Advocate

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Mr. Harper goes to Davos

In a foreign land, Harper springs an HST-scale surprise on struggling Canadian seniors

PRIME MINISTER Stephen Harper's address to the World Economic Forum in Davos, Switzerland, was a strange brew.

On one hand, he told the political and business elite who gathered at the annual meeting that Canada's economy had outperformed the world's economic powerhouses. He said our banks were the best there is. He even bragged that the Canada Pension Plan was in great shape, actuarially sound, and fully funded.

On the other hand, he warned that Canada's poorest seniors would have to get by with less at some undefined time in the future. With the economy humming Harper's tune, Old Age Security (OAS) is suddenly unsustainable. Old folks will have to work longer, if they can, or go on welfare if they can't.

Mr. Harper told the well-heeled crowd that Canada's public pension system needs a serious overhaul to remain financially sustainable as the population ages. He later confirmed that his government is considering raising the age of eligibility for OAS from 65 to 67. "Absolutely, it's being considered," he said.

Stephen Harper told the world's business elite in Davos that he intends to cut Canada's already inadequate public pensions. It prompted some to suggest he stay overseas.

He did not mention in his speech that Canada already spends far less on public pensions than the average of other nations in the Organization for Economic Co-operation and Development.

Like the massive HST tax shift the B.C. Liberals sprung on us after the provincial election, Harper's plan to attack the already tenuous income security of retired Canadians was not mentioned during the recent federal election.

In this edition of The Advocate, we examine the consequences for seniors, challenge the claim that OAS is not sustainable, and offer alternatives to improve income security for retired workers.

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Advocate

The Advocate is published by the B.C. Federation of Retired Union Members. BC FORUM is dedicated to representing the interests and well-being of members, their families and spouses, and continuing into retirement the relationship they enjoyed with the union movement. Supported by Working Enterprises and affililated with the B.C. Federation of Labour, BC FORUM represents thousands of retired union members.

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EDITORIAL

Unraveling the social contract

By Gerry Edwards
President
B.C. FORUM

There's never a good time for it, but Harper's vow to make changes to Canada's inadequate public pensions comes at a particularly bad time. Retired workers, and workers close to retirement, are already being squeezed by risky markets, low interest rates on savings, stagnant incomes, and the rising cost of everyday household expenses.

Even those who planned ahead are suffering as their guaranteed investment certificates pay less than inflation, cutting into the value of their savings year after year.

Gerry Edwards at the BC FORUM AGM

"Savers are screwed," says Nick Rowe, an economist and monetary policy expert at Carleton University.

One of those savers – Colleen Wallace, 70 – starkly describes the dilemma faced by today's retired workers:

"I've decided I'll live until 80. But God, if I hang in until 90, then what?"

There are many reasons why many Canadians are already pessimistic about their economic circumstances, and Harper's surprise attack on the poorest and most vulnerable seniors can only make it worse.

Household debt has hit a record high of 153 percent in relation to disposable income – worse than the debt burden in the US and the United Kingdom.

The income gap between rich and poor is growing wider. A December 2011 report by the Organization for Economic Co-operation and Development says this is largely due to government cuts in support programs for lower income Canadians, and cuts in tax rates for the rich.

"The social contract is starting to unravel in many countries," warned OECD Secretary General Angel Gurría.

Canada's top 100 CEOs were paid an average of $8.4 million in 2010, up 27 percent from 2009. By comparison, the average wage-earner grossed just over $44,000, a 1.1 percent increase that failed to even keep up with inflation.

It's worth remembering that the Harper government, when elected in 2006, inherited a $13 billion surplus. Thanks to a continuing series of tax giveaways to corporations and the wealthy, the government now has a $30 billion deficit.

The growing deficit hasn't discouraged the government from its plans to purchase F-35 fighter planes at an estimated cost of $30 billion. Nor has it delayed the government's "tough on crime" agenda – $19 billion for new prisons while crime rates are at their lowest in 40 years.

Surely some of the elite could be asked to pay a fair share of taxes. And surely public pensions are at least as important as prisons and fighter jets.

