

OFFICIAL REPORT (HANSARD)

Monday, January 29, 2007

Canada Pension Plan

Ms. Ruby Dhalla (Brampton—Springdale, Lib.):

Mr. Speaker, before I begin my remarks, I want to take the opportunity to congratulate the member from Hamilton on her passionate speech and her work on behalf of seniors, along with the member for Laval who spoke, and also on her new critic post on behalf of the Status of Women.

I am pleased to stand in the House today to speak to Bill C-36 both as the member of Parliament for Brampton—Springdale and also as the new critic for social development for the official opposition. As the critic for social development, I look forward to working on behalf of Canadians to ensure our youth, seniors and Canadian families have the tools and resources they need to succeed and to ensure they can actively contribute to their communities.

Today I will be speaking on Bill C-36, a bill that amends the Canada pension plan and the Old Age Security Act, on behalf of our caucus. However, all of us must remember and perhaps take a look at some historical facts. One of Canada's greatest achievements, and our hallmark, is its retirement income system for seniors. It is a program, as has been mentioned before, that has helped millions of seniors across Canada. I know that not only our party, the Liberal Party, but all other parties in the House have always promoted investments with and for our seniors.

Every previous Liberal government demonstrated this commitment by investing in our seniors and ensuring they would have the very best and lived their lives with dignity and respect. It was a previous Liberal government that implemented the old age security program, the Canada pension plan, the guaranteed income supplement and reinstated the new horizons program. It did this to ensure seniors would live with respect and dignity.

The previous Liberal government also wanted to ensure that seniors would have a voice at the cabinet table. This is why the former Liberal government appointed a minister of state for seniors. In 2005 it also announced the creation of a seniors secretariat to ensure there would be a focal point within the federal government for collaboration to address many of the issues highlighted here in the House today.

In the 1990s the Liberal government demonstrated its commitment towards seniors and ensured long term stability in the funding for Canada pension plan and old age security. Today, the Canada pension plan fund itself stands at over \$100 billion and remains safe for many generations to come.

In 2004 the Liberal government also increased the guaranteed income supplement by \$2.7 billion over two years. This alone was the largest single increase that had ever been made since 1984. This increase directly benefited the many low income seniors, who we have mentioned here in the House today. It is due to the 13 years of Liberal government, its commitment and its investment in seniors that fewer Canadian seniors are now living in poverty. Public pension benefits such as the old age security, the

guaranteed income supplement, the Canada pension retirement plan, survivor and death benefits have been vital components of Canada's retirement income system.

Canada's retirement income system has successfully and dramatically reduced the rate of low income seniors. Low income among Canada's seniors who are over the age of 65 has been reduced from 11% in 1993 to 5.6% in 2004. Even though this is a lower percentage, we all realize there are still many single seniors who live in urban areas and many seniors, who are single women, who still continue to face significant challenges. Due to the fact that many seniors continue to live on fixed low income, they are likely to remain in low income for an extended period of time.

Even though the previous Liberal government increased the GIS benefits for low income seniors, it is imperative in moving forward that we, as parliamentarians in the House, continue to ensure we invest in Canada's retirement income system to ensure that the policies and programs the new government is creating will ensure that a greater number of seniors actually live their lives with dignity, with the resources and tools they need and to not live in poverty.

The Conservative government, unfortunately, cannot claim to be the defenders of a sound public pension system when the Minister of Finance has launched an attack on the vital CPP funds by linking the CPP account to the national debt.

(1715)

CPP funds must be used for one purpose and one purpose only, and that is for future pension payments. With the economic update that was put forward in the House in the fall of 2006, the Conservative government actually set a goal to eliminate Canada's net debt by 2021. While on the surface this sounded like a great idea and a very laudable goal, the reality of it is that it is a very different picture. Canada's national debt currently stands at about \$480 billion. In the past decade, again thanks to years of Liberal fiscal management, it has decreased dramatically from its record high of more than \$560 billion.

