



## Submission to the Standing Senate Committee on National Finance: OAS Changes in Bill C-38

### CARP Recommendations

1. The age of eligibility for OAS should not be increased from 65 to 67.
2. If there is a need to relieve budgetary pressures, other options should be considered such as the potential savings from health care reform or the reduced military spending once the Afghan mission is complete.
3. A fundamental change such as raising the OAS eligibility age should be fully debated especially given that the issue was not put before the voters and the implementation date is far enough away to allow for measured deliberations.

CARP members know that their own OAS will not be affected and do not see how cutting OAS spending would help future generations. Instead, they are calling for measures that will create job opportunities as a better way to secure their future. Rather than selfishly guarding their own interests, as has been suggested, CARP members and other older Canadians are defending an important part of the social safety net and do not want to see it torn up for their children and grandchildren.

Canada spends a significantly smaller portion of its GDP on public pensions, and has a notably younger population than most other OECD nations. There is little justification for taking away OAS and GIS for the Canadians who need it the most.

### CARP Members Oppose Changes to OAS Eligibility Age

CARP polls its members regularly on its advocacy issues through the twice monthly e-newsletter, *CARP ActionOnline*.

The vast majority of CARP members are retired (84% in CARP Polls) and are not the ones targeted by changes to OAS, yet they expect the government to engage citizens, independent experts, and the Opposition before making fundamental changes to OAS.

The vast majority of CARP members (87%) say it is important that the government hold public hearings before changing OAS, and most members voice this expectation in the strongest possible terms.

### Due Debate and Consideration - Separating OAS from Bill C-38

CARP is calling for a separation of the OAS eligibility age changes from the rest of Bill C-38 to allow for due consideration and debate.

CARP members voiced strong opposition to changes to OAS eligibility when the changes were first introduced and continue to oppose the bundling of OAS changes into Bill C-38. CARP cannot support changes to such a fundamental part of our social safety net being

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rushed through Parliament on the strength of the government's Parliamentary majority alone, without adequate opportunity for full debate and consideration.

### Omnibus Bill Undermines Democratic Input

The vast majority of CARP members disagree with the Government bundling so many controversial pieces of legislation in one Omnibus Budget Bill. Such tactics undermine democratic input on the importance of OAS to individual Canadians and on the importance of OAS as an earned social safety net.

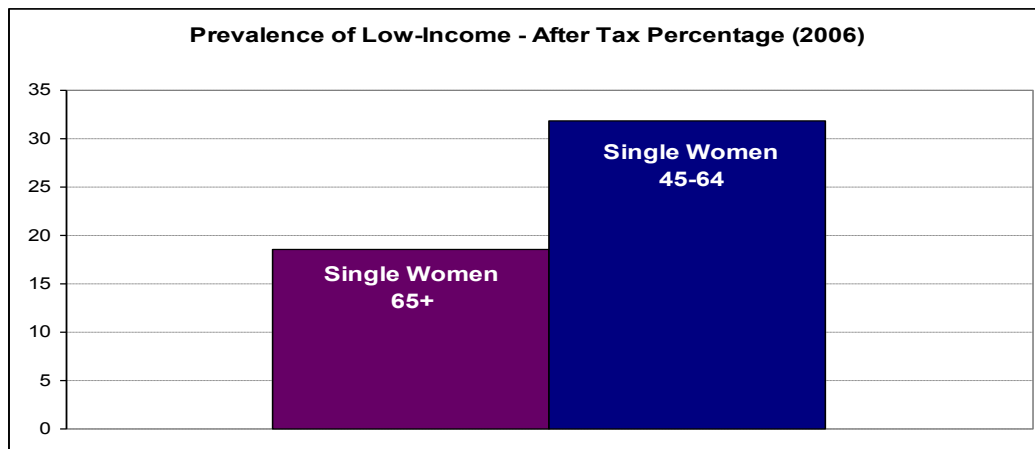
The proper and fair functioning of Parliament is an equally important issue for CARP members. Though most members will be spared the changes to OAS, the majority hold fast to the democratic imperative that major public policy changes be put before the electorate as well as being fully debated in Parliament. Regardless of political affiliation, CARP members believe that a government ought to consider the dissenting opinion of citizens and the opposition parties before passing such legislation even if it has a Parliamentary majority.

- 82 percent of CARP members think that not enough time was spent debating changes to OAS
- 87 percent of CARP members want Bill C-38 split in separate parts
- 75 percent of CARP members think that a majority government should govern by consulting or accounting for Opposition views
- Nearly 100 percent of CARP members want the majority government to seek broad input and act on the concerns of citizens and politicians before passing legislation on fundamental issues.

