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Monday 23 March 2015

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Lundi 23 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

Monday 23 March 2015

Lundi 23 mars 2015

The committee met at 1400 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. The Standing Committee on Social Policy will now come to order. We are here for public hearings on Bill 56, An Act to require the establishment of the Ontario Retirement Pension Plan.

But first, we have a few motions that have to be introduced because of changes in the membership of this committee. The motion is going to be moved by Ms. Martow.

Mrs. Gila Martow: I move that Mr. Singh be appointed as Vice-Chair of the committee.

The Chair (Mr. Peter Tabuns): Okay. A motion has been moved by Ms. Martow.

Mrs. Gila Martow: Shouldn't I first move that Mr. Singh replace Madame Gélinas? No, that's second. That's the subcommittee—

The Chair (Mr. Peter Tabuns): No, that's already been decided.

Mrs. Gila Martow: All right.

The Chair (Mr. Peter Tabuns): Any discussion on that motion? All those in favour? Opposed? That's carried. Thank you.

Mrs. Gila Martow: The next is: I move that Mr. Singh replace Madame Gélinas on the subcommittee on committee business.

The Chair (Mr. Peter Tabuns): Any discussion of that motion? All those in favour? Opposed? That's carried. Thank you, committee members.

Now we'll go on to presentations. Please note, committee members, that copies of written submissions have been distributed to all of you. Each presenter will have up to five minutes for their presentation and up to nine minutes for questions from committee members, which will be divided equally among the three recognized parties. I propose that we start the rotation with the official opposition for the first presenter, then to the third party for the next presenter, then to the government for the third, and so on.

CANADIAN FEDERATION OF INDEPENDENT BUSINESS

The Chair (Mr. Peter Tabuns): Our first presenter: the Canadian Federation of Independent Business, Plamen Petkov. If you would both have a seat and introduce yourselves for Hansard. I'll give you a one-minute warning when you're just about out of time.

Mr. Plamen Petkov: Certainly. Thank you, Mr. Chair. Good afternoon, ladies and gentlemen. Thank you for the opportunity to address you today on the proposed Ontario Retirement Pension Plan. My name is Plamen Petkov. I'm the Ontario vice-president at the Canadian Federation of Independent Business, or CFIB. I'm here today with my colleague Nicole Troster, who is the Ontario director of provincial affairs at CFIB. We have a brief presentation for you; I believe it is being circulated. We'll walk you through the slides and then we'll leave time for questions.

I'll turn it over to Nicole.

Ms. Nicole Troster: Great. Thank you. In slide number 2, I'm just going to tell you a little bit about CFIB. CFIB is a not-for-profit, non-partisan organization that represents 109,000 businesses across Canada and 42,000 businesses in Ontario. Our sales representatives meet with our members each week, and the way that we establish our mandate is actually through member votes and surveys. We are 100% completely funded by our membership and don't receive money from any other organizations, which helps with our credibility and our impartiality.

On slide 3, you'll see, as with all of our submissions, that our recommendations are based on the feedback and surveys from our members. On slide 3 you can see that the most important issue to our members is total tax burden, which also includes payroll taxes. As mentioned before, total tax burden is the most important issue for small businesses.

On slide 4, you'll see that we asked small business owners and working Canadians about retirement savings. The results were quite similar. The majority indicated that they could not afford to save more for retirement.

As a result of the lack of affordability, on slide 5 you'll see that the majority of small business owners oppose a pension plan with mandatory contributions. There is, however, some support for a voluntary plan.

Mr. Plamen Petkov: In terms of the proposed ORPP, as Nicole mentioned, our policy position is determined entirely by our membership. The first thing we did when the government announced its intention to implement such a mandatory plan was take that policy proposal to our membership. The survey results that you see on slide 6 clearly indicate that there is very strong opposition to a mandatory Ontario Retirement Pension Plan among the small business community. In fact, 86% of our members oppose its creation.

