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Tuesday 31 March 2015

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Mardi 31 mars 2015

Standing Committee on Social Policy

Ontario Retirement Pension Plan Act, 2015

Comité permanent de la politique sociale

Loi de 2015 sur le Régime de retraite de la province de l'Ontario

Chair: Peter Tabuns
Clerk: Valerie Quioc Lim

Président : Peter Tabuns
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON SOCIAL POLICY

COMITÉ PERMANENT DE LA POLITIQUE SOCIALE

Tuesday 31 March 2015

Mardi 31 mars 2015

The committee met at 1600 in committee room 1.

ONTARIO RETIREMENT PENSION PLAN ACT, 2015

LOI DE 2015 SUR LE RÉGIME DE RETRAITE DE LA PROVINCE DE L'ONTARIO

Consideration of the following bill:

Bill 56, An Act to require the establishment of the Ontario Retirement Pension Plan / Projet de loi 56, Loi exigeant l'établissement du Régime de retraite de la province de l'Ontario.

The Chair (Mr. Peter Tabuns): Good afternoon, everyone. We're here to resume public hearings on Bill 56, An Act to require the establishment of the Ontario Retirement Pension Plan. Please note that our last witness for today is at 5 p.m. No further witnesses have been scheduled after that. Copies of additional written submissions have been distributed to the committee.

RETAIL COUNCIL OF CANADA

The Chair (Mr. Peter Tabuns): Our first presenter is the Retail Council of Canada. As I will say to other presenters, you have five minutes to speak; there will be nine minutes of questions rotated amongst the parties. I will give you notice at about one minute that you've got 60 seconds left. If you'd introduce yourself for Hansard, please proceed, sir.

Mr. Gary Rygus: Thank you very much. Good afternoon. My name is Gary Rygus. I'm the director of government relations for the Retail Council of Canada. On behalf of RCC's members operating across the province of Ontario, thank you for the opportunity to appear before the committee today.

The Retail Council of Canada has been the voice of retail since 1963, and we have members who operate more than 45,000 storefronts nationally, 17,000 of which are in Ontario. Our members represent all retail formats: department, grocery, specialty, discount, independent stores and online merchants. While we do represent large mass-merchandise retailers, a significant number of our members are small, independent merchants.

As an employer, retail is number one in Ontario, with more than 839,000 jobs generating over $176 billion in retail sales. Retailers invested over $3 billion in capital expenditures in Ontario in 2014 and will continue to invest in the province as long as the conditions for operating remain attractive and retailers can be competitive with retail sources in other jurisdictions.

With a payroll of $20 billion annually, retailers will be looking at an annual ORPP premium greater than $300 million before any offsets for existing workplace pension and savings programs. Our employees would bear an additional $300-million cost in a 50-50 shared program, which will be burdensome to them and will also create corresponding wage pressures as employees adjust to the reduction of their disposable incomes.

Members of the retail council are concerned about the implications of the ORPP, especially as defined in the December consultation document. Retailers understand the need for all Ontarians to build an adequate nest egg for retirement. The level of retirees' incomes affects the overall economy and, of course, determines people's abilities to buy goods from our members. The challenge will be to balance the importance of long-term pension income adequacy against the near-term impact on growth, jobs and investment.

There is a limit to the payroll contributions that retail businesses in this province can be expected to pay without there being an adverse economic impact. We have a substantial employer health tax, the second-highest WSIB rates in Canada, and now we are looking at a new provincial retirement pension plan. While individually, these obligations may support worthwhile policy instruments, government must look at the cumulative impact of these payroll costs to ensure that they do not diminish our capacity to hire more Ontarians and to make key investments.

If the government intends to proceed with the ORPP, we believe it imperative that the plan be properly targeted with a minimum earnings threshold far higher than the current $3,500 level under the CPP, which has been frozen since 1996. Even applying CPI to the $3,500 amount would render today's value at $5,000. But even at that level, we question whether a higher threshold would not better target the ORPP to the middle-income group, who are least well served by the current mix of public pensions.

Retailers also want to avoid the establishment of barriers to job creation, particularly for students, younger workers, retirees and others who might be lacking in experience and for whom a retail position may be the primary opportunity to enter the workforce.

We believe that a cumulative experience and/or earnings threshold could support both employment and pension adequacy goals, given that many of our workers are students or youth under age 25 who still have a 40-plus-year work horizon ahead of them.

Lastly, we would hope for sufficient flexibility to substitute existing workplace pensions and savings where they are more generous for employees than the benefits proposed under the ORPP.

The Chair (Mr. Peter Tabuns): You have one minute left.

Mr. Gary Rygus: RCC and its retail members understand that the government has received a mandate on a platform which included implementation of the ORPP. That said, the retail industry maintains that the implementation details will be critical for the plan to achieve its stated objectives.

On behalf of the Retail Council of Canada, I thank you for your time.

The Chair (Mr. Peter Tabuns): Thank you, sir. The first questions will go to the official opposition. Ms. Munro.

Mrs. Julia Munro: Thank you very much for coming here today to present your position on this. I have a question. As I understand, the different groups that you represent—some would be quite large employers down to rather small businesses. Is that correct?

Mr. Gary Rygus: That is correct.

Mrs. Julia Munro: I'm wondering if, in looking at this proposal, you've considered how much it would cost for somebody with five, 10, maybe 15 employees where they don't have specialists and just do the administration at the store level. Does that figure into being a burden for small retailers?

Mr. Gary Rygus: That's a very good question. I would suggest that small retailers will not have a pension offering in the current environment, so this ORPP introduction will be a direct imposition of additional costs to their operation.

When we talk to the small retailers in Ontario, they ask, "What are you going to do to offset the additional costs?" They know what they're going to do. When they talk to us, they talk about increasing, for example, the employer health tax threshold exemption from the current $450,000 to $1 million to try and address some of that, and perhaps even reducing the corporate income tax level for small businesses. So yes, it's going to be a burden on them, but it will all be different, and they're trying to recoup what they can, hopefully in tax reductions.

The Chair (Mr. Peter Tabuns): You have a minute left.

Mr. Gary Rygus: But at the end of the day, labour costs are all about what they want to control and need to control. If they can't manage it accordingly, they're going to reduce the number of people that they're currently going to offer employment to or reduce the hours at a minimum.

Mrs. Julia Munro: Thank you.

Mrs. Gila Martow: I'll just comment quickly that basically we're hearing a lot of deputations, and people are saying that it shouldn't cost the employees, it shouldn't cost the employers, and it shouldn't cost the taxpayers. Today we heard the announcement that the government is running a $10.9-billion deficit. This is unprecedented, and it's really on the backs of many of your members, the small business owners. Thank you for coming in today.

Mr. Gary Rygus: Thank you.

The Chair (Mr. Peter Tabuns): Thank you very much. To the third party: Ms. French.

Ms. Jennifer K. French: Thank you very much for coming to speak to us today at Queen's Park. We appreciate hearing from all different industries and perspectives. I appreciate your submission. As you've said here, the challenge will be to balance the importance of long-term pension income adequacy against the nearer-term impact on growth, jobs and investment. We're hearing a lot about how now isn't the time, and we've heard a lot in committee about what that long-term pension income adequacy actually is and would look like.

Certainly you would be in a position to talk about your workforce and how that's comprised. Perhaps when we think of retail, we might think entry-level, or we might think youth and students, as you had said. But I would be curious to know what percentage of your workforce isn't entering the workforce but is perhaps re-entering the workforce.