The Conservatives have pledged to pay down \$3 billion per year on the national debt. However, a simple calculation shows us that at this rate the national debt will be eliminated by the year 2166. However, this is where the difference between the net debt and the national debt comes in.

The national debt is the amount of money that the Government of Canada actually owes to its creditors, mostly international institutions such as the World Bank and the International Monetary Fund. It is basically the equivalent of a national mortgage and the accumulation of all past deficits and surpluses. Net debt is a national debt and all the other liabilities held by government plus all of the national assets.

The single largest national asset that is held by the Canadian government is the Canada pension plan. It is currently at a value of more than \$100 billion and by 2021 will reach a value in excess of \$400 billion. At current trends in 2021, the nominal values of the national debt and the CPP fund will converge, essentially cancelling each other out since one is a negative and the other is a positive. This is what has allowed the Conservatives to announce their goal of elimination of the net debt by that particular year.

However, it is completely misleading and irresponsible to attach the CPP fund to the national debt. Implicitly, the government has announced that the CPP fund will be used as collateral for future borrowing when in fact we in the House all know that the CPP fund exists for one reason and one reason only, to pay future CPP benefit payments.

Net debt has been the accumulation of all assets and all liabilities. In making their pledge to eliminate the net debt, which incidentally did not contain anything new since paying down \$3 billion per year on the national debt had already been booked well into the future by the previous Liberal government, the Conservatives have ignored one of the biggest liabilities that face the government, future CPP payments which continue to increase on a daily basis as our Canadian population increases and ages.

Between now and the year 2030, the population is projected to grow to 38.6 million. By 2030, the median age, which is currently at 38, is also expected to increase to 44. During this period the proportion of retirees will also increase significantly from 13% to 23% or almost nine million people. Those 80 years or older will also significantly increase from the current 3% to 6% of the general population. This group represents one of the fastest growing segments of the population.

In 2003, when we take a look at the statistics, there were 21 retirees for every 100 people of working age. By 2030, it is expected that this ratio will almost double to 41 retirees for every 100 persons of working age. These demographics and this research highlights the necessity for the government to be able to respond to the changing conditions and our aging population.

Government must be committed to poverty reduction among seniors, single women seniors and our aboriginal seniors. Government must ensure that all seniors can maintain their standard of living in retirement. Public policy must be able to respond to the financial future pressure on the public pension system so that all seniors from all walks of life, not just high income seniors, are guaranteed a decent quality of life in their latter years.

Less than 50% of seniors benefit from a private pension plan. Women are far more likely to depend on the old age security and the guaranteed income supplement as important sources for their income. Both of these programs together account for 32% of women's income versus a men's income.

(1720)

Despite the improvements the bill is going to make to ensure some efficiency, the government's policies have not helped Canada's seniors since the Conservatives have been in power. We need only look at the issue of income trusts. On October 31, 2006, the Conservative government broke its promise to Canadian seniors and actually started to tax income trusts, another promise broken by the Conservatives.

Many Canadians throughout the country had invested their money based on this promise. I know that many of my own constituents, many seniors in my own constituency of Brampton—Springdale, had invested their hard-earned life savings in income trusts. Many of them depended on and took the Conservatives at their word. On the day the decision to tax income trusts was announced, many constituents and many seniors across Canada lost their hard-earned savings. They were wiped out in a matter of moments.

It was ironic that when the Prime Minister appointed Senator LeBreton Secretary of State for Seniors, she herself could not see the devastating impact that the decision on income trusts actually had on seniors and stated, "I have not seen any evidence that people have individually lost large sums of money". This was absolutely no consolation to the thousands of seniors who lost their hard-earned savings.

This is also the same government that less than a year ago proposed to the provinces to put all future federal surpluses into the CPP account. This was widely shot down by many of the premiers, who did not want or were wary of any type of political interference in the fund, because they also believe that the CPP fund should be kept at arm's length from government and managed by the CPP Investment Board.