The consequences of imposing a new, mandatory plan on small businesses will be very clear. On the next slide, slide 7, about 70% of them indicate that they would have no choice but to freeze or cut salaries, just over half will reduce the number of employees, and another half will reduce investments in their business.

In addition to the impact that this would have on small business, we also did a series of economic analyses, and we found out that the implementation of the ORPP would cost the provincial economy lost jobs—we actually anticipate that the unemployment rate will be increased by 0.5% by the year 2020—and it would also have an effect on reducing wage levels over the long term.

Another fact that I think is very important to raise, especially at this hearing, is the fact that it would take 40 years for employees to actually start getting the full benefits of the ORPP; it would require 40 years of full contributions. It's a very long period of time, which we think this government should be more transparent and more forthcoming about when educating Ontarians about the impact and the benefits of the ORPP.

Finally, this is going to create a separate remission system which would increase significantly the red tape and regulatory burden on small business.

Finally, on the last two slides, you'll see our recommendations related to Bill 56, and more broadly about retirement savings. We urge the government to continue to control spending and to reduce taxes to increase retirement savings affordability; and also, not to implement a mandatory ORPP—our recommendation is for a voluntary plan.

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

Mr. Plamen Petkov: Thank you.

If, in fact, the government wants to proceed with the implementation of Bill 56, we strongly urge the government to exempt employers who currently have defined contribution plans, RSPs, group RSPs and PRPPs, once Bill 56 is passed—to have them exempt from ORPP contributions. We recommend that the government increase the minimum earnings threshold to $30,000 and that it exempt the smallest firms with fewer than 20 employees.

We have relayed that position to the Minister of Finance and the Associate Minister of Finance. Also, we have recently submitted our official submission on the ORPP to Minister Hunter, which is also included in your kits.

Thank you. And with that, I'll gladly take some questions.

The Chair (Mr. Peter Tabuns): Thank you. Ms. Munro.

Mrs. Julia Munro: Thank you very much for coming today to share the insights that you have through your organization.

Several times during the presentation you just gave, you talked about "mandatory" and the connections and consequences of mandatory. I want to ask you about feedback in the process that you were involved in. Were you involved in a consultation with the minister or with the ministry on this?

Mr. Plamen Petkov: Yes. We had individual meetings with the finance minister and associate finance minister. We also attended several of the consultations that Minister Hunter did across the province. Obviously, we submitted our formal submission to the minister in, I believe, mid-February.

We have, in all of these opportunities, raised the significant impact that a mandatory plan would have on small businesses. Every time when you're not given the option of opting out, every time when you're making something mandatory, especially something as big as a new provincial plan, this is certainly going to have a significant impact on the smallest businesses out there. It is much easier for a big business to be able to absorb these costs. Some big businesses already have defined benefit plans in place, so they will be exempt from the ORPP. The way our members see this proposal is that this is directed towards small and medium-sized businesses in the province.

Mrs. Julia Munro: Did you get any feedback or notes or concluding remarks or anything like that from the consultation process?

Mr. Plamen Petkov: We have not received any feedback back to us. It has been really us providing the views and opinions of our members to government through these different channels, but we have yet to receive anything back in terms of whether the government is considering making any changes.

Mrs. Julia Munro: So that might extend the notion of mandatory.

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

Mr. Plamen Petkov: Yes, and that's something that, again, we're worried about. The mandatory notion of this proposal is, I think, the most worrisome fact.

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Mrs. Julia Munro: Thank you. Do you want to use the time?

Mrs. Gila Martow: Yes. Just very quickly, if maybe you could say why people object to a voluntary—why your members object to a voluntary one? There are quite a few people who still object, even if it's voluntary.

Mr. Plamen Petkov: The notion of a voluntary plan, administered by a third-party agency, is something that is, I would have to say, scarier to some small business owners. Third-party or arm's-length agencies—we have quite a few of those in Ontario, and our members' experience with those has been largely negative and quite confusing. So we worry about transparency, we worry about governance, and we worry about accountability to those who will be paying into that pension plan.

