The RJCCQ is a complete network of entrepreneurs, small business owners and professionals which has been representing and defending its members for over 20 years now. Our membership comprises more than 7,500 individuals found in approximately 30 young chambers of commerce and professional organizations. We have noted that our members are currently facing a problem that we are trying to deal with and we believe that this pension plan may go a long way to solving this issue.

We recently surveyed our members with Question Retraite, one of our partners. The problem is as follows: more than half of our members surveyed were under the impression that they were going to have to work beyond the age of 65. They did not feel that they would be in any position to retire at age 65. Of course, we encourage members who so choose to work as long as they wish, as long as they desire to do so. Of course, when people like their jobs, we encourage them to continue, there is no doubt about that. However, we do not believe that our generation should have to shoulder the cost of the demographic changes facing Canada. Consequently, we believe that it is important to provide this new generation of workers with significant tools so that they can prepare for their retirement properly. We therefore believe that the plan proposed here is a very attractive option.

The second trend noted in the survey was that most of our members—more than 50%—had no confidence in the savings plan provided by their employer. If given the choice, the majority would prefer to have a salary hike and be able to generate their income and savings themselves instead of relying on their employer, considering the situations that we have witnessed over the past few years. Once again, the plan outlined in Bill C-25 does address some of these concerns. We would encourage you to go ahead with this measure.

Finally, a large proportion of our members are in small businesses. We also believe that this measure could encourage their growth. The reason is a very simple one; we believe that by providing such pension plans—despite the fact that certain employees had less confidence in such plans—small businesses will be able to be as competitive as their larger counterparts, in terms of the employment conditions that they are able to provide. In so doing, small businesses will be better able to retain their skilled employees rather than losing them to larger companies. When combined with measures such as our proposed entrepreneurship access regime, we believe that this will help stabilize the growth of small businesses and promote entrepreneurship which, obviously, will be beneficial for the entire Canadian economy.

The only recommendation that we would make now is that you not force employers to contribute to such a plan, particularly small businesses, as this would cancel out the economic stability and flexibility. We obviously believe that most of our members and small businesses who can will in fact contribute to such a plan, but forcing them to do so would certainly pose a problem.

Thank you.

● (1555)

The Chair: Thank you very much for your presentation.

[*English*]

We will begin members' questions with Mr. Marston.

I will just indicate to our witnesses that in members' time, they have about five minutes each. It is a very short time, so I would ask for your answers to be very brief. If any of you want to comment on a question posed to someone else, please indicate that to me. I will do my best to get you on, but it is up to the members in terms of what direction they want to go in.

Mr. Marston, go ahead, please.

Mr. Wayne Marston (Hamilton East—Stoney Creek, NDP): Thank you, Mr. Chair.

Ms. Eng and gentlemen, thank you for the work you have put into this. It was very evident, listening to your presentations, that you looked very closely at this.

Mr. Turnbull in particular, on your reference to defined contribution as opposed to defined benefit, there is a major crisis developing in our country where defined benefit is being offloaded into defined contribution, and at the end of the day the workers are losing.

Two weeks ago Minister Menzies was before us and he talked about the PRPPs and what he thought the value of them was. I would suggest we shouldn't be confused. This is a savings scheme. This is not really a pension plan, as we are used to hearing.

Mr. Wrobel, if you had a contribution of $161 a year and you were making $40,000 a year, that would end up giving you a total input of about $6,500 over a period of 40 years, and that proposal for the Canada Pension Plan would end up giving a person $900 a month. Where in the world could we get an investment like that where we could put it to the advantage of those 12 million Canadians who have nothing now?

Mr. Marion Wrobel: When we look at an expansion of the Canada Pension Plan, it is important to remember that about 15 years ago the federal government and the provincial governments went through a significant study of the plan to make it sustainable, and in the process they raised premiums quite substantially.

We have a system now that we believe is sustainable going forward for a number of years, and we want to make sure that any potential changes in the future do not threaten that sustainability. As we look at where there are gaps in the retirement savings system, we see it not so much in pillar one and pillar two, but it is really in pillar three, in the private sector sphere, where a number of employees don't have access to employer-sponsored plans. We see the PRPP as a means by which smaller employers can offer these plans to their employees, and to be something that employees would find very attractive.

● (1600)

Mr. Wayne Marston: I agree with you in the sense that we understand that the business community as a whole is viewing it this way, but we've had the situation with the Australian superfund where in effect they did a review at the ten-year mark, and because of the administration piece it never even kept up with the cost of living. So we were concerned about that. The similarities between this plan and that one were really problematic for us.

When we looked at some of the reasons for the Canada Pension Plan, several presentations talked about risk in the Canada Pension Plan. As far as our view is concerned, the risk isn't there, as it would be in this particular plan, where you're going up and down with the market. We're troubled with that.

Again, we are talking probably about two different groups of people. There is the small-business group and there are a lot of workers on the other side of this equation who have nothing at all, so finding a way to utilize the Canada Pension Plan—Ms. Eng, you may like to comment on this—to enhance it is critical at this point.

The Chair: Ms. Eng.

Ms. Susan Eng: I would like to comment on that.

When we make our recommendations we are including both those people who are in the low income brackets as well as those in the middle and higher income brackets. While we are sympathetic to the idea that we should just increase the RRSP room, in fact higher-income people are using their limits quite well, but the general population has left almost 95% of their room on the table.

The only way the average worker is going to actually contribute is if it's a mandatory situation. People, we know now, are not taking the steps to look after their own retirement. With the acknowledgement now that we have a bit of a savings gap, maybe more people will take up this option, this one among many, but at the present time they are not. The question is whether or not this scheme, as presented, will make any difference in terms of that savings environment.

We would suggest that it would not make much of a difference, especially not for the lower-income people. For many of those people, in addition to having to set aside in a mandatory fashion, they need to see the employer contribution. That often levers the contributions of other employees. It is human nature.

The Chair: We'll come back to you, Mr. Marston. Thank you.

We'll go to Ms. McLeod, please.

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

First of all, I just wanted to quickly come back to something. Mr. Dubreuil, I understand Quebec is fairly keen on moving forward. They're going to actually have some of the legislation ready to go. You had one recommendation. Could you clarify it? I thought we had already accommodated within this legislation what your concern was. Could you clarify for me again what that final recommendation was, and what your concern was?

Mr. Guillaum Dubreuil: I'm sorry, actually, yes, that recommendation has been addressed compared to prior versions of the bill, and in this case our recommendation is to keep on that same path and to maintain that. It was just an important point that we wanted to have stand out. Our basic point was to make sure that employers are not forced to contribute to a PRPP.

Mrs. Cathy McLeod: Thank you.

My next question or comment would be for perhaps Ms. Eng and Mr. Kelly, because I think we have a bit of a difference of opinion.

First of all, it's of course very important to recognize that all of the provinces had consensus on PRPPs. We don't have consensus, of course, in terms of moving forward with CPP options. It doesn't mean that it's not going to happen down the road. To some degree, I think this legislation is focused on PRPPs and not the other options, but I did want to acknowledge the letter to the finance minister that CARP did, where you did propose an increase in the CPP, and your letter had calculations to expand the CPP by 10%. It would raise the contribution rates from 4.95% to 6.05%, etc.

CFIB's response was that for every 1% increase in CPP premiums beyond the 9.9% rate, it would cost 220,000 person-years of employment, and wages would go down roughly 2.5% in the long term. CARP is saying it's not going to be a job killer, but CFIB is very concerned.