Mr. Gary Rygus: Re-entering the workforce in terms of the end of a career?

Ms. Jennifer K. French: Yes, those who have retired or who would perhaps be in their retirement years re-entering the workforce in a different capacity, as opposed to having retirement security or an income stream like from a pension, who are relying on actual income and continuing to work.

Mr. Gary Rygus: I wouldn't have an exact number for that, but they are definitely a component within the labour force for retailers. We have the two extremes, if you will: the first-time entry into the workforce—and that's your experience piece—but also at the end of your work career, the desire to make additional funds for various reasons, whether it's because you need to top up whatever pension offering you have—

The Chair (Mr. Peter Tabuns): You have a minute left.

Mr. Gary Rygus: —or it could be as simple as the sociability aspect of it: because you need to stay engaged to stay relevant.

Ms. Jennifer K. French: Fair point. Another piece is that we don't know exactly how this ORPP will roll out. We've heard things, and we've read things, but nothing has yet been set in stone. While we've got you, would you perhaps give any advice to the government about how to implement or how to roll this out and how it might affect your industry?

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Mr. Gary Rygus: That's another excellent question because I think the worst thing that we could do is rush to market with a product that hasn't been well thought out and well articulated. To your point, there hasn't been a lot of discussion about implementation aspects to date. We do know that on January 1, 2017, the larger businesses in the province will have to implement the plans that are defined, but—

The Chair (Mr. Peter Tabuns): I'm sorry to say that your time is up with this questioner. We have to go to the government. Mr. Dhillon.

Mr. Vic Dhillon: Thank you for your presentation. As a government, we too would wish that the federal government would come to the table on this very important issue. It was our hope that the official opposition would back us up on that, but that's not the case. This is a really big and pressing issue which should have been dealt with, I believe, a long time ago.

You mentioned $300 million as a burden to business, employees and employers. Would you not think that it would be a bigger burden for seniors who would have insufficient income when they retire? Wouldn't that be a bigger burden overall for our society and as a country?

Mr. Gary Rygus: Well, I think that number doesn't take into consideration how our members will mitigate that impact. Currently, the larger retailers, especially, offer defined contribution plans. Some of those savings are already in place, if you will—

Mr. Vic Dhillon: But they're not across the board.

Mr. Gary Rygus: No, they're not across the board, but—

Mr. Vic Dhillon: For example, a small to medium-sized business wouldn't have the capacity to offer that type of benefit.

Mr. Gary Rygus: Correct.

Mr. Vic Dhillon: So that theory wouldn't prove true.

Nonetheless, just speaking in terms of the Retail Council of Canada, from a business point of view, wouldn't it be a correct statement to say that in the future if people would have less of an income for when they retire, that would obviously mean a business effect for your members?

The Chair (Mr. Peter Tabuns): You have a minute left.

Mr. Vic Dhillon: Wouldn't that be the case?

Mr. Gary Rygus: Definitely.

Mr. Vic Dhillon: Wouldn't it be in your best interest to support what we're doing?

Mr. Gary Rygus: Well, definitely, we're well aware that it's important for seniors to have adequate income because it's also going to have an impact on the retail sector. But our point would also be that it may not be the same priority across the workforce. For example, the younger workers, under 25, I would suggest have a higher priority at that time in their lives. They're trying to solidify their academic standing, and every piece of income that they're able to generate is going to be redirected towards paying for tuition and paying for food and shelter. An interesting article last month showed that the government of Canada wrote off $300 million in student loans as a result of people not being able to afford to pay back what they need to pay for tuition and achieving their education. I would argue to you that perhaps you would look at some sort of an age threshold as something that is not—

The Chair (Mr. Peter Tabuns): Thank you, sir. I'm sorry to say that your time is up.

Mr. Gary Rygus: Thank you very much.

UNIFOR

The Chair (Mr. Peter Tabuns): Our next presenter: Unifor. Good afternoon.

Ms. Katha Fortier: Good afternoon.

The Chair (Mr. Peter Tabuns): As you know, you have five minutes to present and nine minutes of questions. I'll give you warning when you're getting close to the end of your time. If you would introduce yourselves for Hansard.

Ms. Katha Fortier: Good afternoon. My name is Katha Fortier. I'm the Ontario director for Unifor. To my left is Jo-Ann Hannah, the director of our pension and benefits department; and to my right is David Leacock from our pension and benefits department.

We appreciate the opportunity to speak to the standing committee about Bill 56. Unifor is Canada's largest private sector union with 305,000 members in all sectors of the economy, including retail, but we also represent many public sector workers. We represent 158,000 members in Ontario.

We take pride in bargaining decent workplace pension plans for our members; however, our union is continually confronted with employers wanting out of their defined benefit pension plans. Last year, Unifor members at Bombardier in Thunder Bay went on a six-week strike to uphold a defined benefit pension plan for new hires.

Today, only 28% of private sector workers have pension plans. Only 12% of the workers have a defined benefit pension plan. The ORPP is a critical step towards addressing the inadequate pension coverage in the private sector.

Our president, Jerry Dias, has commended the Ontario government for moving forward on the ORPP when the federal government closed discussions with the provinces on enhanced CPP in December 2013. We also support Minister Hunter's plan to continue to promote enhanced CPP as the best retirement option for all Canadians, including Ontarians.

Some key points in Bill 56 that Unifor supports and certainly would not want to be deleted:

—first, of course, that the plan is mandatory;

—that contributions are shared between the employee and the employer;

—that they provide defined benefit pension plans with indexation; and

—that we include employees with annual earnings of $3,500 or more.

We also appreciate that it's intended to include the self-employed and that it tracks CPP, although we would like to see greater adherence to the CPP so that the ORPP could possibly eventually be merged into an enhanced CPP.

Unifor's key objection to Bill 56 is that employers with defined benefit pension plans or multi-employer pension plans would be exempt from the ORPP participation. Our reasons for opposing the exemptions are, first, that the CPP doesn't allow exemptions. It would be difficult for an Ontario plan with exemptions to be folded into an enhanced CPP in the future. Furthermore, we are concerned that if Ontario creates a plan with exemptions, it could become a model for any future CPP enhancement. That would be a step backwards for Canada's retirement income system.

We should not assume that employees with defined benefit plans or multi-employer pension plans have adequate pension benefits. Many of the members need the additional benefits of the ORPP.

Defined benefit plans are not always secure. Our members at Nortel and SKD saw their companies go bankrupt and the pension wound up with a shortfall. Plan members had to wait years for their final settlement, which was reduced to the funded status of the pension plan. Most workers will feel more secure if their pension is funded through the ORPP rather than relying wholly on their employer.

The exemptions will also lead to complications that are administratively difficult to implement. Furthermore, with the growth in precarious short-term employment, too many Ontarians will end up with a patchwork of ORPP and employer-sponsored benefits.

As a new social program, we believe it's critical that the ORPP deliver on the promised benefit—

The Chair (Mr. Peter Tabuns): You have one minute left.

Ms. Katha Fortier: —and show Ontarians and Canadians the merits of a collective program. Universality is essential to the success of the ORPP.

CPP works because it is a universal plan. There are 13.5 million contributors and 4.6 million beneficiaries. The contributions and benefit obligations are steady and relatively predictable. The plan has the economies of scale and diverse age groups to enable long-term investments and strong returns.