The Chair (Mr. Peter Tabuns): Thank you very much, Mr. Petkov. Third party?

Ms. Jennifer K. French: Thank you. To further the point that you just raised again about accountability and transparency and concerns about the Liberal government and how they've conducted things up to this point: In terms of that, you had mentioned that you'd like to see ways of educating Ontarians to be different. Can you expand on that?

Mr. Plamen Petkov: Well, I think—

Ms. Jennifer K. French: Sorry. Actually, further to what I was saying: On accountability and transparency, how, then, should the government be educating Ontarians about the benefit of pension plans or what they're planning to do?

Mr. Plamen Petkov: Based on what I've seen in terms of promoting this and providing some sort of education or communication to Ontarians, I'll have to say that my experience has been that the government has focused strongly on the perceived benefits of the plan as opposed to the costs. I can assure you that there are people out there, both employers and employees, who believe that this is going to be a free plan. They believe that this is something that the government is doing for them, and of course nobody objects to having a retirement plan when they retire.

But at the same time, I think it's important to emphasize to Ontarians and to employers exactly what the costs of this plan are going to be. We know, in this room, what they're going to be. The maximum amount under the proposal is just over $1,600 per employee a year. If you are a small employer with eight to 10 employees, you're looking at several thousand dollars that you need to pay into the ORPP. I think the missing point here is that your employees are also on the hook on a mandatory basis, and they have to pay those amounts too. I don't think too many Ontarians are actually aware of that, and I think that's where the education component is critical.

Ms. Jennifer K. French: Thank you, and thank you for coming.

Mr. Plamen Petkov: Thank you.

The Chair (Mr. Peter Tabuns): To the Liberals: Madame Lalonde.

Mrs. Marie-France Lalonde: Thank you very much. First, I want to say thank you for joining us today. I want to highlight, when it comes to accountability and transparency, that as I ran in the last election, it was defined in our budget that this was coming. So when it comes to the opposition in terms of saying that we're misleading the people of Ontario by not letting them know what's coming, I think we were very clear. The mandate that we received as a majority government was to promote the ORPP, the Ontario Retirement Pension Plan.

Having said that, you mentioned again, which is nice to know, that there has been consultation. I think we are very mindful of our businesses, which are the backbone of our economy. I state that as a previous business owner myself. But when I look at everything the government has put in place to help businesses—one of the lowest corporate tax rates in North America.

I also look at this as a way of being predictable, rationalizing a way of keeping the employees. When I looked at myself as a previous business owner, and when I presented, before politics, my employees were definitely something that they wanted—they wanted to make sure that they would be able to save for the future. I also know that our plan will coincide with a reduction in EI, if I may, just again, correct.

So when you think about not the business perspective, which I think we've been very mindful of in terms of acknowledging and having conversations with them, but when I think of the employee, how would you say—

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

Mrs. Marie-France Lalonde: —that the employee that works in the businesses that you represent would benefit from this plan?

Mr. Plamen Petkov: I think you've raised some really good points there, and if I could have the time to just address a couple of them. We have acknowledged in the past, and we continue to acknowledge, the things that the government has done to support small businesses, whether it's a reduction in the corporate taxes, whether it's a reduction in the small business tax rate, or whether it's increasing the EHT threshold. Most recently, we worked with Minister Duguid on red tape reduction initiatives. We are always pleased to acknowledge that progress. Our fear is that all that progress will be mitigated by something as significant as mandatory ORPP premiums being introduced to Ontario. We fear that this is going to be a very significant charge on the small business payroll. This is not about where the business owner wants to offer—

The Chair (Mr. Peter Tabuns): Thank you, Mr. Petkov. I apologize, but you've run out of time. I thank you for the presentation this afternoon.