I'd like to give you both a chance to maybe have some quick statements. We have to listen to the business community, who have really been struggling in the last few years in terms of moving forward. Whenever there's a marginal increase in EI premiums, we certainly hear about it in terms of the negative impacts.

I guess I'll open it up at this point for conversation.

● (1605)

The Chair: Who would like to go first?

We have Ms. Eng and then Mr. Kelly.

Ms. Susan Eng: We have heard the argument that the increase in CPP premiums would be a job killer, which is why we put together the calculation.

As I mentioned in my remarks, the total amount for a low-income person, which is in fact the people we worry about, who are working in small businesses, people who might be working at approximately $20,000 of income, the additional monthly amount for employer and employee is $18. We would submit that while that amount is more than they're paying, it's hardly a job killer.

We believe that on balance, for those circumstances where pensions mean the most to people, and they're in no position to have a lot of excess money to put into a PRPP, the CPP enhancement would mean the most to them, and we believe it's cost-effective.

The Chair: Mr. Kelly.

Mr. Daniel Kelly: The piece I struggle with in regard to that argument—about the fact that $18 per month may not be a big deal to put into a CPP premium increase—is that it would probably be about the same amount of money whether you're putting that into a PRPP or into the CPP. If a PRPP is unaffordable, how is a CPP premium increase affordable? The employee gets hit with that, as does the employer through a mandatory payroll tax.

The piece that is best about this piece of legislation is that it is voluntary and that it has potentially lower costs. The financial services industry could screw this up—and my apologies to one of the two CBAs sitting next to me—if the financial services industry views this as a cash cow, and keeps management fees at the same levels as the RSP management fees and some of the other tools it goes on. We'll have no better luck with a PRPP than we do with some of the other tools that are out there right now. Low cost is very important.

If that is the case, if we can keep this voluntary and we can keep it low cost, we see this as a far better option to a CPP premium increase. I'll repeat this again. To the employee, putting aside money into CPP or whatever or into a CPP premium increase is deferring your compensation today for benefit in the future. To an employer, it's a payroll tax increase, and that's what we're struggling with.

The Chair: Unfortunately, Ms. McLeod's time is up. This will be a debate, I'm assuming, over the next hour and a half. I'm sure we will come back to it.

We will go to Mr. Brison, please.

Hon. Scott Brison (Kings—Hants, Lib.): Thank you, Mr. Chair

Thank you to each of you for appearing before us.

Welcome back to the committee, Mr. Wrobel. He has a long and storied history as clerk of this committee.

First of all, we support this legislation and see it as a small step forward. We don't see it as the panacea being described by the Conservatives, and we don't see it as the Antichrist being described by the New Democrats. We're Liberals. We're kind of in the centre on these issues. What we would propose that would make it a better option is if we had, in addition to the PRPP, a voluntary supplemental CPP into which Canadian employers and employees could pay. It would provide a defined benefit advantage, well managed, diversified across asset classes, across sectors, across geography.

Mr. Wrobel, you said that banks are well positioned to provide low fees. I suspect Mr. Kelly might challenge that. I do agree with you that banks are well positioned, but there's a risk today with the bank earnings under so much pressure due to a whole low interest rate environment and the spreads being so narrow that there could be some upward pressure on bank fees. Would it not help the banks, which are well positioned to provide low fees? Would it not enable them to provide even lower fees if there were a really low-fee alternative in a voluntary supplemental CPP?

I would like to ask Ms. Eng, Mr. Wrobel, and Mr. Kelly—in fact, any of you—whether or not a voluntary supplemental CPP might actually strengthen the PRPP option.

The Chair: We'll start with Ms. Eng.

Ms. Susan Eng: We think it would. We agree that purchasing a unit of CPP is probably the most cost-effective way in Canada today to buy a piece of pension savings. That said, there is also the advantage that the CPP already exists. The payroll deduction system already exists. The individual accounts already exist. The banking industry would have to put that in place in order to offer the PRPP, for which we will be paying. There's that opportunity as compared to the two. There's good research out there, including from the people who run DB plans, that a defined benefit plan gives you more bang for your buck of investment. They could offer more. They can keep the pension promise. In fact, today's Canadians, and retirees especially, are looking at predictability and adequacy. Those two things can only be provided by a DB plan.

If you made it voluntary, given the choices, they would flock to it. We would of course say that perhaps it should be mandatory with an option to opt out.

● (1610)

The Chair: Okay. There are two minutes, so we will go to Mr. Wrobel and then Mr. Kelly.

Mr. Marion Wrobel: I just have a couple of things. First of all, when it comes to the CPP, as with any other pension or savings plan, the amount that you get out of it at the end of the day depends on what you earn and the risks that you take. The investment that a PRPP would make is exactly the same kind of investment you would make in a company pension plan, or in the CPP, or in the public service pension plan. They invest in the market. They are subject to the same kinds of risks. While the PRPP is not a defined benefit plan, it's a defined contribution plan. Essentially, the investment risks are the same.

Now, in terms of screwing it up—

Hon. Scott Brison: The CPP is a defined benefit.

Mr. Marion Wrobel: It's a defined benefit—

Hon. Scott Brison: This is a voluntary supplemental scheme.

Mr. Marion Wrobel: —but it is invested in the market. Ultimately, the ability to deliver on those benefits will be dependent on the return that it earns.

Hon. Scott Brison: As such, the returns would be reduced potentially over time.

Mr. Marion Wrobel: Right.

Hon. Scott Brison: That's part of the insurance.

Mr. Marion Wrobel: If it does very badly over a long period of time, something will have to give with respect to the benefits.

The other risk that the Canada Pension Plan has that the PRPP does not have is a demographic risk. If you look now in Quebec, they are looking to increase the premiums on the Quebec Pension Plan without increasing benefits, simply because of the demographic changes in the province. PRPP does not have—

The Chair: Okay. Let's let Mr. Kelly respond.

Mr. Daniel Kelly: I just have a couple of quick points on this.

First, we like your idea very much, Mr. Brison. Our members do —77% of our members favour the option of a voluntary add-on to the CPP. We like that proposal. It certainly fits the two criteria that we've set, voluntary and low cost. Those are positive things.

The second point is on the CPP itself. We have to remember that while the lower-income Canadians are an important target group, it is actually not that group we need to worry about the most with respect to pensions. The government pension stream—the benefits through OAS and GIS—do help. Those who are retiring from low-income positions are actually not much worse off than they were under any other system. It is that middle-income-earner category who is most at risk and on whom we need to concentrate right now.

We do favour your option.

The Chair: Thank you.

We'll go to Mr. Hoback, please.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Chair.

Thank you, witnesses, for being here today. It's an interesting debate.

I guess there are two sides to every story here. One thing that makes me wonder a bit is that when we look at the PRPP, you're going to have a choice of different funds you can contribute to, yet we have one side of the argument saying we should put everything into one fund, being Canada Pension Plan, CPP.

I'll start off with you, Mr. Kelly, and then I'll go to Mr. Wrobel.

Don't you see that if we were to put it all into one fund, there's potential risk down the road if CPP isn't performing as well as it is now?

I'd also remind my NDP colleagues that a couple of years ago they thought the fund managers were getting paid way too much. They were all upset about the bonuses and everything else that these guys were getting, and all of a sudden they're saying let's put all the eggs in that basket.

I'll look to that from you, Mr. Kelly, to start off, and then Mr. Wrobel.