Ontario has the opportunity to create a universal pension plan that will benefit workers of Ontario, particularly the next generation of young workers. The ORPP could become the model and inspiration for all Canadians who want a secure pension. Unifor will continue to actively support an ORPP that models the CPP.

The Chair (Mr. Peter Tabuns): Thank you very much. The first question goes to the third party. Ms. French.

Ms. Jennifer K. French: Thank you, and welcome to Queen's Park. Thank you very much for coming. I appreciate the points that you've laid out here, and there was one—I'll direct your attention to where you talked about potential exemptions as threatened, or as promised, in Bill 56: "The exemptions will lead to complications and are administratively difficult to implement." I'll give you a chance to maybe expand on that. What would be some of the challenges of exempting comparable plans?

Ms. Jo-Ann Hannah: Thank you for the question. We have bargained what we call a hybrid plan, which is part DB, part DC, with Ford, GM, Chrysler, Air Canada—well, Air Canada wouldn't be included in this, but with a number of employers. What happens to those employers where they have some of their workforce in a DC, some in a DB, and some of them will be changing from the DB to the DC as they move around within the corporation? That's one complexity that we see.

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The other real issue is that people are going to end up with a patchwork. Where they had a DB plan, supposedly, they don't have ORPP contributions, and then where they're in the DC, they do have the ORPP contributions. The lack of continuity is another complexity that we're concerned about.

Ms. Jennifer K. French: Okay, thank you. You had mentioned at the beginning that you've seen a trend that employers want out of a defined benefit plan. Your thoughts?

Ms. Jo-Ann Hannah: Certainly, in every set of collective bargaining that we go into these days, the employers are saying DB is on the decline. We use the example of Thunder Bay, where we had to go on a six-week strike—

The Chair (Mr. Peter Tabuns): You have a minute left.

Ms. Jo-Ann Hannah: —in order to maintain that pension plan. It's very difficult to maintain defined benefit pension plans in the private sector.

Ms. Jennifer K. French: And why do you suppose that is?

Ms. Jo-Ann Hannah: I think part of it is a philosophical approach, that employers are saying, "We want out of DB." Employers have the power to get out of whatever they want to get out of. In fact, a lot of employers don't want to provide health care benefits or pension plans at all. So it is a time when employers have a good deal of power.

The other issue, which General Motors has made very clear to us, is that they don't want the liability on their books for a defined benefit pension plan, because there's a certain risk. When interest rates go down, their liabilities go up; that shows on their books. So they're saying, "We don't want to carry that liability."

But what they're doing is shifting it onto employees, who then have to go into DC plans and really don't have a clue about how to manage those plans and deal with all the risks in the market.

The Chair (Mr. Peter Tabuns): I'm afraid your time is up.

We'll go to the government. Mr. Anderson.

Mr. Granville Anderson: Thank you very much for coming, and thank you for the passion you show towards our pension plan.

I take it that most of your members, if not all, already have a pension plan, and I guess it would be probably superior to what we're offering. But you have taken the time to come here, so you have shown concern for the 68% of Ontarians who don't have a pension plan.

I know you are advocating for a universal plan, which isn't on the books right now, a plan that would cover people who were self-employed etc. Could you please elaborate on why it's so important to you that every Ontarian should have a pension plan and should be on the ORPP?

Ms. Katha Fortier: Thank you for that question. Our union, first and foremost, considers ourselves to be a social union and is obviously very interested in and very supportive of raising up our communities. Seniors living in poverty are a concern for us, as is an inadequate minimum wage and other social issues that affect our communities and our province and our country.

I think that fundamentally, we can also look at—part of our presentation touched on this as well, but sometimes, even when members do have a benefit plan of some sort, or a retirement plan of some sort, it's often inadequate. They may have lost years of service in it, for various reasons. Sometimes there might be cases where part-time workers are ineligible. We're seeing a certain rise, of course, in precarious work, which, of course, we could talk about at length, and we're really seeing more vulnerable workers. My son is 27 and has been in university for six years—

The Chair (Mr. Peter Tabuns): You have a minute left.

Ms. Katha Fortier: —and works in hospitality. He doesn't have a pension plan and isn't likely to get one in the foreseeable future. So I think we have to think about the bigger picture of our society.

Mr. Granville Anderson: Amongst your membership, have you seen more DB plans or more DC plans? How do these kinds of plans make a difference to workers in retirement?

Ms. Jo-Ann Hannah: In the DB plan, there is a predictable monthly pension, which is extremely important to our members. It has also been shown in communities where people have a monthly pension plan that they're going to go out and spend that pension in the community.

Where they are relying on their DC account, and they're still thinking about what happened in 2008-09, where they saw a 30% cut in their savings, they're going to be more cautious about going out and spending money. So the DB, I think, is beneficial. There's some security—

The Chair (Mr. Peter Tabuns): I'm sorry, but you're out of time with this questioner. We'll go to the official opposition. Ms. Martow.

Mrs. Gila Martow: Thank you very much for coming in today.

As you said, it's about the bigger picture, and I think that's what we're all trying to look at. I heard you say that it's a bit of an employers' world, and that is because we have fairly high unemployment. We have a lot of people looking for work. Wouldn't you agree that the best thing we can do to get the bigger picture moving in Ontario is to lower our unemployment rate, especially among youth? I think you would agree. This pension plan, we're being told, will actually decrease employment. People will lose their jobs in order to allow for a mandatory pension plan.

You're saying that you'd like it to be a universal plan and that you're concerned about seniors and poverty. I wonder if you could comment on the fact that many seniors who have the CPP—and yesterday we heard the government say that seniors collect $6,000 a year; I think it's more like $12,000 to $15,000—the reason many seniors are living in poverty isn't just because the CPP is too low, and we can debate that, but it's because they're taking on enormous debt, unlike other generations of seniors. Are you seeing that among your members at all: that people are retiring with debt?

Ms. Jo-Ann Hannah: I wouldn't be able to speak specifically to our members, that they're retiring with debt, but probably the statistics for Canadians would apply to a number of our members—although, remember, they have union jobs. We bargained union wages for them so that they could avoid some of that problem.

The Chair (Mr. Peter Tabuns): You have a minute left.

Ms. Jo-Ann Hannah: I would agree with you that the CPP is too low. I think it also speaks to the issue of why the union believes that an enhanced public program is important. That has been one of the comments, globally: that we have a good CPP, but the amount is set too low in comparison with other countries.

Mrs. Gila Martow: There would be huge administrative costs in order to bring out another plan. I think what we're hearing from pretty much all the deputations is that what they really want is an expanded CPP.

The Chair (Mr. Peter Tabuns): Ms. Munro?

Mrs. Julia Munro: I just wanted to circle around to one of the issues about this bill that others have commented on, and that is the issue around "comparable." The bill lays out very clearly that both employer and employee will pay 1.9%. Obviously, we could discuss the kind of pressure that presents, particularly for small business—

The Chair (Mr. Peter Tabuns): Mrs. Munro, your time is up, I'm afraid.

Thank you very much for your presentation today.

Ms. Jo-Ann Hannah: Thank you.

INSURANCE BROKERS ASSOCIATION OF ONTARIO

The Chair (Mr. Peter Tabuns): The next presentation: Insurance Brokers Association of Ontario. Gentlemen, as you've observed, you have five minutes to present and nine minutes of questions. I'll remind you when you're running out of time. Please introduce yourselves for Hansard.