"The scope of CETA is mind-boggling"

> "It's been an operation of run silent and run deep, and I fear it's pretty much a done deal."
> *– Diane Wood, BC FORUM director*

It must have been a surprise to the corporate elite when B.C. FORUM directors Diane Wood and Miriam Olney showed up.

The European Commission, the Harper government, Chambers of Commerce and Boards of Trade have been holding meetings across Canada. Their goal is "to promote awareness among the business communities" of the Comprehensive and Economic Trade Agreement (CETA) currently being negotiated behind closed doors between Canada and the European Union.

The conference held in Vancouver Nov. 28 was the concluding event in this two year long process.

"We were the only two labour people at this session, all the rest were business and some government," said Wood. "They had the head honchos who are dealing with the negotiations. It's been an operation of run silent and run deep, and I fear it's pretty much a done deal."

The BC FORUM directors asked about the recent $35 billion federal shipbuilding contract, which was restricted to Canadian companies. They learned that such restrictions – using our own tax dollars to promote Canadian jobs and economic development at the national, provincial or community level – would not be permitted under CETA.

There are many more reasons to be concerned about CETA.

The EU's proposals would lengthen the period of market exclusivity for brand-name drugs by an average of 3.5 years and add $2.8 billion a year to the cost of prescription drugs.

"Pharmaceutical products from the EU already have unfettered access to the Canadian market. These proposals will simply increase profits for brand-name drug companies at the expense of Canada's health-care system," said Jim Keon, President of Canadian Generic Pharmaceutical Association.

Gary Mason, Globe and Mail, says there's a perplexing silence over the far-reaching deal.

"Many local governments across the country... use procurement as a tool to promote economic development. A reported 60 per cent of municipalities in B.C. have economic-development strategies that include local procurement and hiring," said Mason. "The scope of CETA is mind-boggling, really…."

"For a trade pact that some argue is even bigger in scale (than NAFTA), there is a deafening silence across the land. Canadians have virtually no idea of what is being negotiated on their behalf. They should. The stakes are enormous."

The Canadian Labour Congress says it would support an agreement that embodies "the most positive features of the European social model, including higher standards and protective regulation – but this is not on offer.

"Instead, the CETA would constrain the ability of the governments in Canada at all levels to meet their democratic responsibilities to citizens and residents. Both sides are trying to achieve the most 'ambitious' and 'comprehensive' agreement possible in order to export neo-liberalism abroad," says the CLC.

At the most recent CLC convention, delegates demanded that the negotiations be fully transparent, with opportunity for input from the public. They also warned that the CLC will make it a high priority to campaign against a flawed agreement.

Similar resolutions were adopted by the Council of Union Retirees of Canada of which BC FORUM is an affiliate.

Larry Brown, Secretary Treasurer of National Union of Public and General Employees and the National President of the Canadian Centre for Policy Alternatives, has analyzed what is known to date about the proposed deal.

> CETA could mean higher drug prices, more power for corporations and thousands of lost jobs

"It's not really about tariffs and borders, it's about adding to the list of things that governments can't do if they interfere at all with the corporate sector's unfettered right to make a profit," says Brown.

"CETA would prohibit governments at all levels from spending tax dollars to encourage local development. Bids would have to be open to European companies and the only consideration allowed would be the cost of the bid. (It) would limit the ability of government agencies to use public spending to achieve social goals like economic development and regional employment."

A separate study by the CCPA estimates that a free trade deal with the EU would cost Canada between 28,000 and 150,000 jobs, and called that a "cautious" conclusion.

"CETA is a dangerous and potentially destructive new international agreement, based solely on the desires of European and Canadian companies," concluded Brown – urging Canadians to speak up, stand up, and pressure politicians to stop the deal.

Harper has chosen worst possible approach

KEN GEORGETTI, President of the Canadian Labour Congress, says raising the age of eligibility for Old Age Security/Guaranteed Income Supplement benefits is the worst possible way to deal with our retirement income security crisis.

"Experts project that one half of all middle-income baby boomers face a severe cut to their living standards in old age. This is due to falling employer pension coverage (down to 25 per cent in the private sector), rising household debt combined with low savings, and the big hit to fend-for-yourself RRSPs which comes from high fees and low returns," says Georgetti.