Mr. Daniel Kelly: Actually, this is a very important point. The CPP investment managers are not magicians.

The point that Marion raised earlier is an important one. It wasn't that long ago that employers and employees had to ante up a whole bunch more money into the CPP because the investments were terrible. We had no money to keep the plan going. It was a very important decision that the Liberal government of the day made to jack up the premiums. Our members, small businesses, actually supported a premium increase in the Canada Pension Plan because they felt the CPP was so important at that time.

But do they support an increase at this point for further benefits in a mandatory fashion? Not at all. That's why the voluntary add-on is a good idea. We think the PRPP tool is a very good one and can add to the mix. It's not going to be a panacea, by any stretch of the imagination, but I agree with you that ensuring there's a diversified range of investments on the part of small business owners across Canada and for their employees is important.

● (1615)

Mr. Randy Hoback: Mr. Wrobel.

Mr. Marion Wrobel: I agree exactly with what Dan said. I think it's important that through the PRPP there will be competition in the marketplace. There will be options that SMEs can have. If they find one that is not performing well, they can move to another one.

Again, I said earlier that we deliver a wide range of products to Canadians. Many of them are very low-cost savings vehicles, and I think at the end of the day they can compete very well with the kinds of options or prices associated with the CPP.

The PRPP will be a fairly straightforward and simple product. There will not be a wide range of choice, and that's one of the elements that will keep costs low.

Mr. Randy Hoback: Mr. Kelly, you said the banking sector could screw this up if they made this into...I think you said a cash cow. Is there anything as legislators that we can do to keep that competition in place to ensure we keep these costs as low as we need to keep them?

Mr. Daniel Kelly: It's an important point. I think the best thing governments can do is to increase disclosure. If we had very simple ways to disclose management fees so those who struggle to understand the behind-the-scenes machinations can see at a glance the fees they are paying, that would be an important measure.

Capping fees is always a worry. You know, the adage is true that you get what you pay for. Sometimes a higher fee is justified if you're getting better investment advice and your returns are greater.

The Chair: Mr. Hoback, you've got about one and a half minutes. You have a couple more people who want to comment.

Mr. Randy Hoback: I think I'll take the comments from there.

The Chair: Mr. Frazer and Mr. Turnbull.

Please go ahead.

Mr. Mitch Frazer: With regard to your question in terms of what government can do, although capping fees is really the last in the list of alternatives, it still is there. Assuming the legislation passes and you've got PRPPs and the costs start to rise, that will obviously be a disincentive for people to participate in it. It may be a tool that the government needs to use by regulation, and define what “low cost” means in the legislation.

Obviously the first goal is to let the market work itself out, but it certainly is a weapon the government has to protect the strength of the PRPP legislation.

The Chair: Mr. Turnbull, about 30 seconds, please.

Dr. Jeffrey Turnbull: One other option would be to allow large associations to take control and manage some of those funds. They're directly accountable to their members. If they screw up, they are directly responsible and they'll pay for it.

The Chair: Okay, thank you.

Thank you, Mr. Hoback.

We'll go to Mr. Chisholm, please.

Mr. Robert Chisholm (Dartmouth—Cole Harbour, NDP): Thank you.

This discussion about the CPP and QPP is interesting. I would say its value lies in the fact that it is a single fund. That keeps down the cost of managing and investing that money. Because of the size and the scope, the investment strategies are sufficiently balanced to ensure that the risk is minimized and yet return is maximized.

With that risk ratio taken into account, it's also the case that the risk is shared among the contributors as well as government. On the other side, our primary concerns with this strategy are that it's a bunch of smaller savings plans and they get bigger from time to time and there's no control over the costs. Some people think that maybe competition will do it, keep those fees under control, but who knows? And the risk is going to be borne solely by the employees.

So those ultimately are some of our concerns. I wanted to respond to that, but I also wanted to ask the CFIB a couple of questions.

I come from a small-business background. I'm from rural Nova Scotia. My family and the people I love and the people I live around are all small-business people. What's important to them is that the people in their community have money to spend, to buy insurance, to buy homes, to buy stuff at the corner store. For example, it's important that we look for strategies for retirement income that ensure that people are able to save in the most effective and efficient ways with some sense of guarantee, taking the risk out of it as much as possible.

Mr. Kelly, if we continually look for strategies that simply take out the cost and shift the burden onto those individuals, my concern is that for those small businesses I'm close to, my family and the people in my community, we're going to have a problem with disposable income in our communities. As you said, your members are the backbone of the economy and so on, but they need people to be able to come into their stores and buy their goods. So we need to make sure there are jobs, that there is income replacement when people lose their jobs or retire. So I'm concerned with how we're going to be able to do this in a way that makes the most sense and that doesn't simply absolve your members and other members of our community of some responsibility for making sure we all participate in keeping the economy going.

● (1620)

The Chair: One minute.

Mr. Robert Chisholm: I do have a couple of specific questions with respect to your survey, but I'll make those comments and folks can respond as they will.

The Chair: Okay, you have about 45 seconds, Mr. Kelly.

Mr. Daniel Kelly: We have to worry about disposable income on both sides of the ledger: one, when you're earning and having to make the contributions to your pension, and then two, the disposable income you might have when you retire. The CLC's plan to increase the Canada Pension Plan premiums by 60% to double the benefit would mean that each Canadian would have to pay up to $1,300 a year more in CPP premiums, and each employer, for every employee at the maximum amount, would have to pay $1,300 more per year in CPP premiums.

Taking $2,600 per person out of the economy would have an immediate impact on disposable income. We absolutely need to think about the other—

Mr. Robert Chisholm: It might be taking it out of the economy, but it's also circulating it back into the economy.

Mr. Daniel Kelly: It's put back in 40 years later—that's right. This is the difficult math we have to do.

The Chair: Thank you.

We'll go to Mr. Jean, please.

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Thank you, Mr. Chair.

Thank you to all the witnesses for attending today.

My first question is to Mr. Wrobel from the banking association. I know that all 53 banks in Canada have tons of accountants and forecasters and people who know what's going to happen. It's a competitive industry, but highly regulated as well. You know what's going to happen in the future in relation to the PRPP. Are the banks intending to make a lot of money off this?

Mr. Marion Wrobel: Can we predict the future? No.

Mr. Brian Jean: You certainly do it better than any other banks in the world.

Mr. Marion Wrobel: If we're talking about the profitability of banks, we all know what happens when a banking system is not profitable. Profitability contributes to the safety and soundness not only of the institutions but also of the industry more broadly, and it contributes positively to the economy.

I think profitability is actually a good thing, and we're not apologetic for it.

Mr. Brian Jean: That's—

Mr. Marion Wrobel: However, at the end of the day, we are only profitable when we can deliver services to our customers that they view as being valuable. We do so in a competitive environment. If a particular institution isn't doing a good job of providing services to its customers, they will go elsewhere and that institution will not be profitable. In many respects I think profitability is an indication that we are doing our jobs and doing them well. It's good for us, it's good for our customers, and I think it's good for the economy more generally.

● (1625)

Mr. Brian Jean: I understand what you're saying.

I was in business for a long time. I owned about ten different businesses, including an office supply store. At the door of that office supply store we used to have cases of photocopy paper. I can promise you that if I had sold only photocopy paper, I would have been out of business the first day. There are loss leaders because it's such a competitive industry. But some things we made a lot of money on—pens, for instance, or pencils. You make a lot of money on the little things people don't notice the prices of.