Mr. Doug Heaman: My name is Doug Heaman. I'm the president-elect of the Insurance Brokers Association of Ontario. I'm joined by Arthur Lofsky, who is in charge of our government relations, as well as Gus Pappas from our benefits consulting firm.

IBAO represents over 12,000 property and casualty insurance brokers who service six million policyholders in the province of Ontario.

Interruption.

The Chair (Mr. Peter Tabuns): Gentlemen, please.

Sorry, sir.

Mr. Doug Heaman: Our priority is to serve the best interest of the consumer, from proper product selection through to client advocacy with insurers in the event a claim is made. Insurance brokers are also business people—mainly small and medium-sized businesses. According to the 2013 Canadian insurance brokers' survey, the average broker has 25 employees and earned $659,987 of total average income.

IBAO understands the good intentions behind the rationale to enhance retirement incomes. However, our membership has expressed that we cannot support the planned Ontario Retirement Pension Plan in its current form. During a recent survey of IBAO members, we received further validation regarding concerns of member offices: 57% of those surveyed were opposed to the ORPP, with 28% preferring an approved program designed for IBAO.

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The additional costs to brokerage business in Ontario will be difficult to absorb without affecting employment and/or current benefits. We would like to take you through some facts and figures to help understand why.

Figures supplied by the Ontario government indicate that a 1.9% employer contribution would cost the employer anywhere from $788 to $1,643 per year. According to the 2013 Canadian insurance broker survey, the average brokerage has 25 employees with various salaries. At the lower end, assuming every employee is earning $45,000, this represents an added cost of $19,700 to the business. At the high end, assuming everyone is earning at least $90,000, the added cost is $41,075. This means that for the average brokerage, earning $659,987 before tax, the cost will be in the range of 3% to 6.2% of average income.

The situation is starker when looking at operating income. Operating income per employee for the average broker is $12,500. To impose a cost of $788 to $1,643 per employee would take away 6.3% to 13.1% of operating profit per employee. This policy will likely end up affecting employment and hiring decisions negatively, particularly for smaller brokerages with commission revenue of less than $1 million. The same survey indicates that the average brokerage with commissions less than $1 million earns $136,479, and these smaller brokerages average 5.9 employees.

When it comes to Ontario insurance brokers, IBAO would like to urge the government to consider this policy in totality with other government policy, in particular, the government's mandated 15% reduction in auto insurance premiums. Brokers are paid on commission, and as rates come down, commissions on auto policies will be decreasing. The result is significantly lower commissions for brokers across Ontario. The full effect of these reductions will be hitting the marketplace just as the ORPP is slated to begin in January 2017. The hit to expenses from the ORPP, combined with the hit to revenues from lower auto premiums, could be onerous to many brokers across Ontario.

The ORPP design consultation paper released in December indicates that the preferred approach of a comparable plan that would make an employer eligible for exemption from the ORPP is a defined benefit plan.

The Chair (Mr. Peter Tabuns): You have a minute left.

Mr. Doug Heaman: This is unfortunate. Many brokers offer group RRSP plans that fall into a subset of a defined contribution plan. We are asking that the government consider permitting employers that offer group RRSP plans over a certain threshold that is locked in until retirement to be considered a comparable plan to exempt the employer from the ORPP. If the government does not permit group RRSPs to be exempt, it will be doing more harm than good. Only 7% of IBAO members surveyed currently with a group RSP plan would consider keeping their plan in conjunction with ORPP.

Employers that do offer relatively generous defined contribution plans may be forced to cancel their plans altogether in order to comply with the ORPP. It just may be too costly to administer. Recently, the CLHIA came to a similar conclusion. In a survey conducted in January 2015 by Environics and covering 401 workplaces with defined contribution plans or group registered retirement savings plans, it found that two thirds indicated they would consider—

The Chair (Mr. Peter Tabuns): I'm sorry to say that you're out of time. We have to go to questioners. Ms. Mangat from the government will be the first.

Mrs. Amrit Mangat: Thank you, Mr. Heaman and Mr. Lofsky, for your presentation. Study after study has highlighted that Ontarians are not saving enough for retirement. This means that many are at risk of facing a decreased standard of living when they retire, and many may become reliant on publicly funded social programs.

Actually, I was reading an article in today's Toronto Star written by Adam Mayers, who has a finance background. He mentioned one such study. He wrote, "The study concludes with some suggestions, including:

"—Make workplace pensions mandatory to force savings. The coming Ontario Retirement Pension Plan is an example of how that might happen....

"—Don't wait. Governments should do something now, whether enhancing the CPP or going another way."

Having said that, my question is: What could be the potential impact on the insurance industry if their employees, especially seniors, are retiring with insufficient retirement income?

Mr. Arthur Lofsky: Clearly, the more income they have when they retire, the better. I think what we would ask is, if you're going to implement an enhanced retirement plan, we would very much urge the government to allow the definition of "comparable workplace plan" to include group RRSPs. We have discovered that, if you don't, many brokers will cancel those, and some of those have relatively generous benefits—

The Chair (Mr. Peter Tabuns): You have a minute left. One minute left.

Mr. Arthur Lofsky: They have relatively generous benefits. You may be doing more harm than good. They'll be in a worse-off situation, because the employers will not be able to administer those plans based on our best advice, and there seems to be a consensus on that from other groups. I do understand that we need higher incomes overall, societally, but in your current design we would really urge you to allow more exemptions for group RRSPs, or else you'll be doing more harm than good, and they'll have less money in their retirement if those plans are cancelled.

Mrs. Amrit Mangat: But my understanding is that lots of employees are not using RRSPs or TFSAs. I was reading another article the other day; they were saying there's 90% room for RRSPs and 88% room for TFSAs.

Mr. Arthur Lofsky: But the employers that are offering them and are using them will have to cancel them if they're not allowed to be exempt. So they will be worse off.

The Chair (Mr. Peter Tabuns): I'm afraid you're out of time. We'll go to the official opposition. Ms. Munro?

Mrs. Julia Munro: Yes, thank you very much. I appreciate your analysis. One of the things that we've captured in the hearings is—two words come to mind. One is "mandatory" and the other one is "comparable." Clearly, the government has in mind a compulsory, mandatory process where each employer and every employee would have a 1.9% contribution to make—and the question of how they're going to define "comparable."

I want to take a moment to quote to you from the budget of 2014. It says that "encouraging more Ontarians to save through a proposed new Ontario Retirement Pension Plan, new pools of capital would be available for Ontario-based projects such as building roads, bridges and new transit." In that context, how would a group RRSP be able to continue? Or would it have to change to the 1.9% contribution?

Mr. Doug Heaman: If I understand the question correctly, you're asking the difference between a mandatory and a contributory plan, right? In road building?

Mrs. Julia Munro: It says here that it's a "proposed new Ontario Retirement Pension Plan," and "new pools of capital would be available for Ontario-based projects."

Mrs. Gila Martow: I'm going to jump in because she's being too subtle.

Mr. Doug Heaman: Yes, please. Thank you.

Mrs. Gila Martow: What she's suggesting is that the reason is they want it to be mandatory, and the reason why they want to exempt things like the RRSP plan—which could be better—so it's like—

The Chair (Mr. Peter Tabuns): You have a minute left.