Retirement is looking more and more like an impossible dream for many Canadians.

He adds that the right way to deal with this looming crisis is to expand the Canada Pension Plan now to raise incomes for seniors in the future.

"Phasing in an expanded CPP would reduce future OAS costs, which are really a taxpayer subsidy to businesses that refuse to provide pension plans to their employees.

"Not a cent of tax money pays for CPP, which is financed entirely by workers and their employers. If we are to avoid a growing future tax bill while still ensuring all Canadians can retire in dignity, we need to commit now to doubling future CPP benefits," he says.

"The real problem is that most Canadians will lack the income to live in dignity in retirement because 60 per cent of them don't have a workplace pension plan. We have offered a credible and affordable proposal for an improved Canada Pension Plan which would mean that in future no senior will retire into poverty."

Georgetti adds that the government has chosen instead to promote another RRSP-style scheme called Pooled Registered Pension Plans, which will benefit banks, mutual fund and insurance companies more than they will help Canadians save for retirement.

In its active campaign to improve retirement security, the CLC says we need to do something about retirement income, and we need to do it soon.

The problems have become so obvious that even bank economists have started to admit the RRSP approach has failed. There's too much risk and not enough security to ensure that, after a lifetime of work, people can retire and live out their last years in dignity.

The CLC is calling on the federal and provincial governments to:

- Phase in a doubling of payouts from the Canada Pension Plan.
- Immediately increase OAS and GIS to help lift current retirees out of poverty.
- Create a national pension insurance fund to ensure that workers' defined benefit pensions aren't at risk when employers go under or speculative bubbles go bust.
- Regulate financial products to ensure that risks are reasonable and clear to all investors, and to ensure that rating agencies are truly independent.
- Regulate pension fund investments in risky financial instruments and prosecute any cases of fraud.
- Regulate pension funds for solvency in order to secure promised pension benefits.
- Provide any temporary solvency funding relief to employers in serious financial trouble on a case-by-case basis only. Applications must be approved by the workplace bargaining agent (the union) or a majority of pension beneficiaries (in a non-union workplace).

Experts call for expanded CPP

A GROUP OF LEADING experts on pension reform in Canada is urging Canada's finance ministers to commit to expanding the Canada Pension Plan as the best means available to provide retirement security for Canadians.

"We urge the finance ministers to expand the Canada Pension Plan," the group says in an open letter released just days before the federal, provincial and territorial finance ministers met in Victoria on December 18-19. "The CPP offers an already existing administrative structure and framework to improve retirement benefits for working Canadians at relatively low cost."

The six pension experts who signed the letter include Bernard Dussault, the former chief actuary of the Canada Pension Plan. "A growing body of research indicates that many Canadians likely have inadequate savings to maintain standards of living in retirement," warn the experts.

"The CPP is limited to replacing 25 percent of average lifetime employment earnings, contributing to the fact that Canada's publicly administered pensions provide average and above-average income earners with a gross income replacement rate significantly below the OECD average."

They add that a significant proportion of middle-income earners risk a significant reduction in their living standards upon retirement. "Prompt action is warranted. It is important that improvements be agreed to on a timely basis, as an extended phase-in period will be required."

Are our public pensions truly unsustainable?

"We're going from 2.4 to 3.1%. Italy has that for breakfast."

– Kevin Milligan of UBC

Stephen Harper argues that Old Age Security will become unsustainable as more baby boomers retire.

There is no doubt the cost will go up. Actuaries say the cost of OAS and GIS will increase from 2.41 percent of GDP to 3.14 percent by 2031 – an increase of about $12 billion.

On the other hand, a recent OECD study found that Canada has a "more favourable demographic outlook than many European countries." The analysis finds Canada does not face major challenges of financial sustainability with its public pensions.

By way of comparison, Italy spends about 14 percent of GDP on public pensions.

"We're going from 2.4 to 3.1 per cent. Italy has that for breakfast," says Kevin Milligan, associate professor of economics at UBC.

The projections that are suddenly causing Harper such concern are no surprise. They have been well-known and analyzed for many years.