In this particular case, you're entering into a new market that is highly competitive, that is going to offer a lot of options to a lot of folks, and where there's going to be economy of scale because a lot of people are going to be involved. I know banks make some money on some things and not a lot of money on other things. In this particular case, do you see this as a loss leader, or do you see this as a cash cow for the banking industry?

Mr. Marion Wrobel: I work for the trade association. I'm not a banker. It will depend very much on the institutions.

To make this product work, it has to be appealing to the institutions that are administrators—they have to make money off it. It has to be appealing to the SMEs that would participate in it, and it has to be appealing to their employees who decide, because they will have the ability to opt out. So we have three broad groups that have to find the right mix to make this work. If we do that, then at the end of the day banks will make money. This will not be a cash cow. This is going to be a low-cost product; that is the expectation, and I think it is the plan to deliver that. Not only will we have employers who will participate, but they'll get their employees to have access to a structured pension plan. We'll offer it. I think it will help to deliver government policy to expand coverage of pensions, and I think that's a good thing.

Mr. Brian Jean: Thank you.

Mr. Kelly, when you were talking about the banks screwing this up, you mentioned that it will potentially lower costs. I think one of the other advantages, if I may say—and I would like you to comment on it—is the ability to spread the risk. We have a situation where CPP has been profitable, but fortunately for them they have some good actuaries and some people who know what they're doing. The reality of this new product is that it's going to spread the risk even further, which gives more credibility to a better marketplace for Canadian consumers. Would you agree with that?

Mr. Daniel Kelly: Absolutely. We like the combination of retirement savings tools we have. We feel that this will be an additional one.

I think there's a great deal of interest. We have to keep in mind that there's a brewing shortage of labour, particularly in your part of the world, Mr. Jean. We have a large number of small firms desperate to hang on to their staff. One of the ways they can do so is to try to dig deep and ante up some form of retirement savings options for their employees. As the demographics of Canada start to shift and we get out of the recession, we think this will be a tool that small businesses will be able to use to equalize their retirement savings options.

Right now, large firms have access to defined benefit pensions. Small firms, in practical terms, just do not. This will help.

Mr. Brian Jean: Thanks, Mr. Kelly.

The Chair: Thank you, Mr. Jean.

[*Translation*]

Mr. Mai, you have the floor.

[*English*]

Mr. Hoang Mai (Brossard—La Prairie, NDP): Thank you, Mr. Chair.

Ms. Eng, I saw you react when we were talking about the QPP, the addition. Can you comment? I just want to give you the opportunity to respond.

Ms. Susan Eng: Yes, I wanted to comment about the reason premiums were increased both in the CPP and latterly with the QPP. It wasn't on account of investments, but rather that when the QPP and the CPP were first put in place, the politicians of the day deliberately underpriced it, and the actuarial calculations were brought together to force the increase in contributions in the CPP first and then the QPP. So it was a question of pricing it properly. They wanted a low-cost plan to go into it, and they realized they couldn't afford it. It had nothing to do with the investments.

[*Translation*]

Mr. Hoang Mai: Thank you.

Mr. Dubreuil, let us talk about pension plans. You said in your presentation that young professionals do not trust pension plans. Could you explain why this is the case? What are the problems with respect to this issue?

Mr. Guillaum Dubreuil: We found that there were two primary reasons explaining why people have less confidence in a pension plan provided by their employer.

The first reason pertains to what people see going on right now. We see businesses shutting down and taking their pension plans with them when they close. In this situation, people have lost everything that they have accumulated up until the day of the shutdown. So people are right to be more cautious.

Secondly, some survey respondents believe that they are better able to administer finances than a pension plan would be. These respondents would therefore prefer to manage everything by themselves.

These are the two reasons that were given in the survey.

● (1630)

Mr. Hoang Mai: Perfect. Thank you.

I have a question for the representative from the Canadian Bar Association. In your brief, you stated that the proposed pooled registered pension plan resembles a pooled RRSP. Could you elaborate? You also said that the pooled registered pension plan does not necessarily provide an adequate pension income. Could you explain why we should be viewing this plan as an RRSP equivalent?

[*English*]

Mr. Mitch Frazer: I think it's one element of the entire overall savings. There's a lot of discussion about whether CPP is better or PRPPs are better. We as an organization think that the key issue here is coverage: what gets more people into a plan? We think PRPP is a great step in terms of actually getting increased coverage, but would it lead to 100% coverage in the country? No, but if it's put in properly it will definitely increase coverage. It will allow more people—self-employed, small-business owners—to be in there right now, but it won't by itself solve it, and it won't, as some members here talked about, provide a fixed guarantee at the end of the day. If we're talking about perfection, it's not, but it will definitely increase. What we're concerned about is whether it will be enough. Time will tell.

The Chair: You have one minute. Mr. Kelly did want to respond, but I don't know if you had another question.

Mr. Hoang Mai: No, I haven't. I'm sorry.

I have just a specific question.

[*Translation*]

You also talked about unintended consequences for those individuals recognized as aboriginals. Could you elaborate further? What is the problem with the current program and how should we resolve the problem?

[*English*]

Mr. Mitch Frazer: The issue with respect to the current situation is that there's not a system in there that encourages aboriginals in particular to save. So the issue here is whether this pooled retirement pension plan on its own will be enough to resolve that problem. That's something we're not sure of. That's really the concern.

When we spoke to our membership, they felt this is definitely a step in the right direction, but it's not—and people use different words here—a panacea. Will this solve all the problems? No. It's definitely a step, but it's not going to encourage.... For example, we won't have the entire aboriginal population involved in this and it will not have complete coverage. It will not have retirement savings. That's one of the things you take when you have a defined contribution plan. It's certainly something that forces people to save. In this case, it's a voluntary plan. It will encourage people to save, but it won't be the be-all and end-all.

The Chair: Unfortunately, Mr. Mai's time is up.

We'll go to Mr. Van Kesteren, please.

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

Thank you all for appearing.

I love the story of the wise king—maybe you've heard it—who sent his sages out to get him the wisdom of the ages. Have you heard this story? They came back with 12 books, and he said, “Shorten it; nobody will read it.” They came back with a book, and it was still too long. They came back with a page. He looked at it and said, “No, it's still too long.” So they came back with one line. Looking at that line, he said, “That's it; that's the wisdom of the ages.” On that line was written: “There ain't no free lunch.”

We talk about defined contribution and we have talked about defined benefits.

Mr. Wrobel, how has the market performed in the last four years?

Mr. Marion Wrobel: I couldn't give you a number, but I think the performance has not been stellar.

Mr. Dave Van Kesteren: Has it recovered?

Mr. Marion Wrobel: I think there is a hope that it will be recovering, yes.

Mr. Dave Van Kesteren: Where does most of the money come from to recover the market—I mean in the activity of the Dow Jones?

● (1635)

Mr. Marion Wrobel: I'm not an investment analyst—

Mr. Dave Van Kesteren: Does anybody know?

Mr. Marion Wrobel: —so I couldn't tell you.

Mr. Daniel Kelly: Investment returns went way down, and then they came up. They have not returned to their previous levels, but they have rebounded to a large extent.

Mr. Dave Van Kesteren: I'm confused. I think most of the activity in the past has come from pension funds. If pension funds are stressed and if people can't afford to buy them, then who is pumping the market up now?