Mrs. Gila Martow: —people are going to have to lose a better retirement saving plan in order to go into the new Ontario pension plan because this government wants to be able to use that money for infrastructure.

Mr. Arthur Lofsky: I think there are plenty of pooled capital pools out there—the Canadian Pension Plan Investment Board, the teachers' pension plan—which aren't being utilized to their full extent in Ontario for various reasons, and I just don't think that that is a good justification for implementing this extra cost to small businesses, which could end up putting them out of business.

Mrs. Gila Martow: Especially since Ontario isn't the driving force of the Canadian economy anymore.

Mr. Arthur Lofsky: Well, okay—

Mrs. Gila Martow: Thank you very much.

The Chair (Mr. Peter Tabuns): Okay. Third party: Ms. French.

Ms. Jennifer K. French: Thank you for making the trip to Queen's Park and coming and speaking with us today. I appreciate your submission; it's very thorough. Now I have a few questions for you.

I'm not overly familiar with the ins and outs of your industry, so this is specific. How will the proposed exemptions for some plans and not others affect brokerages, or will it?

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Mr. Doug Heaman: As business owners—I'll take my own business as an example. We have a group RRSP plan, so we match dollar for dollar up to $1,500 of what the employee contributes. If we go with a plan that is an imposed plan, we would probably have to eliminate our plan and try to make that plan fit within the constraints of reduced commissions and increased overhead.

Ms. Jennifer K. French: Thank you. If some plans, though, are exempt and they won't have that same challenge, does that put you, then, at a disadvantage? I guess what I'm asking, or where I'm taking this: Is there an argument for not having exemptions to even the playing field, from a business standpoint?

Mr. Arthur Lofsky: I'm not sure about that. I just think allowing the comparable plan to include group plans will have less harm overall than the 1.9% being imposed, because, as we said, some are going to have to cancel relatively generous benefits.

Gus here may be able to add to it. He's our pension adviser.

Ms. Jennifer K. French: Okay.

The Chair (Mr. Peter Tabuns): I'll just note you have a minute left. If you would introduce yourself for Hansard before you speak.

Ms. Jennifer K. French: I do have another good question, if that's okay.

Mr. Gus Pappas: Gus Pappas, benefits coordinator at BCI. We look after both employee benefits and the pension plan for the IBAO, the group RRSP.

If I understood the question correctly—the advantage-disadvantage of exempting a plan versus making it mandatory—a defined benefit plan is pretty restrictive.

Giving an employer a little bit more flexibility to customize and design it—

Ms. Jennifer K. French: Yes, but my question was, according to this, some will be exempt and some won't. In terms of employers that may have a DB plan versus a DC—one's exempt and one isn't—does that put one at a competitive disadvantage?

Mr. Arthur Lofsky: Yes, because most of them aren't defined benefit plans, if any. So yes, it would put them at a disadvantage compared to other businesses that do offer a defined benefit plan.

Ms. Jennifer K. French: I have a quick question; I'll try to get it in there. Group RRSPs: We talk about how there is lots of room left and not—

The Chair (Mr. Peter Tabuns): Even though it's quick, Ms. French, you're out of time. My apologies.

Thank you for your presentation, gentlemen. We appreciate it.

ACTUARIAL SOLUTIONS INC.

The Chair (Mr. Peter Tabuns): The next presenter: Actuarial Solutions Inc. Sir, as you've seen, you have five minutes to speak and nine minutes of questions, and I'll let you know when you're short on time. If you would introduce yourself for Hansard.

Mr. Joe Nunes: My name is Joe Nunes, and I want to thank you for giving me the opportunity to speak to you about Bill 56, An Act to require the establishment of the Ontario Retirement Pension Plan.

I am a fellow of the Canadian Institute of Actuaries. Prior to graduating from the University of Waterloo, I was a co-op student with the province of Ontario, reporting to the actuary responsible for the Ontario Teachers' Pension Plan and the Public Service Pension Plan. In 1988 I joined Mercer, followed by work at a boutique consulting firm in Scarborough, then finally establishing Actuarial Solutions in 1998, where I am president. My company provides actuarial, consulting and pension administration services to clients ranging from small businesses to multinational corporations.

My entire career has been spent working in the area of pensions, where I have gained considerable experience in the actuarial science supporting pension funding and the challenges faced by any plan that promises guaranteed outcomes in an uncertain economic world. I am making this presentation as a qualified professional with expertise in the area of pensions.

I do acknowledge that the Ontario government is committed to addressing the retirement needs of a 21st-century workforce and that its preferred option continues to be the enhancement of the Canada Pension Plan. In the absence of action at the national level, the government is proceeding with the ORPP, which is designed to provide a predictable stream of retirement income while pooling longevity and investment risk.

While I appreciate what the government is trying to do, I have a number of concerns with its approach. The current proposal requires contributions from low-income workers. There is general agreement that with Old Age Security, CPP and guaranteed income programs, these workers are not in dire circumstances at retirement relative to their working years.

The proposed ORPP requires full funding, which will require either a 40-plus year phase-in of full benefits or an acceleration towards full benefits, where older workers benefit at the expense of future generations. The children and grandchildren of the baby boomers already face a less prosperous future and, in my opinion, should not be burdened through additional intergenerational transfers of wealth. I worry that it will be too tempting for the government to promise benefits today and push the costs to tomorrow, all disguised in actuarial assumptions that will take decades to prove right or wrong.

The current proposal establishes a pension plan in Ontario, not a social program. As a result, there is no mechanism to access the favourable tax treatment of the CPP without coordinating this program with other tax-assisted programs defined under the Income Tax Act of Canada. In a nutshell, this means that the ORPP will need to be integrated with the pension adjustment system for determining worker eligibility for other programs, such as RRSPs and employer-registered pension plans and profit-sharing plans. Essentially, for many workers who have reached the maximum savings thresholds under the Income Tax Act, no new savings will be generated; we are only changing where those savings are invested.

Because Ontario is travelling this road alone, there is no opportunity to leverage the infrastructure that the federal government has put in place for the CPP. This infrastructure allows for the collection and investment of contributions and the determination and payment of benefits. The administrative operation of the CPP is large and complex, and it should not be underestimated how difficult it will be for Ontario to replicate these services.

Finally, an Ontario-only solution with exemptions for certain employers and their workers means that the program will not have as much critical mass as is needed to spread governance and administrative costs over dollars and members.

I'd like to offer some advice to the government, understanding that they're going to proceed with this program:

(1) Work with the federal government to gain tax-assisted treatment for the program consistent with the treatment of the CPP. Coordinating the ORPP with the current pension, profit-sharing and savings programs already in place in Ontario is going to cause significant upheaval in those programs and, in many cases, will result in offsetting reductions in savings to match the increased savings created by the ORPP, ultimately resulting in no new savings or benefits.

(2) Eliminate all exemptions for "comparable plans."

The Chair (Mr. Peter Tabuns): You have a minute left.

Mr. Joe Nunes: Not all defined benefit plans are created equal, and creating an exemption based upon plan type is ill-advised. Likewise, not all defined contribution plans are created equal, and some defined contribution plans are patently better than some defined benefit plans at delivering benefit levels.

(3) Set the earnings level covered to reflect the identified need for increased retirement savings. My recommendation would be to have contributions only cover earnings between the YMPE and two times the YMPE. This is the income range most commonly viewed as currently suffering from inadequate retirement income. Workers earning less than the YMPE are largely considered adequately served by the CPP and other programs.