### Why Debate and Consideration Matter: Delaying OAS Hits Hardest where it's Needed Most

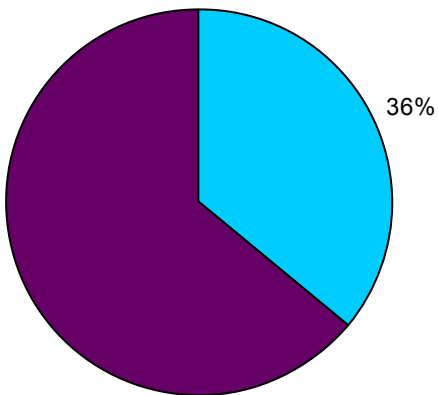
Almost 300,000 Canadians over 65 still live in poverty and many more straddle the low-income threshold and struggle with old-age financial insecurity. Between 2006 and 2009, nearly 128,000 more seniors became low income. Of that amount, an overwhelming 70% were women.<sup>i</sup>

The hardest hit group of Canadians are single, unattached, women over 65, almost 20% of whom live under the after tax low-income cut-off of approximately \$20,000/year. Subsequent generations may not fare better. Over 30% of single women between 45 and 64 are low-income. For many of these women, the combination of OAS and GIS is the deciding factor in preventing poverty.<sup>ii</sup>



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### 2013 - Percentage of OAS Recipients who Qualify for GIS



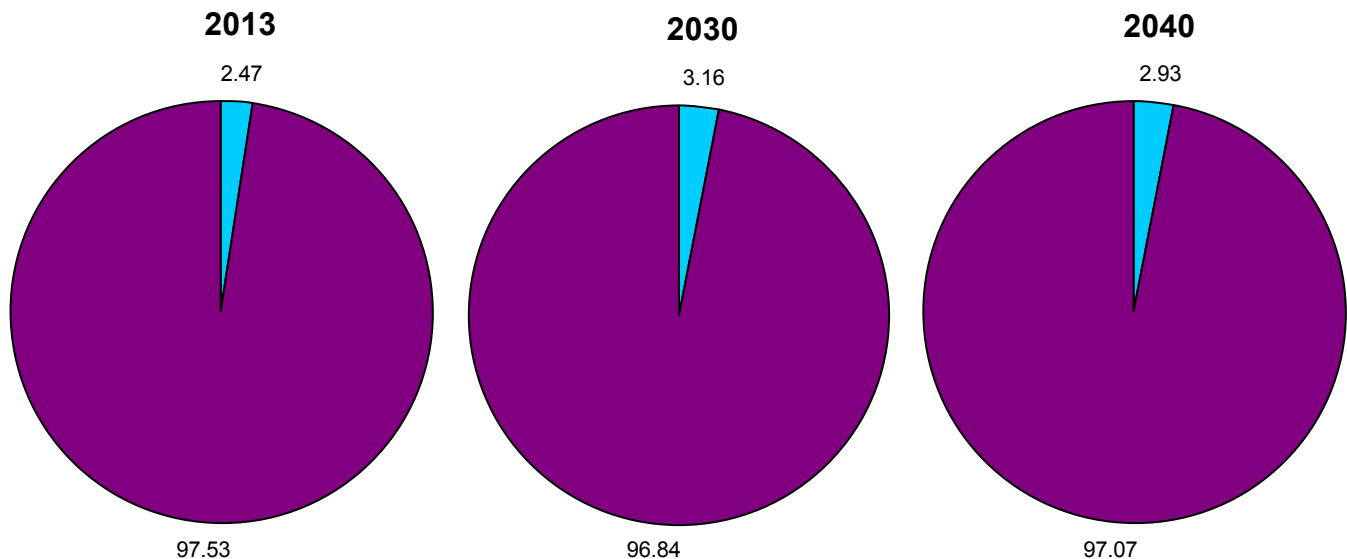
GIS eligibility is dependant on OAS eligibility. To qualify for GIS, an individual's income cannot exceed approximately \$16,000. Most low income seniors live on less and for those on social assistance, incomes are likely between \$4,000 and \$10,000/year.<sup>iii</sup> Moving OAS eligibility from 65 to 67 will target and hurt the Canadians who need the income supplement the most.

The government acknowledged as much in the recent federal Budget by providing for people already on federal government assistance, committing to seek provincial cooperation to cover those on CPP disability pensions and to reimburse provinces for additional social assistance costs. There is no indication that the provinces have allocated the additional budget necessary should needy

seniors overcome the stigma to apply for social assistance.

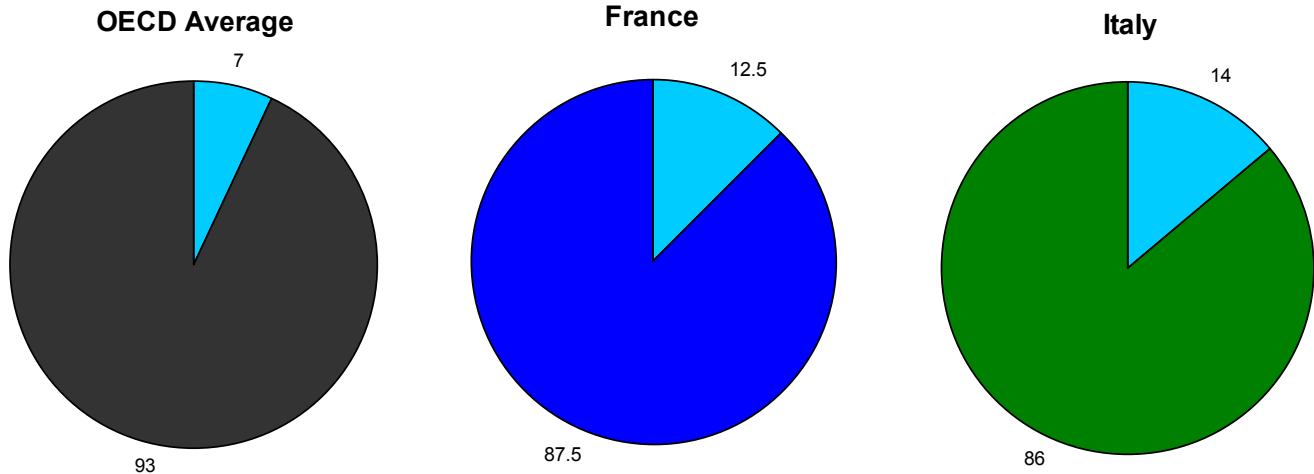
### Government Spending on Public Pensions significantly less than OECD average, France or Italy