ONTARIO FEDERATION OF LABOUR

The Chair (Mr. Peter Tabuns): Our next presenter is the Ontario Federation of Labour: Sid Ryan. Sid, as you may have heard, you have five minutes to speak and then there are nine minutes of questions. I'll warn you at the one-minute mark. If you'd introduce yourself for Hansard, that would be great.

Mr. Sid Ryan: Thank you, Chair. My name is Sid Ryan. I'm the president of the Ontario Federation of Labour. Joining me today is Steve Staples, who is the director of research at the Ontario Federation of Labour.

I'm delighted to be able to make a presentation here today. For decades, the labour movement has been advocating for better retirement protection for people who have actually helped to build this country. We've negotiated collective agreements that provide good pensions for our members; however, there are at least two thirds of the population, about 60% or so, who do not have a pension plan, and most of them do not belong to unions. So, in many respects, we're here today fighting for that segment of the population that does not have a decent pension plan, or in some cases doesn't have any pension plan.

I want to come back to what I heard a few moments ago from the CFIB in terms of their membership base and so on, but for now, I want to thank the government for introducing this piece of legislation. It is long overdue. But of course, the position of the labour movement is that we would much prefer to see an expansion of the Canada Pension Plan. Unfortunately, the Conservative government in Ottawa has steadfastly refused to implement such a plan—or to expand, should I say, the existing plan. So in the alternative, the Ontario government has come forth with this plan, which we support.

I'm also pleased to hear that the Liberal government also supports the expansion of the CPP. They've been working very diligently with their counterparts across the country to attempt to move the federal government into that kind of an expansion. God willing, after the next election, we'll see the back of the Tories and we'll have an opportunity to work with other parties who will hopefully expand the Canada Pension Plan.

It's important, therefore, as we lead into the next election and liberate the country, that we will be able to have at least a plan that will be folded, if necessary, into the Canada Pension Plan. Consequently, we're big supporters of expanding who becomes members of this pension plan. We don't like this designation that somehow pension plans that are defined benefit are deemed to be comparable, because it's a bit of a misnomer to believe that everybody who belongs to a defined benefit pension plan somehow has a gold-plated plan. They do not.

I'll give you a couple of examples. Folks who work in the nursing home sector, for example, earn pretty meagre wages. Their pension would be, nominally, a couple of hundred dollars per month, even though they technically belong to the OMERS pension plan or they may belong to the HOOPP pension plan, which is the one in the health care field. Likewise, folks who enter into the public sector later on in life—maybe, having worked in construction all their lives, decided that they wanted to move over into the public sector—may only have five or six or 10 years' worth of accrued pension benefits. Again, they would be leaving and retiring with a very small pension plan.

So we would like to see as many people, as broadly as possible, expand the base and have as many people into this pension plan—besides the fact that it will also cut down on the bureaucracy and the administrative costs. It could be a nightmare trying to keep track of people moving in and out, because in today's world you don't just have one job all of your life; you may have 10 or 15 jobs. So you may be moving in and out of different pension plans, and to keep track of all those folks could be an absolute nightmare.

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I just want to address very briefly the business community's concerns, because I've listened to them around the province. It's very interesting that the CFIB are saying that they've surveyed their members. Interestingly enough, if you take note—

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

Mr. Sid Ryan: —they say that they surveyed their members in May, when the plan was introduced but we didn't have the detail that we've got today. One thing I will say about it is that I actually did a public opinion poll of their members about three years ago, and 68% of them said, "We would love to see an expansion of the Canada Pension Plan," because they believed it would actually cut down on people being pilfered from those organizations that don't have pension plans.

I know I've got one minute left, but I'll just read from here. In March 2014, an Ontario Chamber of Commerce survey, no less, of 1,000 employers found that an overwhelming majority, 72%, "believe that pension reform should be a priority" for the government and almost 45% agree that the government should "enhance the Canada Pension Plan ... by requiring employers and employees to pay higher CPP premiums." So it puts to the test: Just exactly what are you hearing from the CFIB? These folks actually opposed the increase in the minimum wage, and I swear if you were around in the 1800s they would have—

The Chair (Mr. Peter Tabuns): Thank you, Mr. Ryan; we're going to go to questions. Ms. French, third party.