(4) Seek an outsourcing arrangement for administration and investment with the federal government. A world-class investment and administration system is already in place. Leveraging the current arrangements would be cost-effective. This also sets up the province to seamlessly merge the ORPP into an expanded CPP, should that happen at a future date.

The Chair (Mr. Peter Tabuns): Thank you, sir. I'm sorry to say that you're out of time. The first question goes to the official opposition. Ms. Martow.

Mrs. Gila Martow: Hi. I also attended the University of Waterloo, so I'm glad that you fit that in.

I think that what I'm hearing from your presentation, which we're hearing from many people, is that this is going to be very expensive and inefficient, and what we really want to do is work with the federal government. We hear often from the provincial government that that's exactly what they want and that the federal government are just a bunch of meanies. But we're seeing a huge deficit—announced today, a $10.9-billion deficit—and we're seeing fairly high unemployment in Ontario compared to history. We had the lowest unemployment in Canada, and now we have the highest unemployment, in one of the major provinces.

Just in your opinion, if you could share it with everybody here: Do you think that it's unwise to push forward with an Ontario plan? Should the focus really be on getting the economy on track in Ontario, and then we can sit down with the federal government and work on some kind of partnership with the CPP or expanding the CPP?

Mr. Joe Nunes: Thank you. Good question. Just to be clear, I'm not even in favour of expanding the CPP. I've written about that before. I think that these social programs are delicately funded, and we run a risk of pushing costs to future taxpayers. With that said, the ORPP is 10 times worse an idea than expanding the CPP, for all of the reasons around going it alone and losing all the leverage that already exists in a well-run CPP.

As for the economy, I'm not a trained economist, but certainly one would argue that if the economy were doing better, the federal government might be more open to that conversation about expanding the CPP.

Mrs. Gila Martow: Exactly. You can't tailor-make a program for everybody, obviously, but would you feel that the best bet, the best program for Canadians, is to stick with the CPP, maybe expand it a little bit—it is $12,000 to $15,000 per person—and really focus on educating the public to augment their retirement income by paying off their mortgage, by not accruing debt, by using their tax-free savings accounts and their RRSPs? Is that your best vision?

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Mr. Joe Nunes: Yes. I think that's a good observation. I think one of the things that has been lost sometimes in this conversation is that, certainly, if we put more money into the ORPP, we'll generate more income out the other end. Some people have come and spoken about how that just means it's coming out of a different pocket. More importantly, if people, during their working years, do save more, including the ORPP, they may also run up greater credit card bills and larger mortgages to finance their lifestyle.

Fundamentally, citizens in this country and, frankly, around the world, are going to have to learn how to balance their chequebook and save enough for retirement. I'm just not convinced that our provincial government is offering an efficient way of helping people to do that.

The Chair (Mr. Peter Tabuns): I'm sorry, sir, but you're out of time with this questioner. We go to the third party. Ms. French.

Ms. Jennifer K. French: Thank you very much for joining us today at Queen's Park. We welcome your clear expertise on the subject. Since being named pension critic for my party, I've had the opportunity to meet with many pension gurus and experts—

Mr. Joe Nunes: Sorry about your luck.

Ms. Jennifer K. French: —some of my new favourite people. I'm pleased to have your voice here.

I'd like to give you the opportunity to expand a bit on your second point, "Eliminate exemptions for 'comparable plans.'" As you have here, "If there are to be exclusions, the measure should be benefit levels."

A number of people have spoken about how comparability should be based on the contribution side. Perhaps if you could expand on that for us.

Mr. Joe Nunes: Sure. Defined benefit and defined contribution are opposite sides of the coin. We have some great defined benefit plans in this province. Notably well heard of is the teachers' plan, and probably the public service, followed behind it.

Ms. Jennifer K. French: I'm a teacher.

Mr. Joe Nunes: Good for you. So we have some great defined benefit plans that deliver a really good retirement income. We also have some defined benefit plans in this province, in this country, that are substantially less generous and are substantially less expensive for employers to run. You can't call them all equal just because they have the title "defined benefit." On the other side, some defined contribution plans have very minimal contributions, and others have very generous contributions.

Obviously, if you could take every plan and say, "Here's the measure of the benefit they're getting, and anyone who delivers a benefit this big, we'll exclude," that's the first choice and best choice, but you can't really do that with defined contributions. So your next-best bet is to say, "If they're at least putting this much money away, then that ought to be fair also," because they're already helping people put the money away.

The Chair (Mr. Peter Tabuns): You have a minute left.

Ms. Jennifer K. French: Okay. I have another question, then, to take advantage of your expertise while we have you. Bill 56 also puts on the table that they're going to be creating a management or administrative arm or group.

Mr. Joe Nunes: Right.

Ms. Jennifer K. French: Could you weigh in on what you think that should look like, and perhaps who should be in charge of this giant pool of money?

Mr. Joe Nunes: Again, I'm not a politician. I don't understand politics, so I have no idea how you broker a deal with the federal government, but I think the federal government spends about $600 million a year running the Canada Pension Plan.

Let's assume that the ORPP is smaller and therefore costs less, but, as we all know, whenever you build something, there's a fixed cost and a variable cost. Ontario is what percentage of Canada? You're going to spend several hundred million dollars building your own, and you could probably go to the federal government and get a deal for less than that. That would be my observation, on behalf of taxpayers. Let's get the most efficient—

The Chair (Mr. Peter Tabuns): I'm sorry to say that you're out of time with this questioner. We go to the government. Madame Lalonde.

Mrs. Marie-France Lalonde: Thank you very much for being here today. I really appreciate it.

Mr. Joe Nunes: Thank you.

Mrs. Marie-France Lalonde: I have to say, I heard you numerous times mentioning our great federal friends, and as you alluded, we've tried very hard to actually move forward in that enhancement of our CPP.

I'm going to ask you something, though. I'm a little bit surprised. I had the great pleasure of welcoming our Associate Minister of Finance in my riding for a group consultation. Actually, there was a person who does exactly your job. I guess he works for the pension and benefits office, or what is referred to as the PIPSC. He came to talk to us about when he was part of the CPP and moving this one forward in Canada.

It's interesting enough that he was also referring—there were a lot of suggestions, there were a lot of businesses challenged with this decision. But would you say that the CPP is one of the best things that we've ever done as Canadians for ensuring the safety of the future generation, like when you retire?

Mr. Joe Nunes: I think that the end result of the CPP of providing good retirement income to people is a good thing that we've done. But if you dig into the details, I'm paying for my father's generation and my children will also be paying for my mom's pension. So when you say "best," I think that's a bit of an exaggeration. It's a really delicate game to take money today and make a promise for 20, 30 or 40 years for tomorrow.

Back to the whole thing about where will this money get invested: The bottom line is, the province is going to have to go and scramble as hard as they can to find the best possible investment returns on this money, which is why you don't see—

The Chair (Mr. Peter Tabuns): You have a minute left.

Mr. Joe Nunes: —the Canada Pension Plan only investing in Canada now. They're trying to find the best possible investments globally.

Mrs. Marie-France Lalonde: I'm going to just refer to a study, if I may, in just asking you—and I'll try to do it as fast as possible. Boston Consulting Group found that individuals with defined benefit plans tend to be confident consumers. The recent report states that in Ontario, individuals with these plans "are spending approximately $27 billion on consumables, shelter, durables, recreation and services."