As of 2013, the official Actuarial Report on Old Age Security projects that Canada will spend 2.47% of GDP for both OAS and GIS. Accounting for inflation and the demographic changes, the percentage of GDP spent on OAS and GIS will only grow by 0.69% by 2030, for a total of 3.16% of GDP. By 2040, it is projected that the percentage will again decrease to 2.93% of GDP.<sup>iv</sup>



Canada spends a substantially smaller portion of GDP on OAS/GIS than the current OECD average of 7%. And we spend significantly less than France and Italy, which currently spend 12.5% and 14% of GDP respectively, on public pensions.<sup>v</sup>

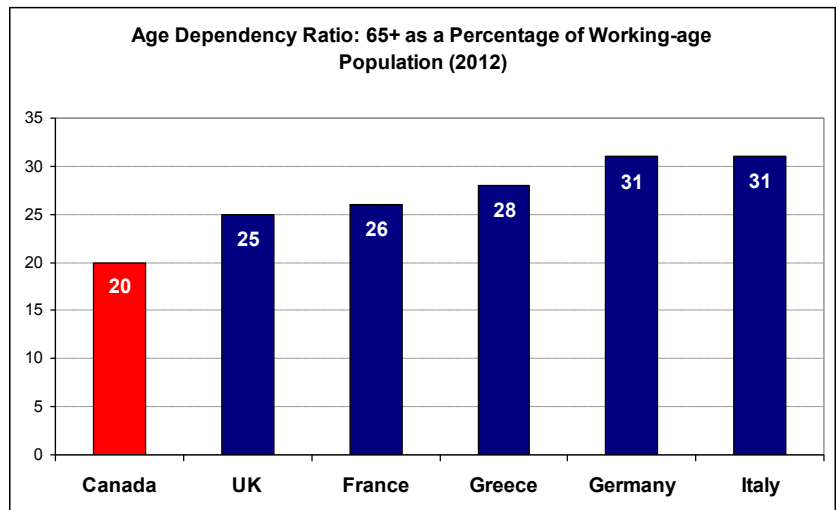
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### Canada is Already Ahead of the Demographic Curve

Canada's population is younger than those of most OECD countries. More importantly, the ratio of retired to working Canadians is more favourable as well.

All of the countries represented in the table below have older populations and fewer workers for every retired individual than Canada has and they spend a significantly larger share of GDP on public pensions.<sup>vi</sup>



*CARP is a national, non-partisan, non-profit organization, committed to advocating for a New Vision of Aging for Canada, promoting social change that will bring financial security, equitable access to health care and freedom from age discrimination. CARP seeks to ensure that the marketplace serves the needs and expectations of Canadians as they age and provides value-added benefits, products and services to our members. Through our network of chapters across Canada, CARP is dedicated to building a sense of community and shared values among our members in support of CARP's mission.*

#### References

<sup>i</sup> Conference board of Canada: <http://www.conferenceboard.ca/hcp/hot-topics/canInequality.aspx>

<sup>ii</sup> Statistics Canada: <http://www12.statcan.ca/census-recensement/2006/dp-pd/tbt/Rp-eng.cfm?LANG=E&APATH=3&DETAIL=0&DIM=0&FL=A&FREE=0&GC=0&GID=0&GK=0&GRP=1&PID=94206&PRID=0&PTYPE=88971,97154&S=0&SHOWALL=0&SUB=0&Temporal=2006&THEME=81&VID=0&VNAMEE=&VNAMEF=>

<sup>iii</sup> Food Banks Canada: Fairness for Canadian Seniors - A Reality Check on Pensions Food Banks Canada, September 2010.

<sup>iv</sup> Old Age Security Program – 10<sup>th</sup> Actuarial Report, 2009: [http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/reports/oca/OAS10\\_e.pdf](http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/reports/oca/OAS10_e.pdf)

<sup>v</sup> OECD, Pensions at a Glance: [http://www.oecd.org/document/49/0,3746,en\\_2649\\_34757\\_42992113\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/49/0,3746,en_2649_34757_42992113_1_1_1_1,00.html)

<sup>vi</sup> World Bank: <http://data.worldbank.org/indicator/SP.POP.DPND.OL>