Ms. Jennifer K. French: Thank you very much to both of you for coming.

I'm looking here at the bill itself, and there's a section, "The individual does not participate in a comparable workplace pension plan as determined under the legislation...." As this bill sets out—that there will be people who are exempted and comparable. You brought up a couple of issues: portability, the logistics of keeping track of people as they move from job to job, and that sort of thing.

I'd like to give you the opportunity to expand on what you were saying about expanding who could become members of the plan, rather than the focus on exemption.

Mr. Sid Ryan: Right now, as I said, there's a misnomer out there that everybody who belongs to a defined benefit plan somehow has a gold-plated pension plan. That's simply not true.

I've just given a couple of examples of where there are people in different occupations that are low-paying jobs, in some cases precarious workers. They may even be working in the hotel industry; they may have a small pension plan that's regarded as defined benefit; but the work is precarious; the work, generally speaking, is part-time; they get a limited amount of hours in. So when they actually retire, many of them will be retiring into poverty.

We're hoping that this pension plan will recognize that and expand the base and capture those folks and bring them in, because if we are going to eventually dovetail the ORPP with the Canada Pension Plan, then it makes a lot of sense that everybody who's in the Canada Pension Plan should also be recognized as being part of this plan.

We think that the CFIB, for example, would be better off spending their time looking to develop a pension plan for their members rather than opposing ideas that are coming forward to enhance and improve the possibility that people can raise themselves out of poverty when they retire. They'd be much better off if they spent their time working at making these pension plans available to their members.

Ms. Jennifer K. French: Okay. Is there, then, a pension plan or pension situation that you would consider comparable, and therefore be subject to exemption? Is there a safe enough or secure enough plan?

Mr. Sid Ryan: I certainly don't see any of the defined contributions or those glorified saving pension plans like the PRPPs or RRSPs. Look, people do not have the disposable income right now; it's clear. With the economy that we're in, with the manufacturing sector being decimated, high unemployment, stagnation in wages—people haven't seen a real wage increase, when you factor in inflation, over the past 20 years. Their disposable income is such that they don't have any disposable income to be able to put into any vehicles such as savings plans like RRSPs or PRPPs. This is the alternative, and this is the only way to go. The Canada Pension Plan, for example, the model that we're looking at here, is the most efficient pension plan in this country right now, and management fees are only one half of 1%.

The Chair (Mr. Peter Tabuns): Thank you, Mr. Ryan. We're going to go to the government. Madame Lalonde?

Mrs. Marie-France Lalonde: Thank you very much for coming here today and bringing a positive view on what we're trying to accomplish. I must reiterate, just on record, that our government's preferred choice is the enhancement of the CPP plan. I think we made it very clear as a mandate letter with our Associate Minister of Finance.

Having said that, what I'm hearing from you is that you are clearly identifying a need for regular folks out there to have a predictable savings option in the future. I'm wondering if you could tell us, based on what you believe: How do you feel the ORPP, our Ontario Retirement Pension Plan, will benefit the workforce that you are here to talk about today, now, but also for the future?

Mr. Sid Ryan: Well, it will have a limited impact, I believe, on unionized members, because, as I indicated, a lot of them belong to decent pension plans and a lot of them are in the workplace long enough. I gave some examples of where, even though you may belong to a good pension plan, when you retire you may not have, based on your wages, based on your length of service in the business, a great pension. Therefore, they should be included.