We must ensure that the principles behind the CPP account cannot be compromised. I know that many of my hon. colleagues in the House have spoken about increasing efficiency, about ensuring that the most vulnerable seniors who need access to the GIS, the guaranteed income supplement, actually have the opportunity to get access, but I think we must also ensure, moving forward, that we provide access to the many thousands of seniors across Canada for whom English or French is perhaps not their first language. We must be able to reach out to the cultural communities to ensure that they also have the opportunity to learn of the benefits and the resources available to them.

Even though we will be supporting Bill C-36 today, I think it is imperative that we all work collectively in the House of Commons, as I believe ensuring the respect and dignity of our seniors is really a non-partisan issue. Many of the members of the House have put forward great initiatives, policies and program ideas. I hope that we all work together to ensure that our seniors have the very best.

Seniors must not live in poverty any more. There must not be low income seniors. We must provide policies, programs and resources to ensure that they actually live outside of poverty and have the very best, that they live in an environment of dignity and respect.

(1725)

Mr. Pat Martin (Winnipeg Centre, NDP):

Mr. Speaker, I wonder if my colleague would agree with me that the plight of women pensioners living in poverty was exacerbated terribly when the former President of the Treasury Board used the entire surplus of the public service pension plan to pay down the debt and to give tax breaks to wealthier Canadians in the year 2000.

My colleague was not here then, but we remember it very well. Statistically, most of the public service pensioners are women and their average income is \$9,000 per year, but when the Liberals froze the wages of public servants for seven years straight, the actuarial impact was to create a \$30 billion surplus in the plan. Rather than saying that they would improve the plight of these people making \$9,000 a year, largely women, and distribute it among the beneficiaries, they said, "Hey, we found \$30 billion. Let us use it to give \$100 billion worth of tax breaks to our wealthy friends and corporations".

Would the hon. member agree with me that this mindset dramatically affected in a negative way the standard of living of some of Canada's poorest Canadians, the women who were in fact pensioners from Canada's public service, many of whom are in Ottawa, many of whom are living in my riding, and many of whom, I am sure, live in her own riding?

If I could just add to and qualify this, at the same time, Bell Canada had a pension plan surplus. Bell decided that it would take one-third for the company, have one-third for future use and give one-third to the beneficiaries of the plan. In fact, one-third was a credit, I suppose, a contribution holiday. Would the hon. member not agree that this would have been the humane and decent thing to do for the pensioners with the \$30 billion surplus instead of the government taking it all and not one penny going to the beneficiaries of the plan?

Ms. Ruby Dhalla:

Mr. Speaker, the member mentioned that I was not here during that particular time, but I can say that when the Liberal government was in power it did invest in seniors. It had a commitment to seniors. I know that many reforms took place in the late 1990s to ensure that there would be security and stability for the Canada pension plan. Over \$28.5 billion was invested in the old age supplement. There were also the guaranteed income supplement benefits in budget 2005. Numbers of initiatives for seniors were announced. There was a commitment of over \$2 billion a year in direct tax credits such as the age credit and the pension income credit.

I know that under the Liberal tenure there was a variety of investments. Commitments were made on behalf of seniors. I know that many of my colleagues in the Liberal Party want to ensure that we have seniors who do not live in poverty. Seniors should not live on low incomes. We tried to ensure that there were resources and tools available to them at that particular time. I would hope that in moving forward the Conservatives would also start supporting that investment and that commitment to our seniors.

(1730)

Mr. Mario Silva (Davenport, Lib.):

First of all, Mr. Speaker, I want to state my sincere congratulations to the member on her new position as critic and also congratulate her for her fine speech, made with passion in this House. Of course, all of us are concerned about this issue, and it is a very important one for which I think we will probably find support in the House among members of all parties.

Sometimes we have to remind members of the House and the public that the Liberal Party is the party of old age pensions and the party of old age security. I recall vividly having a discussion with my friends on this very issue about seven or eight years ago. Many people, and certainly people of my generation, have felt that there probably will not be a pension when people of my generation retire. I think that probably if we had listened to the NDP's recommendations we would not have a pension plan now nor would we for future generations.