So I'm asking you: What would the impact be on enhancing the retirement savings for more retirees?

Mr. Joe Nunes: I'm not sure I understand your question, but there was a comment earlier about people with defined benefit plans being more confident about spending money next week because they've got a predictable income coming and DC doesn't necessarily have that. I certainly appreciate that, but again, these are all kind of like little tidbits that point you in a direction that don't give you the right answer. For example, we have an entire insurance industry in this country that sells annuities, so people with—

The Chair (Mr. Peter Tabuns): I'm sorry to say this, but you've run out of time on that response.

Mrs. Marie-France Lalonde: Thank you.

Mr. Joe Nunes: Thank you.

The Chair (Mr. Peter Tabuns): Thank you very much for your presentation today.

ONTARIO PUBLIC HEALTH ASSOCIATION

The Chair (Mr. Peter Tabuns): Our next presenter: Ontario Public Health Association; Ms. Walsh. You have five minutes to speak and nine minutes of questions. I'll warn you when you're running out of time, and if you'd introduce yourself for Hansard.

Ms. Pegeen Walsh: Thank you for the opportunity to appear before your committee. My name is Pegeen Walsh. I'm the executive director of the Ontario Public Health Association. With me today is Caroline Wai, an OPHA member, volunteer and co-chair of our Health Equity Workgroup.

Our non-profit, non-partisan association brings together people committed to improving people's health. Many of our members are on the front lines of community and public health and see on a daily basis the health impacts on those that are marginalized and living in poverty.

OPHA recognizes that strengthening Ontario's retirement income system can offer both economic and health benefits. Having an adequate income is one of the most significant factors for ensuring good health. An adequate income allows for affordable housing, nutritious food, dental care and other necessities that support one's overall health and well-being.

This new pension system can be an important building block for strengthening Ontario's income support system, especially if it includes features such as:

—mandatory participation for those without a comparable pension plan;

—a predictable stream of income through a defined benefit;

—indexed benefits to inflation;

—portability as people change jobs;

—survivor benefits for a surviving spouse; and

—administration by an arm's-length, non-profit entity with a strong governance structure.

Given the strong links between income and health, OPHA recommends that your committee assess the health impacts of this new legislation prior to its adoption and implementation. Our members, for example, are seeing many disturbing workplace and societal trends that affect health and need to be taken into account to ensure this new plan is responsive. Allow me to highlight a few of these developments.

There's an increasing number of people experiencing precarious employment. This can range from full-time employees who receive a wage but no benefits, work variable hours and are unlikely to be employed by the same firm in the future to those that are temporary, part-time, casual, contract or self-employed because they cannot find work elsewhere. Young people trying to enter the workforce, newcomers as well those 55 to 65 years old are especially disproportionally affected by precarious employment. We're seeing escalating housing prices in major urban centres, and an increasing number of Ontarians living in poverty who can't afford nutritious food and other necessities. For example, our members are seeing more seniors with limited access to oral health services ending up in hospitals as the only way to get treatment.

These and other developments have created increasing economic disparities within Ontario. It would be unfortunate if this new plan exacerbated rather than mitigated these factors. We ask you to consider the following:

How can those who hold part-time or contract positions and move from job to job as employment disappears benefit from this plan?

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How can we reduce the burden on those who are earning a low wage where even a minimal wage deduction to support a plan can make a real difference in one's ability to secure life's necessities, including dental and vision care?

What aspects will prevent employers from favouring contract and part-time work, reducing hours or positions to limit their expenses and the number of those who may be eligible for the new plan, or having employers eliminate existing plans that offer better benefits?

How can we ensure that this new plan does not exacerbate the growing gap in incomes and economic disparities and further marginalize disadvantaged groups in our province?

OPHA recommends that a two- to four-year review period be required under the plan once it's implemented to determine whether there are any unintended consequences that negatively affect people's health and whether modifications to the plan are needed.

We believe that increasing people's income security in their retirement will be beneficial to people's health as well as the economy. In fact, we too saw the article in today's Star from the Boston Consulting Group that showed that good pensions can fund healthy communities, that seniors with defined benefit plans are confident spenders and that most of that revenue stays in the community and that a predictable revenue stream allows them to better plan their affairs.

We ask the committee to see this initiative as one piece of an income support system, as there will be those that are left out. Other supports will be needed to reduce the effects of poverty as well as supporting healthy aging.

OPHA welcomes the opportunity to work with legislators to create positive change. Strengthening income support, for example through better pensions, can help improve health and well-being, reduce disparity and health care costs, and create a fairer society.

The Chair (Mr. Peter Tabuns): One minute left.

Ms. Pegeen Walsh: Thank you for the opportunity to convey these ideas and the concerns of our association. I've provided some background information for you that explains the critical links between income and health.

The Chair (Mr. Peter Tabuns): Thank you very much. First question to Ms. French, third party.

Ms. Jennifer K. French: Thank you very much for joining us today at Queen's Park and for weighing in on this bill. I was making notes on the first page of your submission and then you asked the same questions on the other that I was going to ask you.

One of the parts that you have said here about portability as people change jobs and then to your question: "How can those who hold part-time or contract positions and move from job to job as employment disappears benefit from this plan?" Do you have suggestions or thoughts on that? You would obviously see many who are in, as you said, precarious employment situations in a changing economy. Do you have suggestions to that point?

Ms. Pegeen Walsh: We're not pension experts, but we think it is important that the plan allow for that precarious employment. That is the benefit of having a pooled plan, because people, especially young people, are expected to have many different jobs over the course of their working career—so to find a way in that plan to allow for people who are part-time, who are in a job less than a year moving to another job, to allow for that flexibility, to recognize the increasing number of people who have precarious employment.

Ms. Jennifer K. French: We've had lots of people weigh in on points similar to this: the idea that, by having exemptions, you end up with these challenges. By not having exemptions and everyone in, then everyone benefits. Would you agree that that might be something for the government to consider?

Ms. Pegeen Walsh: So long as the exemptions don't exacerbate those income inequalities and provide one group of people with even more income as opposed to those that are the most vulnerable with the lowest income at this point.

The Chair (Mr. Peter Tabuns): You have a minute left.

Ms. Jennifer K. French: Your point here as well: "How can we reduce the burden.... ?" But you've mentioned about life's necessities, including dental and vision care. I would encourage you to invite yourselves, if you haven't already been invited, to consult perhaps with the government on some of their changes to dental programs. I certainly hope that they will make use of your expertise and recommendations. But I digress.

What is the most obvious link between income and health that you can take this opportunity to share with us?

Ms. Caroline Wai: Again, adequate income would ensure that there's the ability to purchase healthy foods. As you know, all health units are required to conduct a Nutritious Food Basket for their area. That would be one method of looking at a tool that could be used. That would be the most basic amount of looking at food security.

Adequate housing, particularly in the GTHA: We've seen increasing—

The Chair (Mr. Peter Tabuns): I'm sorry to say that you're out of time. We have to go to the government. Dr. Qaadri?

Mr. Shafiq Qaadri: Thank you very much, Chair Tabuns. It's a privilege to speak to fellow health care practitioners. As a physician myself, I think a number of the points you've highlighted—the mandatory participation, the predictable stream, indexed benefits, survivor benefits—I think, as you'll realize, most of those issues are incorporated.

