

I want to thank Ralph Morris and all of you for inviting me to come speak with you today. I am honoured to be here with the Newfoundland and Labrador Public Sector Pensioner Association Convention.

I want to say very clearly that I, my leader Tom Mulcair and our entire NDP caucus wish to thank you, the former Newfoundland and Labrador public servants who provided help, information, support and important services to the people of this great province. Your integrity and professionalism made us proud, just as the current generation of public servants continues to make us proud.

As retirees and seniors you have made a tremendous contribution to the wealth and security of this nation; and its only right that you share in that wealth.

With that goal in mind over the past year, I have travelled across this country speaking to seniors, those nearing retirement and young people because it is essential that we have that all-important conversation about retirement security. In the course of my journey I have listened to people's hopes and their fears and the three most repeated messages from coast to coast have been: 1) The need for financial security upon retirement 2) access to affordable housing and 3) investment in homecare.

The panels today are touching on all three of these very important elements that are all parts of a policy that would ensure all seniors are able to retire in dignity. This morning I would like to focus on just the first, financial security to ensure I have time to hear from you. Your advice in this regard is very important to me and the Official opposition.

I want to start with the recent cuts to Old Age Security and the Guaranteed Income Supplement. These changes that were part of the Conservative 2012 budget will have the biggest impact on the poor. It is those with the least who will be affected the most.

The conservative government has essentially disregarded the poverty suffered by seniors' in Canada. The ministers of the federal government have touted tax breaks and income splitting but neither of these helps those in this country who are living at or near the poverty line. Tax breaks do not help the poor, quite simply because those living in poverty do not have sufficient income to benefit from non-refundable tax credits and pension splitting does not help a senior who is without a partner.

It's interesting to note that the conservative government shifted gears this year, instead of ignoring the poor they are forcing the poor to take the brunt of the cuts to OAS and GIS and essentially pay for the financial mismanagement of the Harper government.

Now this same government has repeated over and over and over that we need to make cuts to the OAS because the system is not "sustainable." This statement is completely **false**.

I want to repeat that. This statement is completely false.

The system is sustainable and it is not just NDP who make that claim. The Parliamentary Budget Officer, Kevin Page, the independent watchdog this Prime Minister set up to monitor government spending, has been explicit about this, there is **no crisis** and the OAS and GIS are sustainable in the short term, in the long term and right through the boomer bump that is heading our way.

As we all know, seniors represent one of the fastest growing populations in Canada today. The number of seniors in Canada is projected to increase from about 4.2 million to 9.8 million by 2036.

Of course they need to be provided for, but the cost savings from raising the age of OAS eligibility is minimal. The government's own most recent actuarial report shows that at the peak of boomer retirement in 2033-34, the increase to age 67 is expected to save 0.3% of GDP. The long-run projections show that the savings will be in the neighbourhood of 0.2% of GDP once the baby boomer peak has passed. As I have said, the savings to the government are minimal; and the sad truth of the matter is that for lower income Canadians the implications of the OAS changes are immense. It may force seniors to work longer despite their health or ability, because the choice to retire at 65 will have been eliminated. The impact on our seniors and their families will create great hardships. The legacy of this conservative initiative will be poverty, hardship and pain.

By raising the age of eligibility for OAS and GIS the government is cutting away at the security of seniors in this country; in fact it is cutting away the social safety net that the current generation worked so diligently to create. The conservatives are asking the poor to pay while giving ever increasing tax breaks to the rich. Since 2006, profitable corporations have received \$60 billion in taxpayer funded giveaways. And the government plans to give an additional \$12 billion over the next four years. **That's \$3 billion a year or enough to support OAS for 462,000 seniors.**

This is unacceptable and unfathomable. And in this decision to raise the age of eligibility for receipt of the OAS this government has chosen to ignore **many factors**.

Most private pension plans and provincial benefit plans are geared to retirement at 65. It would appear that the federal government has not taken that into consideration or even consulted with provinces, or other pension providers.

Many people with health problems are already struggling to continue to work until they reach 65. By raising the retirement age to 67, a significant burden is created, in particular for those with little CPP or limited pension savings. These are the people who are forced to rely on OAS and GIS.

They are, for the most part, people who have struggled to make ends meet, their entire lives. The reason they have not saved is that there was no money to save. Every penny was spent on the necessities of life, raising kids or looking after a family.

The truth is that OAS is economically beneficial to all of society – seniors relying on OAS and GIS spend ALL of their money in their neighbourhoods'. That is money reinvested in our economy, in small businesses that in turn create jobs. OAS is not a burden on the economy; **it is an investment in our economy**. Seniors are not the liability this government pretends; they are an asset and contribute to the well-being of all of us.

I want to reiterate. The money to support seniors is readily available. We have and the money to lift seniors out of poverty in the present and the money to address additional expenses the government will face in the future as our population continues to age. Instead of investing in Canada, the Conservatives chose to saddle the treasury and Canadians with corporate tax giveaways in the range of \$72 billion without the guarantee one new job.

The Harper government is clearly making the wrong decisions on how to care for the increased number of seniors in 2036.

It is impossible to justify this government's plan to ask the poorest seniors to pay for the government's mismanagement of funds by reducing seniors' access to OAS and GIS benefits. The government should be taking practical, affordable measures to lift every senior out of poverty, not making the situation worse by slashing Old Age Security.

One of the groups hardest hit by these changes will be single senior women, many of whom face some pretty harsh realities upon retirement. The poverty rate for senior women is almost double the poverty rate for senior men. In particular, unattached senior women remain very vulnerable. They make up sixty percent of seniors living below the poverty line. In 2003, according to a Government of Canada report, 154,000 unattached senior women lived in poverty.