"I'm mystified. Why talk about it now?" says Malcolm Hamilton, an actuary at Mercer Consulting.

"I'm looking at numbers and projections that I've been looking at for over a quarter of a century — without anyone in government saying there was an unmanageable problem."

"It's always been known that costs would escalate. Canadians have been led to believe this would be taken care of. Governments would absorb the costs or find economies elsewhere. They should have said something earlier if they had concerns.

"You can't let people cruise up to retirement age without getting benefits they counted upon. It's a little late to decide the system is unsustainable," says Hamilton.

For many seniors, and especially older women, Old Age Security and the Guaranteed Income Supplement are essential components of their very limited income.

Federal budget watchdog finds no reason to change OAS

The Old Age Security program can responsibly continue on its current path – with a retirement age of 65 – according to Kevin Page, Canada's independent parliamentary budget officer, who said any potential changes to the system likely would be unrelated to financial issues.

"If you just look at the current structure of federal programs and the tax burden . . . there's no reason to change (the OAS program) from a fiscal sustainability perspective," Page said. "There may be other reasons to change retirement ages that have to do with broader policy discussions, but that goes beyond fiscal sustainability."

The cost of federal elderly benefits is projected to nearly quadruple over the next 25 years, said Page. His office expects payments to Canadians in their golden years will top $140 billion by 2036. However, once that strain passes, he said, levels are expected to drop below current costs.

The budget officer's report said the large projected increase is "reflecting the entry of the baby-boom cohorts into the 65-and-over segment of the population."

Page said the fact that baby boomers are going to create an increased strain on the elderly benefit system is not a surprise and governments have known for decades about its looming costs.

He added that the question of changes to the OAS system comes down to a matter of government transparency.

"This is a government that promised they would do fiscal sustainability analysis and they have not done that and yet they have made changes to the Canada health transfer in the context of this demographic transition," Page said. "Now they're signalling changes on the Old Age Security program in the context of a fiscal sustainability issue and we don't see it."

In fact, the budget officer insists there is even some room to spare for the program. The report said "the federal government could reduce revenue, increase program spending or some combination of both by 0.4 per cent of GDP annually while maintaining fiscal sustainability. This amounts to $7 billion in 2011-12."

It's all about choices...

ALTERNATIVES TO delaying OAS were presented in the House of Commons as the NDP put forward a motion calling on the Conservatives to back down from their OAS blunder.

The motion called on the House to reject any Conservative plan to balance the budget on the backs of Canada's seniors.

Presented by Lysane Blanchette-Lamothe (Pierrefonds-Dollard) it asked the House to both reject increases in the age of eligibility for Old Age Security, and to commit to a strategy to reduce the number of seniors living in poverty.

"We could take practical, affordable steps right now to lift every Canadian senior out of poverty, but instead, Stephen Harper is making the wrong choices and leaving Canadian seniors vulnerable," said Blanchette-Lamothe.

"By threatening changes to the OAS, this government is pitting one generation against the next. We've all worked hard and played by the rules. There's no reason to bankrupt the next generation of Canadians with Conservative reckless cuts."

Pensions critic Wayne Marston (Hamilton East – Stoney Creek) added that budget cuts are all about choices - and Stephen Harper could easily choose wiser.

"The Conservatives gave $16 billion in tax cuts to profitable corporations without receiving a single job guarantee. And now, facing a revenue shortfall, they expect Canadian seniors to pay the price," said Marston.

"They have no problem spending $30 billion on their F-35 boondoggle and another $19 billion for their unpopular prisons agenda, but they can't spare $540 a month for Canada's poorest seniors. It's about time they get their priorities straight," said Marston.

Seniors Critic Irene Mathyssen (London-Fanshawe) added that the evidence just isn't there to support the Conservative claim that OAS funds are unsustainable.

The government that's planning to cut public pensions is also planning to spend $30 billion on F-35 stealth fighter jets.

"Advice commissioned by the Harper government contradicts these very claims. We need a comprehensive strategy. It's time for the government to back down from this wrong-headed move. It undermines the old age security that this government is supposed to protect," said Mathyssen.

If the Harper government is dead set on changing Canada's retirement system, as it seems to be, it should not simply raise the age of eligibility for Old Age Security recipients.