But I'm particularly interested in, and the labour movement is particularly interested in, the two thirds of Canadians or Ontarians who don't belong to a pension plan. Those folks are retiring into poverty. Shame on any political party that would turn around and deprive those folks of an opportunity to be able to retire with some degree of dignity and respect. The plan that is being put forward by the business community and this plan being opposed by the business community just doesn't do it. They've not put forward any plan. We know for a fact that there are huge amounts of pensionable potential—

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

Mr. Sid Ryan: —that's not being utilized because people don't have the money to put into their RRSPs at the end of the year. So this is the vehicle by which we need to start to raise two thirds of Ontarians out of poverty.

Mrs. Marie-France Lalonde: In your opinion, would you say this is sort of an advantage for the business community in terms of staff retention and promoting the future of their employees?

Mr. Sid Ryan: That's where I was trying to get to a few moments ago. Thank you for raising this. When we did our public opinion poll of business in Ontario, the number one priority, the reason that they gave for supporting the expansion of the CPP at the time, was that they would be able to retain their staff. They said, "We're in competition with the companies, the larger corporations down the street that are offering a pension plan, and they're pilfering good employees away." Sometimes employers will invest a lot of money in training, only to see that employee go down the road because they're interested and worried about their security in the retirement years. This, again, is another vehicle by which you can actually retain your employees, so it's a great example—

The Chair (Mr. Peter Tabuns): Thank you, Mr. Ryan. We're going to have to move you over to the official opposition. Mrs. Martow?

Mrs. Gila Martow: Thank you, Mr. Ryan. I just want to quote you: "People do not have the disposable income to put into PRPPs or RRSPs." This would take away from people's income, so I'm wondering why you feel that people don't have the disposable income for RRSPs but they'll have the disposable income to put into this pension plan.

Mr. Sid Ryan: Well, this is a relatively small amount of money. It's 1.9%. When you invest it in a large pool with several million other workers, you share the risk across the system, and the benefit and returns that they get out of it are far superior than if you're trying to take $4,000 or $5,000 out of your disposable income and putting it into an RRSP.

But also, RRSPs and PRPPs, over their lifetime—if you invest into an RRSP, at least 40% of every penny that you invest would be eaten up in management fees. That's basically highway robbery, is what it is—and when you offer that out as an alternative to the pension plan, the CPP, where it takes one half of 1% to manage the pension plan, so you can almost guarantee that every penny you're putting into that pension plan you're going to get back.

All we're doing with the PRPPs and with the RRSPs is that we're making folks on Bay Street rich at the expense of workers who are putting in that money. Most people don't realize that 40% of every penny you put into an RRSP gets eaten up in management fees.

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

Mrs. Julia Munro: Yes. I just want to bring to your attention that in the Progressive Conservative Party we are as concerned about people retiring in poverty as anyone else, but I choose to use the words of Jack Mintz, who, in looking at this proposal, has indicated that it actually isn't good for people who are of modest means, that the clawback that would take place would actually have this person with less money than they would at the start—

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

Mrs. Julia Munro: So I think we need to look at the details; that's why we're here. But when you have someone whose analysis demonstrates that the person would be worse off, we have to question why we're here doing that.

Mr. Sid Ryan: Sure. And that's a great question. Thank you very much. We actually share that opinion as well. We've got some concerns about those at the very low end of the income scale. If you take a look at our brief, you'll read it in there. I believe you can use the tax system, though, to be able to rebate taxes in some way, shape or form.

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Again, we're only designing the plan right now, but I'm positive that the tax system can be used in a progressive way that actually compensates those folks who at the beginning of the year may end up having to take something out of their disposable income, but at the end of the year, in their tax returns, will be able to recoup that again. But it's a good point. It's a concern that we've got, those folks at the very end of the low-income scale. That question needs to be looked at in a serious way.

The Chair (Mr. Peter Tabuns): Thank you, Mr. Ryan. Our time is up.

Mr. Sid Ryan: Okay. Thank you very much.

The Chair (Mr. Peter Tabuns): A pleasure.