A life of poverty is most prevalent among women who are widowed, separated or divorced, recent immigrants, tenants, those without private pension coverage, and not surprisingly, those with low wages.

And there are many reasons why women are more vulnerable:

- Women in this country work for wages for only about 75 percent of their potential working years. Women's **unpaid work** is not compensated by most retirement plans. Absences to raise children or look after sick relatives are counted against their working years.
- Because senior women tend to live longer, they are at greater risk of using up their savings as time goes by. It is a travesty that these women will outlive any ability to support themselves.
- Immigrant women are particularly vulnerable – many over the age of 65 who have lived in Canada for less than 10 years are without any income at all.
- Women, on average, make less than their male counterparts, currently about 77 cents for every dollar a man makes. This wage discrepancy adds up to a career gap of about \$472,000, an amount of money that can mean the difference between a secure retirement and one in which a woman struggles to make ends meet.
- And senior women receive smaller pension incomes because of this wage gap between men and women and because they are also concentrated in low wage and part-time jobs where there is rarely a workplace pension available.

And it is also important to note that senior women, whose spouses pass away face a reduction in their partner's private pension and CPP / a deduction of 40 per cent. As a result many are not be able to manage because living expenses for a single person are about 70 percent of the living expenses for a couple.

That lack of a workplace pension is something that affects near 75% of all Canadians – and that should alarm all of us. The future for these Canadians is bleak But instead of pursuing an effective reform of our pension system, the government's response to this very serious reality was to introduce the Pooled Registered Pension Plan.

Unfortunately the PRPP fails to address the problems at the heart of retirement savings. For employees, a PRPP is like a Defined Contribution-or group RRSP. It is a savings vehicle, limited by RRSP limits and regulations, purported, by the conservatives, to allow workers to save for retirement; **but**, it does not guarantee retirement security.

PRPPs are managed by the financial industry, the same crew receiving huge corporate tax breaks from the Conservatives.

- The PRPP is not a defined benefit plan.
- It does not provide a secure retirement income with a set replacement rate of pre-retirement income.
- It is not fully transferable.
- It is not indexed to inflation will not increase with the increasing cost of living.

It is noteworthy that employers, not employees, will decide contribution levels and it will not be mandatory for employers to contribute or match workers' contributions to PRPPs. Without employers contributing, it's not really a pension plan. In fact, employers who do not help their employees save for retirement could end up with a competitive advantage over employers who do.

What we need is real pension reform and not a "savings scheme" that is dependent on the ups and downs of the stock market. Canadians know all too well how ineffective that kind of savings is. Too many saw their savings crumble away as the markets took a nosedive. This is not how savings for retirement should be organized.

PRPPs do not guarantee low management fees nor prevent the large management fees that eat up such a large portion of retirement savings. In fact, there is only **a promise** that the PRPP will result in large pools of capital that **might** lower fees, with no guaranteed or legislated results.

Nothing in the PRPP proposal sets management expenses at levels equal to or lower than those of the Canada Pension Plan. As a result, CPP is still a better deal than PRPP; not only because of its guaranteed indexed retirement income, but because of its much lower management fees.

But even the CPP can be better. When it was established in 1966, there was an assumption that in addition to the CPP individuals would also have work place pensions and personal savings to complement their CPP benefits. For the average Canadian, real wages have failed to increase making saving for retirement a challenge.

Yet Despite the difficulties Canadians have and continue to have to save for their senior years, governments of the past and our current government have encouraged us purchase RRSPs

I would just like to say a few words about those RRSPs. The National Council on Aging argues that people with low incomes actually derive no advantage from investing in RRSPs.

If they are entitled to the GIS upon retirement, they will actually be penalized when they cash in their RRSPs, because the amount of money withdrawn will inevitably lead to a reduction or loss in GIS benefits and other benefits such as provincial/territorial income supplements or subsidized housing.

In addition to the financial institutions that will, over a 40 year period, scoop 40% of the value of the RRSP in management fees, the main beneficiaries of RRSP savings for low-income earners are the provincial and federal governments, who will recover the money through income tax and through reduced benefits being paid out of their income-tested programs.

Retirement security in Canada is changing and this shift is not for the better. Losses and cuts to private sector pensions and threats to public sector pensions jeopardize seniors of the present and seniors of the future.

Those seniors of the future are the young people today who are facing high unemployment rates and delayed entrance to the workforce. Young families today earn less money than their parents did and now due to the government's recent changes to the OAS and GIS, these same workers will have to wait 2 more years before they are eligible to collect benefits.

Our actions now will have an impact on how we treat our seniors in the future. If we fail to invest and make plans for our aging population, it is our own retirement and that of our children and grandchildren that will be in jeopardy.

The NDP has a plan and I want to share it with you.

- The NDP's plan to ensure retirement security for Canadians to expand the CPP is affordable and responsible. A modest increase in Employment premiums can finance a doubling of CPP benefits for all Canadian workers. This would provide real, sustainable, retirement security for Canadians.
- New Democrats would raise the GIS to ensure every senior is lifted out of poverty. This is likewise affordable.
- Improve co-ordination of programs with the provinces and territories will ensure that seniors do not see their benefits clawed back and
- And reverse the changes to OAS and GIS so that seniors are able to start collecting benefits at age 65.

If we take these concrete steps. We will begin to head in the right direction and keep our seniors from the despair of poverty.

We need to unite across this country and demand that this government begin to take a serious look at retirement security. We must demand that the government end its attack on the poor. Balancing the books should never be done at the expense of those who can least afford it. Canada is a privileged country and we have the resources available to ensure that each and every senior can retire in dignity. We only need the political will to make it happen.

I want to thank you again for inviting me here today and I really appreciate you taking the time to hear what I have to say. I did not come here just to speak but also to hear what you have to say. I welcome any comments or suggestions.