"The least harmful impact would be (to increase) the tax back on higher income earners," said Andrew Jackson, chief economist of the Canadian Labour Congress.

Currently only two percent of pensioners have incomes high enough to see all of their OAS clawed back.

Fair is fair in pension plans

OAS is Canada's most basic safety net

OAS IS CANADA'S most basic safety net program. The allowance tops out at $540 per month - hardly a generous amount. Moreover, the program is income tested. The full payment is only available for retirees who earn less than $68,000 per year.

More importantly, OAS is part of our social contract. It was introduced in 1951 with a rare constitutional amendment, making it as close to a solemn promise as any legislative scheme gets.

While a two-year deferral of payments may not sound dramatic, it would cost the neediest Canadians $12,960. Is that really what the prime minister has in mind? ...

By comparison, our MPs are eligible for a minimum pension of $40,000, which they can collect at 55, after only six years in Parliament.

Moreover, while most work-based pensions are equally funded by the employer and the employee, taxpayers finance virtually all of the MPs' pension scheme. For every $1 our elected representatives contribute, we cough up $23.

So if there are going to be pension reforms, let's focus instead on Parliament's outrageous scheme. And here's a suggestion for how to proceed.

If parliamentarians want a pension after just six years of work, let's use the same formula that applies in the real world.

By our math, they would receive around $6,480 - just what an OAS recipient gets. That sounds about right.

– Victoria Times-Colonist, February 4, 2012

Union retirees condemn Harper's attack on seniors

"Such a change... should have been proposed in an election campaign."

The Congress of Union Retirees of Canada (CURC) – the national representative of union retiree groups across Canada, including B.C. FORUM – accuses the Harper government of attacking seniors with its proposal to change eligibility for Old Age Security benefits.

CURC President Pat Kerwin says moving retirement to age 67 would just make things worse for many seniors.

"If the government wanted to insure decent incomes for tomorrow's seniors, it should be advocating the improvement of both the Canada and Quebec Pension plans," Kerwin says.

CURC also supports a 15% increase to the Guaranteed Income Supplement of the Old Age Security Pension to lift all seniors out of poverty immediately. A doubling of CPP and QPP over time will result in fewer seniors requiring GIS in the future.

Kerwin adds, "It is unfair to ask workers to delay retirement and when they do retire to be forced to live meagre lives in their golden years."

Kerwin says Prime Minister Stephen Harper also showed disrespect for Canadians by announcing his government's intentions regarding OAS at the World Economic Forum in Davos, Switzerland, instead of at home. "If he wanted to bring forward such a change, it should have been proposed in an election campaign," Kerwin says.

The CURC President urges Canadians to reject the Harper Government's proposed changes to OAS, and fight for improvements for retirement security for all.

The Congress of Union Retirees of Canada represents over half a million retired union members.

Quick facts about Canada's public pension system

Old Age Security and the Guaranteed Income Supplement are the keystones of Canada's public pension system. They are available to Canadian citizens at age 65. Permanent residents are eligible if they have lived here for at least 10 years.

- Maximum OAS benefits are $540.12 a month. The average benefit paid in Oct. 2011 was $508.31.
- The maximum GIS benefit, available to the poorest Canadians, is $732.36 a month. The average benefit is $491.40.
- OAS is taxable income. It is also clawed back for people earning more than $69,562 a year. Anyone making more than $112,772 (2 percent of retirees) has to pay it all back.
- About a third of OAS recipients also get the GIS, which is available to people with incomes of less than $16,368 a year.

Harper's changes will hurt the poor the most

Wealthy Canadians live longer than poorer Canadians.

Robert Brown, a fellow with the Canadian Institute of Actuaries, points out this means a blue-collar worker will lose a much greater percentage of OAS benefits due to lower life expectancy than someone who is well off if the retirement age is raised by two years.

OAS is already less and less of earnings each year

The Chief Actuary of the OAS system points out that OAS increases with inflation, while wages generally grow about 1.3 percent more than inflation.

This means each new generation of retirees will receive an OAS benefit that is a smaller percentage of their final pay than the generations before.