Mr. Marion Wrobel: To your point about there being no free lunch, ultimately the retirement income that Canadians will earn is a function of two things. It's a function of how much they save and the returns they earn on that. At the end of the day, we're all investing largely in the same market. We can do it through individual RRSPs, we can do it through the PRPP, and we can do it through the Canada Pension Plan. I think it's a mistake to think that there is one option that is somehow immune to market forces and market risk.

There is an element of risk associated with the PRPP, of course, but it is no worse than for the other options out there.

Mr. Dave Van Kesteren: There's a method to my madness. I was going somewhere with this.

Public pensions are defined, isn't that right? They make contributions, but it really doesn't matter; they're still going to get something in the end. What they're going to get is defined.

How many public pensions are underfunded at this point? Does anyone have any idea?

Mr. Kelly.

Mr. Daniel Kelly: The challenge is that there's no sum total of all the public sector pension liabilities that exist across Canada, but they are massive. For the City of Regina right now to get its public sector pension plan back on track in order for civil servants to get what they are expected to get, the contributions have to be matched at 45%—22.5% by taxpayers and 22.5% by the employees themselves.

Who of us is putting 22.5% of our salary aside for pensions? There's a quarter of a billion dollars in Regina, two hundred billion dollars in the city of Saint John, and the estimates of the unfunded liability for the main federal civil service pension range between $150 billion and $230 billion. That's just for core civil servants, not judges and others.

These are massive liabilities that we're going to need to address, and taxpayers are on the hook for those.

Mr. Dave Van Kesteren: Does the private sector have a chance of catching up to that? Those are pretty depressing figures. Does the private sector have a chance to narrow that gap?

Mr. Daniel Kelly: I have to tell you, for the main civil service pension right now, for every dollar the individual worker puts in, taxpayers put in two. That's what you would need to do to give private sector Canadians the opportunity to match what the civil servants have right now. Most Canadians, 80% of our members, have nothing.

Mr. Dave Van Kesteren: So, Mr. Wrobel, I guess we're just hoping that the markets turn.

The Chair: We're pretty much out of time.

Ms. Eng wanted to comment, but you're pretty much out of time, Mr. Van Kesteren, unfortunately.

Ms. Susan Eng: I just want to make the point that in terms of funds that have recovered after the crash of 2008, you'll find that the large public sector pension funds have recovered the best. The CPP recovered all of its losses. The teachers' fund, OMERS—all of those have recovered better than the private funds.

The Chair: Thank you.

[*Translation*]

Mr. Giguère, you have the floor.

Mr. Alain Giguère (Marc-Aurèle-Fortin, NDP): Good afternoon to all of you. Thank you for coming here to enlighten us.

Currently, most people contribute less than 60% of their RRSP contribution room primarily for financial reasons. People have to choose between buying an RRSP or paying the rent. How will the PRPP resolve the problem? How will these people be able to have more money to invest in a PRPP when in fact they are not even able to pay their rent?

[*English*]

Mr. Daniel Kelly: The quick answer is that they won't, but they're not going to have that money, whether it's a CPP premium increase, a PRPP that is put in place, or a new rule on the RRSP. The challenge is that most Canadians—

● (1640)

[*Translation*]

Mr. Alain Giguère: Wait a moment. You just said something—

[*English*]

Mr. Daniel Kelly: —have challenges putting aside additional money.

[*Translation*]

Mr. Alain Giguère: I apologize for interrupting, but you have just said that the Canada Pension Plan could not do this. Unfortunately, it can, because the premium increase is spread over 10 years. I wanted to provide you with this information. You may continue.

[*English*]

Mr. Daniel Kelly: The premium increases that one would require to do the same, whether in the CPP or PRPP, would be the same: Canadians would have to dig deep and find the money or employers would have to dig deep and find the money. Unless government itself, through the personal income tax system or other means, is going to start to directly fund into a pension vehicle, I don't.... If a PRPP were mandatory, the same challenges would be there as with a CPP premium increase.

The Chair: Mr. Wrobel.

Mr. Marion Wrobel: I'd like to take you back to some of the research that we did at the CBA a couple of years ago. We looked at families who had access to an employer-sponsored pension plan and at those who did not. One of the things we found was that those who did not have access to an employer-sponsored pension plan tended to save more in other ways. They put more money into an RRSP; they put more money, potentially, into their house; they put money into their small business or their farm or into mutual funds and other forms of saving. Often they did not put enough in there to enable them to have the same level of assets as those with an employer-sponsored pension plan, but they did recognize that something was missing and that they had to react to that situation, and within their capacity they tried to do so.

[*Translation*]

Mr. Alain Giguère: The question is very simple. If savings are not mandatory and people do not have the financial ability to choose, if we have to force them to save so that there will be savings, what is the point in having a voluntary system when they cannot afford to make a contribution?

[*English*]

Mr. Marion Wrobel: The point is that if they don't have the financial means to contribute, so that they can't do it on a voluntary basis, then they'll have trouble doing it on an involuntary basis. What I was referring to in our research is that Canadians do make decisions. They recognize that they need to save; they recognize what options are there. The PRPP provides them with another option that many of them do not now have, and for many of them that might just be a preferred tool to enable them to have a structured pension plan, to have savings that are locked in for retirement, and low-cost options.

The Chair: Mr. Kelly.

Mr. Daniel Kelly: I'll make one other very brief point.

One of the tools through which the PRPP will help, compared with the other options that exist today, is that the government has also proposed that under the Income Tax Act, PRPP contributions be exempt for an employer from payroll taxes. Right now, if an employer puts money into a group RRSP, he or she pays about 25% more than that because they have to pay the payroll taxes—CPP, EI, workers' compensation rates—on top of the contribution. With the PRPP, the contribution will be exempt. That will reduce the cost for small employers to put money into a PRPP. The money will go actually into the benefit, as opposed to being paid out in taxes to governments.

That is one way in which it will be more affordable and will expand coverage, we think.

[*Translation*]

The Chair: You have 30 seconds remaining.

Mr. Alain Giguère: Is there any study somewhere that says that the administration costs, the management costs, are going to be reasonable?

I have often been told that these costs will be reasonable because there will be competition, but I am a doubting Thomas. I would like to be able to touch, read a study that says that the management costs will be low.

[*English*]

The Chair: Go ahead, Ms. Eng.

Ms. Susan Eng: On the issue of management costs, there was quite a lot of study in Ontario by the expert panel. When they were looking at the publicly managed funds, such as the CPP, OMERS, or more recently the teachers' fund, they found that they had very low costs, and on top of that, they did not have a profit layer.

While it is true that all investment management executives will probably charge the same, whether they're working for a private plan or a public plan, that extra profit level is something that's going to add to the cost, ultimately, and it will erode your savings.

The Chair: Thank you.

[*Translation*]

Mr. Gourde, you have five minutes.

Mr. Jacques Gourde (Lotbinière—Chutes-de-la-Chaudière, CPC): Thank you very much, Mr. Chair.

My first question is for Mr. Dubreuil of the Regroupement des jeunes chambres de commerce du Québec.

You said earlier that you had surveyed your members. In this survey, did you ask how many people were prepared to invest in a pension plan? Given that you are all young, small and medium-size businesses and self-employed workers do not necessarily have other options. If you did ask them this question, what amount or what percentage of their income, gross or net, were they prepared to set aside?

● (1645)

Mr. Guillaum Dubreuil: This is in fact a matter we raised with our members. The answers were so varied that we could not really come up with anything tangible.