I would just throw this out to the opposition: that we'd be honoured to have the participation of the federal government with the CPP enhancement, but we can't actually get meetings with the Harperites. So if you have any direct phone numbers, I would encourage you to do that.

I'm wondering, Ms. Walsh, if you might highlight for us—because you, no doubt, as a public health expert, have deep knowledge, I'm sure, of the US experience, where they have seniors who are, for example, choosing between medications and food or mortgages and foods etc. Maybe set for us a little bit, in relief, the American experience so that we as Canadians don't go down that pathway, and ensure predictable retirement income security for Ontarians.

Ms. Caroline Wai: Again, as I was mentioning before, adequate income would ensure nutritious food, adequate housing, things like heating of the home that you purchase. There are often people who are very low-income who have to make a decision about whether they're going to heat their home in the middle of winter.

Transportation costs: If you look at the Ontario action plan for healthy seniors—I'm getting the title mixed up—it talks about ensuring that there are age-friendly communities.

Ensuring an adequate income would ensure that seniors have purchasing power so that people don't have to make decisions around prescriptions or what food they're going to purchase, or whether they can actually take transportation to their doctors' appointments. The effects of being able to ensure healthy aging as they progress will also potentially see health care dollars being reduced. We won't see the very sick.

There's plenty of research that talks about the social gradient, that as you increase—

The Chair (Mr. Peter Tabuns): You have a minute left.

Ms. Caroline Wai: —in every step of income, you are healthier. So in societies that have a lot of income disparity, we see much higher use of health care dollars being spent—

Mr. Shafiq Qaadri: Quite right, and as you will know, there's a whole discipline, or a whole industry, attached to the social determinants of health, which are economically underpinned.

I'm sure you're aware of the fact that the number one cause of personal bankruptcy in the United States is health care costs.

Ms. Caroline Wai: Yes.

Mr. Shafiq Qaadri: All right. Thank you.

Mr. Tabuns?

The Chair (Mr. Peter Tabuns): Thank you, Mr. Qaadri.

We go to the official opposition: Mr. Hudak?

Mr. Tim Hudak: I thank you both, from the Ontario Public Health Association, for coming in—a very thoughtful presentation.

I saw that you were here for a little while beforehand, listening in. You were here for the Insurance Brokers Association presentation, I think?

Ms. Pegeen Walsh: We just heard the tail end.

Mr. Tim Hudak: Okay. Basically, they said in their presentation that this will cost the firm up to $1,600 per employee, and of course, the employee would have to match that. One of your salient points is, this could impact low-income families or create fewer jobs. Did you hear them mention that in their presentation?

Ms. Pegeen Walsh: I didn't hear the detail—

Mr. Tim Hudak: This is the kind of concern that you're getting at, that this may cause more unemployment as a result, because of the higher taxes. The insurance brokers say they'll probably hire fewer people as a result. That would be a concern to low-income people who are out of work altogether.

Ms. Pegeen Walsh: This plan would affect those who are in the workforce. We talked about how people are moving from job to job. It allows them to be able to have some savings that are going to provide a more secure future. By pooling their resources with others', there is more security around what investment could look like.

Mr. Tim Hudak: As the insurance brokers pointed out, this will be a new tax on hiring, so it makes it more expensive to hire people. Their concern is that people will actually lose jobs and lose coverage, and then they put in for unemployment or welfare down the road.

The other concern we've heard consistently from the social welfare point of view is that those who are impacted the most by this are low-income families who will pay a higher tax, but their benefits and OAS will be clawed back over time. So the sad irony of this is that it's low-income individuals who are hurt the most at the end of the day.

You essentially propose a review, to make sure that low-income individuals and families aren't being impacted. Would it be sensible to do that review before the plan is implemented, just to make sure we have the facts on how people are impacted at low income levels?

Ms. Pegeen Walsh: There are two things that we're suggesting. Often, the devil is in the details, so—

The Chair (Mr. Peter Tabuns): You have a minute left.

Ms. Pegeen Walsh: —it would be helpful, as the details of that plan get developed, to bring that health analysis, and then, once a plan is implemented, to then do further assessment.

I also did hear some testimony on other days that some employers are seeing this as a competitive advantage, because they're losing employees to other employers, so there is that aspect.

We're also talking about saving now, to guarantee adequate income in the future.

Mr. Tim Hudak: Okay. Thank you.

The Chair (Mr. Peter Tabuns): Any further questions?

Mrs. Gila Martow: Yes, I'll just add very quickly that the concern is that it's costing employers, and that, yes, maybe people need to be forced to save. It's hard, maybe, for some people who have been good at saving to understand that.

But there's a cost to employers in this plan. It's not just a cost to employees. Now it's possible that the government can implement a plan where people are forced to put into tax-free savings accounts or RRSPs and not touch the money, but that's not what they're looking at. They're looking at a burden on employers, and employers were always free to have a plan.

The Chair (Mr. Peter Tabuns): Ms. Martow, I'm sorry to say you're out of time.

Mrs. Gila Martow: Anyhow, thanks for coming in.

The Chair (Mr. Peter Tabuns): Thank you very much for your presentation.

Ms. Pegeen Walsh: If I may reply to that?

The Chair (Mr. Peter Tabuns): No.

Ms. Pegeen Walsh: Oh, okay.

Mrs. Gila Martow: You can reply to me privately.

Ms. Pegeen Walsh: Okay.

The Chair (Mr. Peter Tabuns): Thank you very much for presenting today.

Colleagues: very quickly, a reminder that the administrative deadline to file amendments to the bill with the Clerk is at 12 noon on Wednesday, April 8, this year, 2015.

I'd also like to ask the committee if people would be in agreement to switch to room 151, the Amethyst Room, whenever it's available, in order to allow for live streaming and simultaneous interpretation. The room is available on Mondays. It's used by the estimates committee on Tuesdays, but that committee is not anticipated to meet over the next little while. You're agreeable? Excellent.

With that, the committee stands adjourned until 2 p.m. on Monday, April 13, 2015.

The committee adjourned at 1711.

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STANDING COMMITTEE ON SOCIAL POLICY

Chair / Président
Mr. Peter Tabuns (Toronto–Danforth ND)

Vice-Chair / Vice-Président
Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)

Mr. Granville Anderson (Durham L)
Mr. Vic Dhillon (Brampton West / Brampton-Ouest L)
Ms. Christine Elliott (Whitby–Oshawa PC)
Mrs. Marie-France Lalonde (Ottawa–Orléans L)
Mrs. Amrit Mangat (Mississauga–Brampton South / Mississauga–Brampton-Sud L)
Mrs. Gila Martow (Thornhill PC)
Mrs. Kathryn McGarry (Cambridge L)
Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)
Mr. Peter Tabuns (Toronto–Danforth ND)

Substitutions / Membres remplaçants
Ms. Jennifer K. French (Oshawa ND)
Mrs. Julia Munro (York–Simcoe PC)
Mr. Shafiq Qaadri (Etobicoke North / Etobicoke-Nord L)

Also taking part / Autres participants et participantes
Mr. Tim Hudak (Niagara West–Glanbrook / Niagara-Ouest–Glanbrook PC)

Clerk / Greffière
Ms. Valerie Quioc Lim

Staff / Personnel
Mr. Jeff Parker, research officer,
Research Services