Retiring early more costly

Starting this year, Ottawa is increasing the early retirement penalty to 0.6 percent a month. By 2016 it will cost you 36 percent to retire at age 60. They are also boosting the incentive to keep working to 0.7 percent a month by 2013 – a 42 percent increase if you work until you're 70. The changes do not affect people who are already receiving CPP.

However, if you're working and collecting CPP, there's now a new **Post-Retirement Benefit**, an inflation-indexed benefit that will increase your retirement income. Contributions are mandatory for CPP recipients between 60 and 65, and optional for those aged 65 to 70. More info: www.servicecanada.gc.ca

Taking with one hand… and taking even more with the other

Retiring Canadians will lose more than OAS if age of eligibility is raised to 67

Canada's poorest seniors will lose more than just Old Age Security benefits if the age of eligibility is increased, since qualifying for the supplement opens the door to other financial support.

The average senior receives $508.31 a month in OAS benefits, or about $6,100 a year. The actual cost of delaying the benefits could be thousands more.

Seniors could be denied access to the Guaranteed Income Supplement, which pays an average of $491.40 a month, and a maximum of $732.36 to the very poorest. They could also lose spousal allowances and provincial and municipal benefits contingent on OAS eligibility. Currently, spouses between the ages of 60 and 64 years old can receive $416.89 in additional benefits each month.

In British Columbia, seniors on OAS and GIS stand to lose a $49.30 income supplement, a discount on bus passes, and perhaps a reduction in property taxes.

All told, a two year delay could mean the loss of more than $30,000 for the poorest seniors.

"So $30,000 taken from pockets of middle-class and poor Canadian families and that means of course there will be more pressure on provincial welfare plans because you are going to see more seniors falling into poverty," said NDP MP Peter Julian.

Quebec Employment Minister Julie Boulet said the age hike would cost her province "tens of millions of dollars" in welfare payments to low-income seniors between the ages of 65 and 67.

Andrew Jackson, chief economist for the Canadian Labour Congress, said raising the age would increase the costs of social assistance, disability and drug programs for provincial governments.

Seniors stand to lose much more than their OAS payments if the government succeeds in raising the age of eligibility from 65 to 67.

Harper has put Canada in a hole

By Stephen Mayer,
Calgary Herald, Jan. 28, 2012

The Conservatives didn't mention this (OAS) idea during the recent election campaign, and for good reason, since taking money away from old people isn't a real vote winner….

This seems like a good time to recall that we face a challenge with public debt because of somebody I like to call Prime Minister Stephen Harper.

In September 2007, Finance Minister Jim Flaherty announced that Canada had a surplus of $13.8 billion, which was thanks to Paul Martin and Jean Chretien, who had brought the federal debt down to $467 billion.

Harper cut the GST by two points, reduced corporate taxes, bailed out the auto makers, invested billions in the military and infrastructure, taking exquisite care to get credit for every dollar as it went out the door.

As a result, this year, the deficit will be about $30 billion and the debt is up to $570 billion.

And Harper is not responsible for the sound state of Canada's banks. In 1987, Brian Mulroney's finance minister, Michael Wilson, established a single powerful regulator, and Martin and Chretien resisted the international trend to deregulation.

In 2006, on the other hand, Flaherty eased mortgage rules, allowing CMHC to back risky, zero-down-payment, 40-year mortgages. When the crunch came, the government helped out lenders by buying $69.35 billion worth of insured mortgages with our tax dollars….

If we want benefits beyond our ability to pay, as Harper said in Davos, that's because he has simultaneously cut taxes and increased spending, reducing the government's capacity to pay for anything.

Please don't confuse them with the facts

The Harper Conservatives' ideological refusal to acknowledge scientific evidence on the dangers of climate change has made Canada an international pariah.

They clearly also do not want to be troubled with the facts when it comes to the well-being of retired workers.

Expert advice, commissioned by the Harper government itself, flatly contradicts the prime minister's claim that we can't afford to maintain OAS payments. It affirms that there is no need to raise the retirement age.

The government asked Edward Whitehouse, a pension policy expert who does work for the World Bank and the Organization for Economic Co-operation and Development, to prepare a report on where Canada stands on public pensions.