You need to understand, of course, that our members are young professionals aged 18 to 40 who come from all regions of Quebec. So our membership in itself is extremely varied. We have people who have started up a business a year earlier and were unable to invest in their retirement at this time, but who hope to be able to grow the value of their business, sell it one day and take a percentage of the amount and set it aside for their savings. We also had salaried employees with sizeable funds who could contribute to a pension fund.

Mr. Jacques Gourde: You no doubt got the impression that there was an interest in this issue and that young people are still concerned about their future.

Mr. Guillaum Dubreuil: Absolutely, this is something that came out very clearly in the survey that we conducted. Young people are very concerned about their future and their retirement. Everyone is interested in contributing to such a program. However, we have to come up with the right way to do this, and we believe that the PRPP is along this line.

Mr. Jacques Gourde: The Government of Quebec has also said that it intends to create a program. Do you think that we should combine the two programs or should we keep a separate Quebec program, so that contributors can choose between the two?

Mr. Guillaum Dubreuil: What really counts for our small business owner members, the entrepreneurs, is that the management be kept simple. We want to have a system that is easy to use, a simple system, where there will not be numerous levels, bureaucracy or excessive paperwork, so that they are able to use it. We know that this is one of the biggest obstacles to using many of the existing programs.

Mr. Jacques Gourde: I know that you have already submitted some recommendations in your brief. Are there any issues, with respect to the pension funds, that you would like to draw to the attention of our committee?

Mr. Guillaum Dubreuil: Thank you for giving me this opportunity.

Obviously, I believe that the important points are the ones that I have already mentioned. We have to make sure that the plan is simple and voluntary, for the entrepreneurs and the professionals and for the small business owners, for whom a mandatory system would be an additional tax or financial burden. There also has to be some flexibility; for example, there has to be choice with respect to the financial institution and options available.

Mr. Jacques Gourde: Thank you very much.

The Chair: You have one minute remaining.

Mr. Jacques Gourde: That is fine.

[*English*]

The Chair: Okay.

We'll go to Ms. Glover.

[*Translation*]

Mrs. Shelly Glover (Saint Boniface, CPC): Thank you very much. I too would like to welcome all of the witnesses.

I will continue with Mr. Dubreuil.

Would it be possible to obtain your survey report, so that we can take a look at the questions and answers that you obtained. Did you prepare such a report?

Mr. Guillaum Dubreuil: Yes, there is a report.

Once again, I would like to state that this was a survey conducted by Question Retraite, a partner organization with whom we work. The survey was conducted from June 2 to 28, and involved 1,605 respondents. We could certainly send the survey and the results to the committee.

Mrs. Shelly Glover: That would be great. What you are saying is really interesting. We may find some other aspects in your survey that could help us. Thank you.

Mr. Guillaum Dubreuil: Certainly.

[*English*]

Mrs. Shelly Glover: I just want to make a comment before I get into my round of questioning.

Unfortunately, it's typical of the Liberals when they speak. This side has never said this is a panacea. Nor have I ever heard the NDP say that this is the Antichrist. It is unfortunately a partisan habit that the Liberal Party has to exaggerate beyond exaggeration these types of things. We've never said it's a panacea.

Hon. Scott Brison: We support child pornography too.

The Chair: Order.

Mrs. Shelly Glover: I heard Mr. Frazer repeat it, so I want to make sure Mr. Frazer knows that we do not believe it's a panacea, but we do believe it is another vehicle, which I've heard several times today. We believe that it is a right thing to do so that the people who do not have access to workplace pensions can take advantage of this.

Having said all of that and putting that on the record to dismiss all of the misleading stuff, I have a question for Mr. Wrobel.

You mentioned earlier, with regard to private sector versus public sector, that there are some advantages in the private sector and the expertise and what not that they use. I did note when Ms. Eng was speaking that you had a bit of a reaction. I would ask you, in debating what Ms. Eng said, to tell us why you think it is appropriate that this be in the private sector.

● (1650)

Mr. Marion Wrobel: To step back, if you look at the retirement system in total, there are a number of pillars. We think of it as a multi-pillared approach. We have pillar one, which is the OAS and GIS, and we know that is designed to provide income support largely to lower-income families over age 65. The second pillar, CPP, is designed to provide a replacement of some level of income for those in the lower- and middle-income levels.

Pillar three, the private sector part, is really a complement. It adds on to pillars one and two. It is designed for those who will have to save and who want to make sure that when they retire they are able to maintain the standard of living they want. All of that is delivered through the private sector. It's done in a competitive framework. It's done individually. It's done collectively through employers.

Again, to the point about the PRPP, for those who don't have access to an employer-sponsored pension plan, the PRPP now provides such an opportunity. It's our sense that the private sector delivers third-pillar savings in a fairly efficient and effective manner, and we see the PRPP as a continuation of that.

Mrs. Shelly Glover: Very good. We have no evidence to dispute that. I just wanted to hear the two sides of this issue.

I also want to allow a moment for Mr. Kelly, who also had a little bit of a flinch when Ms. Eng brought up the $18. Low-income people are the ones we are targeting. Low-income and modest-income earners are the ones we are targeting, those who are not able to benefit from a workplace pension but who may be able to put some savings here.

Ms. Eng said $18. I want you to address that apples for apples, because you started to talk about the 1.2 million person-years, but that's not apples to apples. I want you to tell me what that $18, which is the one point increase that CARP claims isn't a big deal under CPP, would do to your members.

Mr. Daniel Kelly: Our research, which uses the econometric model from the University of Toronto, shows that every 1% increase in Canada Pension Plan contributions would kill 220,000 person-years of employment. That's for a 1% increase in the Canada Pension Plan.

Now, there are benefits down the road. The other piece that wasn't said about the CPP doubling plan is that it would actually be phased in over 40 years, so it wouldn't actually benefit anybody even close to retirement today. But the fact is that a CPP premium increase would be an absolute job killer. Our members are not sitting on safes of money that they can just crack open to put into this money. If they do put money into a PRPP, it will be because they are desperately trying to hang on to staff; they want to do the right thing and they're trying to find the best possible tool to allow them to save for their own and for their employees' retirement. But it's not going to be easy for them to do it, and it's going to take some time.

I want to make one point.

Mrs. Shelly Glover: Sure.

Mr. Daniel Kelly: We can't measure this in one year. The success and failure of the PRPP tool is going to need to be measured over several years. It's going to be a slow build. The first step will be converting a lot of the group RRSPs to PRPPs. Beyond that, there will be expansion of coverage. Our estimate, though, is that it will be a slow build.

Mrs. Shelly Glover: We do have low-income and modest-income earners who are small-business owners, and it is those folks I am very much concerned about.

Mr. Daniel Kelly: Yes.

Mrs. Shelly Glover: As Monsieur Dubreuil said, please don't force our employers to have to go into this kind of a plan. If we force those low-income and modest-income earners who are the small-business owners, what could happen to them?

The Chair: Very briefly.

Mr. Daniel Kelly: Not only would the small-business owner struggle to do that, but the employee who is at that modest level of income may find himself or herself out of work altogether if there were a payroll tax increase on the employer.

● (1655)

Mrs. Shelly Glover: Thank you.

The Chair: Thank you, Ms. Glover.

We'll go to Mr. Marston, please.

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

Mr. Kelly, you talked about one of the municipalities having an unfunded liability. I want to bring this back to the federal—since this is a federal committee. I want to quote Greg Hurst of Benefits Canada, because I think it's important.