We Liberals in fact brought about great stability. The member for LaSalle—Émard, when he was Minister of Finance, brought incredible stability to the pension plan and today we can say that it will be there for the next 75 years and hopefully for many more years to come.

We have to keep straightening out the record because my hon. colleague from the NDP, when he asked his question, certainly was forgetting the fact that the system was practically bankrupt and that my generation would not have been able to benefit from the plan we have today. There was an incredible amount of work done, and there were some sacrifices, yes, but we brought stability to it and in fact the plan that we have today is guaranteed. That guarantee would not have been there. This is something the NDP member somehow always forgets to mention when he states his facts.

Ms. Ruby Dhalla:

Mr. Speaker, I thank my colleague for actually reminding others in the House of the Liberals' commitment to our seniors and also to the Canada pension plan in ensuring its stability for the long term. As he mentioned, the member for LaSalle—Émard, at that time the prime minister, ensured stability for at least 75 years. We hope it lasts for years to come.

If I may, I will continue with our achievements, our commitment and the investments made by the previous Liberal government. In the economic update of 2005, the basic personal amount was increased by \$500. This helped tens of thousands of seniors living on low incomes go from below the poverty line to lower income levels.

We can also take a look at the other achievements. There were tax reductions for individuals and adjustments to our tax system that also benefited thousands of seniors. There was the launch of the new horizons program for seniors, which allowed funding for community projects in order to reach out to vulnerable seniors.

We hope the Conservatives are going to continue some of these great programs and initiatives.

Mr. Pat Martin (Winnipeg Centre, NDP):

Mr. Speaker, if I could take just one more moment of time, I would like my colleague to explain to me by what convoluted pretzel logic the Liberals thought they were protecting the privacy of low income seniors in not giving them their guaranteed income supplement. How did they rationalize that?

My question finds its origins in the fact that the government knew there were 300,000 seniors who were eligible for the guaranteed income supplement--it knew this by their tax returns--but who had never applied. The onus to apply was on them. When we complained to the government, it said it could not just tell them that they were eligible as it would violate their privacy to use their tax returns for any reason other than taxes.

Now, did it rationalize that kind of pretzel logic in that it was doing people a favour by not giving them the income supplement to which they were entitled, especially when we consider that they are the lowest income people in the country? People do not even qualify for a guaranteed income supplement until there are earnings of \$12,000 a year, and up to, I believe, \$22,000 total, or in that range.

I am not satisfied with the answers I have received so far regarding the guaranteed income supplement and what the thought process of the Liberals would be in denying worthy and deserving seniors the income supplement they are entitled to and then only going retroactive for 11 months even when they are guilted into it.

(1735)

Ms. Ruby Dhalla:

Mr. Speaker, I must remind the member that in 2004 it was the Liberal government that made one of the largest single increases to the guaranteed income supplement for our seniors, to the tune of \$2.7 billion. For many seniors across the country, that resulted in an additional almost \$36 per month for a single senior and \$58 a month for couples. For seniors who are living in poverty, that is a substantial amount of money. This \$2.7 billion investment was made because of our commitment to seniors and to ensuring that they would have the very best.

We have all agreed in this House today that we must reach out to those seniors who do not have the information or the resources that allow them to realize that they can actually apply for the GIS. I would think that it is the responsibility of all parliamentarians in this House to reach out to those seniors, to reach out to those constituents, to ensure that we educate them, and to ensure that if they are entitled to GIS they will be able to apply for the program.

I must say that during the previous Liberal government there was a great partnership between Human Resources and Social Development Canada and the Canada Customs and Revenue Agency, which allowed provincial organizations and many other grassroots volunteers to reach out to seniors and educate them about the GIS.

Mr. Gary Goodyear:

Mr. Speaker, I rise on a point of order. I apologize for interrupting the proceedings. I would ask for the unanimous consent of the House to present a report from the Standing

Committee on Procedure and House Affairs.

The Acting Speaker (Mr. Andrew Scheer):

Does the hon. member have the unanimous consent of the House to table the report?

Some hon. members: Agreed.