He concluded that, "Canada does not face major challenges of financial sustainability with its public pension schemes."

"There is no pressing financial or fiscal need to increase pension ages in the foreseeable future," said Whitehouse.

The report found that Canada will do just fine as the baby boomers retire. That's because Canada spends far less than the OECD average on public pensions. In addition, Canada's relatively high levels of immigration will help to offset the effects of an aging population, and Canadians tend to save more independently through RRSPs and workplace pensions than Europeans.

Thomas Klassen, a York University political science professor who co-authored a 2010 report on Canada's pension system, also concluded that the OAS program is sustainable.

"I haven't heard any academic argue that there's a crisis with OAS. I was surprised when the Prime Minister seemed to say there was a crisis because I don't know where that came from," he said.

Klassen suspects the federal government has concluded that reducing OAS costs is an easy way to save money over the long term because it can be done unilaterally without negotiating with the provinces or public-sector unions.

"It's okay to look at Old Age Security pension payments," he said, "but I think there's got to be a lot more evidence that there's a problem, and I don't see that evidence."

Kevin Milligan, a University of British Columbia economics professor who co-authored another research paper for Ottawa, agrees there is no OAS crisis.

He notes that the government's argument that the cost of OAS will climb from $36.5 billion to $108 billion in 2030 is not very meaningful because it ignores the impact of inflation. He notes the rise is less alarming when measured as a percentage of economic growth.

"As an economist, I would never characterize things in terms of nominal dollars in the future because it's hard to put those in context," he said. "I don't know what we'll be paying for a litre of milk then."

The House of Commons finance committee studied pension issues in 2010. Whitehouse appeared as an expert witness to discuss his research.

"Canada's pension system is looking good on the measures of adequacy. It is also looking good on measures of financial sustainability," he testified.

"Canada does not face the same financial sustainability problems as many other OECD member countries do, particularly in Europe and among the East Asian countries, Japan and Korea, whose populations are aging most rapidly."

The finance committee's final report did not recommend raising the age of eligibility for OAS or reducing benefits. However, a minority report by the Conservative members of the committee said payment rates for the OAS and the Guaranteed Income Supplement should be reviewed.

Call to action mostly ignored

Ombudsperson calls for action – government tells seniors to keep waiting

Ombudsperson Kim Carter called for "objective and enforceable standards of care" – surely not a lot to ask for. She has since let it be known she's disappointed with the government's response to her comprehensive report.

The people who broke the system are in no hurry to fix it. In a report that was three years in the making, and more than 400 pages in length, Ombudsperson Kim Carter called for "consistent, province-wide standards and processes that treat seniors across B.C. in a fair and equitable manner."

She pointed out there are no minimum standards of care in many facilities. She uncovered instances of beds soaked in urine in residential homes, feces caked on bed railings, and residents being advised to go to bed at 4 pm due to staff shortages.

In response, on Valentine's Day, the B.C. Liberal government announced a "seniors' agenda."

"This announcement certainly makes it sound like the province wants to renew its commitment to seniors, focus on their needs, listen to their concerns and respect their choices," said the Nanaimo Daily News in an editorial. "But something is missing. What's missing is concrete action."

The government's "action plan" included setting up a toll-free telephone number by June, fixing up a website by September (which they had previously promised to do by September 2009), and creating a Seniors' Advocate office sometime after six months of consultation.

"This is not a very serious response to a very comprehensive report," said NDP Leader Adrian Dix. "This response, unfortunately, tries to damp down a serious debate we have to have on seniors' care in the province. I think it's very disappointing."

Dix noted that his party introduced legislation to create an advocate for seniors in 2007, and it shouldn't take six more months for the government to study the idea. He said the NDP would happily co-operate with the government to pass legislation by the end of the week.

BCGEU President Darryl Walker, whose union represents the largest number of home support workers in B.C., said the Ombudsperson's report validates the experience of seniors, their families and care providers.

"There has never been an investigation of this magnitude in this province. Her recommendations are concrete and we urge the government and health authorities to take action to make significant changes," he said.