> ...truth is that the federal government took steps more than 10 years ago to rein in the growing value of the Superannuation Account and improve management of its unfunded pension obligations. Both employer and employee contributions for pensions in respect of service after March 31, 2000, are invested by the Public Sector Pension Investment Board, and the latest reports of the Chief Actuary show that those pension obligations are fully funded with modest surpluses. ...
>
> Thus, there is no crisis of unfunded pension obligations for the federal public service.

The other point I'd like to make is that Environics will tell you that the average public sector pension is $18,000 a year. I think it's important to put that on the record because of the fact that yes, there are unfunded liabilities across the nation, and I'm not disputing that with you, but I just think it is very important.

Mr. Wrobel, I'll come back to you for a second. Neil Mohindra of the Fraser Institute is not necessarily a good friend of the NDP, so I point that out. He said,

> The unnecessary compliance costs associated with the new regime will make it difficult for PRPPs to be offered to employers at a lower cost than existing types of group plans. This completely defeats the purpose behind the creation of PRPPs.

One wonders why we would have another voluntary private sector plan at all.

Mr. Marion Wrobel: I think what Mr. Mohindra is suggesting is that the regulatory environment needs to be more efficient and more appropriate to the nature of the PRPP. I think it's unfair to dismiss the value of a PRPP because there's a regulatory environment that imposes a lot of burdens on it.

Our message is that it's important that there be harmonization—that there be a single set of rules applying to PRPPs, and that the level of regulation be appropriate to the nature of the product. If that's done, we in the banking industry believe that we can deliver it efficiently at low cost and to the benefit of employers and employees.

Mr. Wayne Marston: I have a question for Dr. Turnbull, if I may. One of the things you talked about was the defined benefit plans. Some people believe—and I've heard it said here—that there is an incentive for people to move some of their plans from a regular pension plan as we know it today. There will be an incentive for corporations to move them over to this. Do you have any thoughts on that?

Dr. Jeffrey Turnbull: Perhaps you don't know, but the Canadian Medical Association, through one of its wholly owned subsidiaries, has a management financial organization called MD Management Limited. We would now have the opportunity, as a medical association, to move and be able to balance our RRSPs to defined contributions and provide the appropriate mix for our members, tailored to the specific individual needs of our members, and we would be held fully accountable to that. So by allowing us the opportunity of blending, mixing, and having the flexibility that would meet the unique needs of our membership, we would be able to do that quite readily to meet the needs of our members.

Mr. Wayne Marston: In your case, I suspect that's something they look forward to.

Ms. Eng, perhaps you'd be interested in answering this. My concern is that if one uses a place like Bell Canada, for example, where I used to work, they have a defined benefit pension plan at this point. Would there not be an incentive for them to move that plan away from the defined benefit plan because in that particular relationship the collective agreement does not cover the benefit—it's something separate from the collective agreement?

Ms. Susan Eng: At this point, there is already a lot of migration from defined benefit plans to defined contribution plans in the general sector, which is why people are not getting the vehicles that help them save for retirement.

I think it's important for us to look at the broader picture. We are trying to look at a savings vehicle that will help a person save over an entire working career. Nothing is going to happen immediately.

If you had an extra $1,000 or $10,000 to spend a year, the question is whether you would spend it on supplementary CPP payments, for example. Would you put it into a PRPP? Would you put it into a defined contribution? Those are the choices. We maintain that of those choices, the most useful for the average person trying to save for his or her own retirement adequately and effectively would be to buy the next layer of CPP.

Whether we can make that mandatory is another debate. We would argue that if you made it mandatory, more people would stay in. If people can't stomach it being mandatory, then make it so attractive that they would go naturally.

● (1700)

The Chair: Thank you, Mr. Marston.

As the chair, I'm going to take the next round.

Mr. Turnbull, I wanted to follow up with you. I met with the Ontario Medical Association regarding their proposal, which is what you've mentioned today with respect to allowing the association to act in that way. I wanted you to expand on that proposal. Would it be the provincial associations that would act in this way in terms of offering the PRPP, or would the CMA do this as well?

Dr. Jeffrey Turnbull: It could be a combination of either, Mr. Chairman.

The OMA, a large organization of 26,000 members, with an established track record, has its own investments and its own insurance processes. That group would probably take that on in their own interest, and they would probably lead that initiative. However, small provinces—Prince Edward Island, Nova Scotia, etc.—would probably turn to a larger umbrella organization, such as the CMA, and the CMA would take a leadership role in coordinating and implementing that for its members.

The Chair: Could you just explain the details? You obviously have a physician with an office. It's a small business, in a sense. The PRPP could apply to them. If you're having the Ontario Medical Association act in this manner, where would the fiduciary duty, which is in the legislation now, lie? Where would that lie? Would that lie with the OMA?

Dr. Jeffrey Turnbull: It would lie with the OMA, and they would be held accountable for that through the regulators, but also they would be held accountable by their members.

The Chair: Okay.

I know that this is a bit off topic, but we've been having a very good debate on the PRPP, the CPP, and everything else. You touched on something, frankly, that was an issue raised with me in my town-hall pre-budget consultations with respect to long-term care. I wanted to take this opportunity, because I think it's related to the whole issue of retirement income and income security. You mentioned it at the end of your presentation. I wanted you to expand on what you were recommending with respect to some of the options for long-term care.

Dr. Jeffrey Turnbull: Thank you very much for this question.

This is something the CMA feels very passionately about. I think that most Canadians don't recognize the overwhelming cost of long-term care for them individually, and they're not well planned for the additional expenses incurred for the ongoing care of our elderly.

We think there are many different options and ways to address that problem. We think you could have things such as a tax-free registered retirement long-term savings plan. That's one option we could consider. You could consider working on other social insurance plans. You could use your taxation system, as has been suggested, to help informal caregivers in the home.

There are many options we can engage in to support this burgeoning problem of supporting our elderly in the home or in long-term-care facilities, the cost of which is going to be overwhelming for many families.

The Chair: On the first one you mentioned, with respect to long-term tax-free savings, are you recommending somehow expanding the tax-free savings plan we introduced, or something related to it, or something different?

Dr. Jeffrey Turnbull: Yes. That would be one recommendation we would like to have. We could consider creating a plan such as that, a registered retirement long-term savings plan. Money could be invested at this point in preparation for you as you age. That's intergenerational fairness. You're actually saving for your own retirement and long-term-care support.

The Chair: I appreciate that very much.

Mr. Wrobel, I wanted to come back to Mr. Jean's point, because I think he was trying to clarify with the CBA. I've talked to a lot of your members and I've laid out the concern that a lot of people have who oppose this type of initiative. They say it's going to be people investing, but the fees are going to be so high that the banks and insurance companies are going to make money but individuals are not going to be able to save for their retirement. I think he was looking for you to provide some assurance that this is exactly not what the banks and insurance companies are going to do, and I think your answer was not quite clear.

● (1705)

Mr. Marion Wrobel: Mr. Chairman, thank you for that.

I think everyone expects and understands that this is going to be a fairly simply product. It's going to be therefore a low-cost product. That's what the government wants. I think we are building these plans with that expectation. We do have a variety of products that are out there right now that are fairly low cost, in terms of management expense ratios. Again, they're kind of simple investment products, and we think that's the kind of thing that would fit into a PRPP. So that is exactly the way we are planning on delivering this product.

The Chair: Thank you.

My own time is up, so I'll go to Mr. Brison, please.

[*Translation*]

Mr. Alain Giguère: Mr. Chair, I would really appreciate you asking Ms. Eng the same questions that you put to Mr. Turnbull. If we all agreed—

[*English*]

The Chair: Sorry, I'm not getting translation here.

Mr. Brian Jean: It's his time. If you want to ask it, you ask it.

The Chair: I didn't get the translation, though. What was the issue?

Mr. Hoang Mai: He wanted you to ask the same questions of Ms. Eng.

The Chair: Oh. Sorry, I'm over time, and I'm brutal with everyone else, so I have to be brutal with myself.

Mr. Brison could follow your advice, though, if he chooses, because it's his time now.

[*Translation*]

Hon. Scott Brison: I do not have much time therefore I have to choose my questions.

[*English*]

I have a couple of questions.

Mr. Frazer, you mentioned, from the perspective of the bar association, that you believe that part of the additional offering should include a defined benefit. There are advantages of defined benefits.

Mr. Mitch Frazer: There are definitely advantages, yes.

Hon. Scott Brison: And you also said that provincial regulatory issues could potentially increase the cost of the PRPP option.

Would a voluntary supplemental CPP option—since the CPP already has crossed that hurdle—not face those same options? Would that be an advantage in terms of fee structure associated with a voluntary supplemental CPP?

Mr. Mitch Frazer: Yes, those are things that would be.... I'm not sure of the entire framework. I understand the principle of it, but that would definitely be something that would cut through those barriers and could certainly work in addition to the PRPP. I don't see any reason why the two offerings couldn't work simultaneously.

Hon. Scott Brison: So you would support notionally the idea of a voluntary supplemental CPP in addition to the—

Mr. Mitch Frazer: Yes. The essence is coverage, low cost, accessibility. Those to me are all the same principles the government was trying to achieve when it introduced the PRPP legislation. So in terms of broad principles, it's something that definitely would achieve all those goals and something that the totality of our membership, representing both employees and employers, would support.

Hon. Scott Brison: Mr. Turnbull, you said that the PRPP should also offer a defined benefit option among PRPP options. Could the voluntary supplemental CPP option fulfill that mandate?

Dr. Jeffrey Turnbull: It would be one of many different vehicles, so, yes, it could fulfill that mandate for our membership as well and their employees.

Hon. Scott Brison: Thank you.

[*Translation*]

Mr. Dubreuil, will your members support the principle of having another choice, a public choice in this case, which would be voluntary as well?

Mr. Guillaum Dubreuil: If this remains voluntary, I do not really see why our members would not accept it. However, it always depends on how everything is presented. My main concern is still that the program be as simple as possible, because I am thinking about those entrepreneurs who are in the process of starting up businesses and already have a lot of things to think about without anyone adding more layers.

● (1710)

[*English*]

Hon. Scott Brison: Mr. Wrobel—Marion, if I may, because we've worked together for quite a while—on the whole issue between defined benefit and defined contribution, I agree with you. It's a completely different model. But would you accept or agree that the investment criteria for a defined benefit pension manager, particularly one like the CPP, which has such a responsibility for so many Canadians, managing what is $152 billion now, is quite different from the mandate of defined contribution models?

As such, during times of buoyant markets it may not get the same returns, but during times of troubled markets it would not have the same lows. Would you agree with that in principle?

Mr. Marion Wrobel: I would say that the risks and the benefits associated with a defined benefit plan are different from those of a defined contribution plan. There are some real advantages of having a defined benefit plan. But again, and I think I've said this several times, at the end of the day, the defined benefit plan has to earn a rate of return over time that would enable it to make its payments.

Hon. Scott Brison: You'd agree that the CPP Investment Board has achieved that over the last 15 years.

The Chair: A final comment, please.

Mr. Marion Wrobel: It has achieved that, but the question of sustainability over a long period of time will depend on it continuing to achieve that rate of return.

The Chair: Thank you.

Mr. Hoback, you have a couple of minutes. My understanding is that bells will be going at 5:15 for the votes. I do want to deal with the motions if I can today.

Mr. Randy Hoback: Okay. There are so many questions and there's so little time. I'm used to this.

I want to just to summarize, since it's my last chance to go. I want to thank you guys for being here and presenting both sides of the view. I always like to look for both sides of the argument and look at why we should do something over something else.

I think this meeting actually solidified in my mind why we need to move forward with this PRPP and why we need to look at this type of tool at this point in time, in our economy in this stage.

Ms. Eng, I appreciate your input, but I look at it and I see the risk involved in putting all our eggs in one basket. At this point in time, I don't think that's appropriate. I look at the risk to our economy by doing that, by raising CPP contributions at this point in time, and what that would do to jobs.

I know that the NDP likes sending members to Washington to destroy an industry. They'd like to double CPP and take away 1.2 million years of employment, which I think the CFIB has said over and over again.

Mr. Brian Jean: Nationalize banks.

Mr. Randy Hoback: I can't do that. I can't support that.

Mr. Robert Chisholm: Point of order, Mr. Chairman.

I can't allow the member to continue to rant on like that. That doesn't have anything to do with this.

Mr. Randy Hoback: Actually, it does. It goes into the deeper question of why we're here. We're here to prepare for retirement. We're here to make sure we have good policies. We're here to hear both sides of the story, and I want to thank the witnesses for doing that here today. If it doesn't solidify in the NDP's mind why this needs to go forward, then it just proves to me they're going to oppose everything, no matter what it is. That's unfortunate.

Mr. Kelly, can you highlight for my colleagues across the floor here what 1.2 million years of unemployment actually looks like?

The Chair: Do that very quickly, because we're going to run out of time.

Mr. Daniel Kelly: Sure. There are essentially a million small businesses in Canada, and that would be a job from every one of them. That is the potential impact. Again, I should say that was the doubling of the CPP benefit, which was a 60% increase in premiums in our study.

Mr. Robert Chisholm: That would be tomorrow? I just wanted to get it into perspective.

The Chair: Order.

Mr. Randy Hoback: Let's close the loops—

Mr. Robert Chisholm: What you dream about is your business.

Mr. Randy Hoback: Come on, guys, let's get real. You're in opposition.

The Chair: Thank you.

I want to thank all of our witnesses for being here to respond our questions. It was a very lively debate. If you have anything further to submit to the committee, please do so. We will all consider it.

Colleagues, I just wanted to see whether there was agreement to proceed with the proposed operational budgets for Bill C-25, Bill S-5, and Bill C-311. You should all have the numbers in front of you. Is there agreement to these three bills and the witnesses?

Some hon. members: Agreed.

The Chair: It's agreed. Thank you so much.

The meeting is adjourned.

MAIL POSTE

Canada Post Corporation / Société canadienne des postes

Postage paid | Port payé

Lettermail | Poste–lettre

1782711
Ottawa

If undelivered, return COVER ONLY to:
Publishing and Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5

En cas de non-livraison,
retourner cette COUVERTURE SEULEMENT à :
Les Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5

Additional copies may be obtained from: Publishing and Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5
Telephone: 613-941-5995 or 1-800-635-7943
Fax: 613-954-5779 or 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Also available on the Parliament of Canada Web Site at the following address: http://www.parl.gc.ca

On peut obtenir des copies supplémentaires en écrivant à : Les Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5
Téléphone : 613-941-5995 ou 1-800-635-7943
Télécopieur : 613-954-5779 ou 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante : http://www.parl.gc.ca