Walker added that many of the challenges can be traced to a decade of privatization and cuts to health services.

The BCGEU welcomed the recognition that home support usually costs much less than assisted living or residential care, and urged the government to invest in providing full and adequate care to seniors in their homes. The government did promise to give $15 million to the United Way for non-medical home support – an idea that was dismissed as "an insult to seniors" by the Council of Senior Citizens' Organizations of B.C. (COSCO), of which BC FORUM is an affiliate.

"Not only is it insufficient in scope, but the program completely ignores the criteria laid down by the Ombudsperson. The Ombudsperson's report calls for standards, guidelines or directives, none of which are present in this program," said Art Kube, President of COSCO.

It is worth remembering that it was the B.C. Liberal government that slashed home support, contracted out and privatized health services, increased MSP premiums, and reduced prescription drug coverage. Bill 29, which allowed care homes to fire union staff and contract out their jobs, continues to create instability for clients and staff.

When you add in the lack of objective and enforceable standards of care, the result has been a 10 year race to the bottom in care for seniors.

How corporate tax giveaways are hurting you

The Harper government is increasing the deficit, borrowing money and cutting services in order to hand over an extra $2.85 billion in tax giveaways to Canadian companies and foreign multinationals this year.

Days before the prime minister warned of cuts to public pensions for the poorest Canadians, he cut the corporate income tax rate from 16.5 to 15 percent on Jan. 1.

Federal corporate taxes have been cut almost in half since 1990, when they were 28 percent. Our corporate taxes are now the lowest in the G7 group of developed nations.

The latest figures from Statistics Canada, for the third quarter of 2011, showed that corporations were already sitting on more than $859 billion in cash reserves.

The Conservatives have argued that the massive tax giveaways would spur investment in new factories, machinery and equipment, thereby boosting economic growth and creating jobs. It hasn't happened.

Instead, corporations are using their financial windfall to pay out more in dividends to shareholders, and hoarding huge piles of cash.

The Globe and Mail reports that investment in machinery and equipment has declined in lockstep with falling corporate tax rates over the last decade.

"So why would the government, during a time of deficit, go deeper into debt in order to supplement corporate cash flow which is sitting idly, rather than being reinvested in the economy?" asks Jim Stanford, an economist with the Canadian Auto Workers.

Armine Yalnizyan, an economist with the Canadian Centre for Policy Alternatives says, "Austerity does exactly the opposite of what businesses need. They want to make sure people can buy their stuff."

Perrin Beatty, CEO of the Canadian Chamber of Commerce, adds, "You're not going to go off and hire somebody if you think you're going to be selling less stuff next year."

Yalnizyan suggests the corporate tax cuts be rescinded, taxes increased on profitable sectors and wealthy individuals, and public spending targeted on things like child care and infrastructure which would provide "years upon years upon years of high returns on your investment."

The Harper approach means cuts in services and higher taxes for ordinary Canadians, in order to pay for ever larger giveaways to corporations, including foreign multinationals.

Members were greeted with smiles from Millie Canessa, Alice West and Linda Forsythe as they signed in to participate in the BC FORUM annual general meeting.

NDP Leader Adrian Dix addressed the challenges that face retired workers in B.C.

New program may help low-income seniors

A NEW PROVINCIAL program may help low-income seniors and people with disabilities to finance home modifications that would allow them to continue to live in their own homes.

The Home Adaptations for Independence (HAFI) program is intended to help people who are having difficulty performing everyday activities independently and safely.

Eligible homeowners, renters and landlords can receive up to $20,000 per home in the form of a forgivable loan.

The program is means tested. To qualify, you or a member of your household must have a permanent disability or diminished ability, and have assets of less than $100,000 (not counting your home, vehicles, or RRSPs etc.) In addition, the assessed value of your home must be below the average value for your area.

Income limits are determined by the size of your household and average market rents in your area. For a couple, this ranges from $20,000 in Houston to $37,000 in Vancouver.

For more information, visit www.bchousing.org/HAFI or call 604 646-7055 or toll-free 1-800-407-7757, extension 7055.

Please check the expiry date on your mailing label to see if your membership is due for renewal. You can also renew at www.bcforum.ca.

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