ASSOCIATION OF MANAGEMENT, ADMINISTRATIVE AND PROFESSIONAL CROWN EMPLOYEES OF ONTARIO

The Chair (Mr. Peter Tabuns): Next is the Association of Management, Administrative and Professional Crown Employees of Ontario, AMAPCEO: Mr. Bulmer. Mr. Bulmer, as you may have heard, you have five minutes to speak. I'll give you a warning at the one-minute mark. Then there will be nine minutes of questions rotating between the three parties.

Please give your name for Hansard.

Mr. Dave Bulmer: Good afternoon, Mr. Chair and members of the committee. Thank you for the opportunity to speak to you today on behalf of the 12,000 members of AMAPCEO. As mentioned, my name is Dave Bulmer, and I am the newly elected president of the association.

We are the second-largest union representing members of the Ontario public service. We also represent members at seven broader public sector agencies. We represent supervisory and professional groups within the public service. Among others, we also represent the policy and financial analysts and economists who are doing the work on the preparation of the ORPP.

Our members are fortunate to have the ability to contribute to, and benefit from, a couple of excellent defined benefit pension plans. Most of them are through the Ontario Pension Board, with some others through the hospitals of Ontario pension plan.

The ORPP represents a significant opportunity for the province to do some lasting good for the people of Ontario. AMAPCEO fully supports the notion of extending pension coverage as widely as possible. In order to do this, the ORPP must be a universal program, with mandatory enrolment and availability at all employers in the province.

The Ministry of Finance's discussion paper states that enhancement to the CPP remains the province's preferred approach to strengthening the retirement income system. While the current federal government has not expressed a desire to enhance the CPP, that does not foreclose the possibility for a future government to support such an enhancement. This being the case, and given the Ontario government's stated preference, it behooves the government to establish the ORPP in a manner in which it may be easily integrated with a potentially enhanced CPP. This means that the ORPP must map onto the key characteristics of the CPP; namely, it must be universal, with mandated membership for all Ontarians, and it must be a truly defined benefit plan.

AMAPCEO believes that an ORPP with mandated universal membership is a necessity for several reasons, including portability, mitigation of "pension envy," and fairness. A universal pension, as opposed to one available only at a select few employers, would burnish the ability of Ontario workers to move between employers. Structuring the ORPP in this fashion would provide an important net gain in labour mobility. This would be good not just for AMAPCEO members who might pursue opportunities with a new employer, but also for the province's economy as a whole.

One doesn't have to look far to find the latest Fraser Institute or Canadian Federation of Independent Business attempts at heaping scorn on defined benefit pension plans and the public servants who contribute to them for their own retirements. I'm sure you will hear from many of these groups over the coming days of your hearings. The reason that these attacks, flimsy though they may be, catch on with a segment of the public is simple enough to understand. It's what we refer to as pension envy. That envy springs from the very matter that the ORPP is intended to address, and that is the gap in savings for retirement.

Some of the statistics here are well known. While some three quarters of Canadians working in the private sector have no workplace pension to speak of, more than 80% of workers in the public sector have pension coverage. That such a disconnect is problematic can hardly be surprising.

What we believe the government is proposing by way of the ORPP is something much fairer for Ontarians, and that is the promise of dignity in retirement for all. By making the ORPP a universal plan, the government would go a long way towards mitigating pension envy. However, leaving out employers who provide comparable plans—

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

Mr. Dave Bulmer: —as both the 2014 budget and the discussion paper suggest, would only make the ORPP appear to be a second-best option. Universality will make all Ontarians feel that they are getting equal treatment, that they are getting the same basic chance at a dignified retirement, whether or not their employer offers a comprehensive defined benefit plan on top of the ORPP. AMAPCEO believes that, with a universal plan, integration with the comparable defined benefit plans can be resolved to the satisfaction of plan members and the public interest.

Of course, the interests of existing plan members who do have defined benefit plans must also be protected, and the viability of their plans and benefits must be preserved. However, should the comparable exemption be pursued by the government, it is the public sector and the ever-shrinking roster of large and wealthy private employers who would be left out of the ORPP. What sort of message would this send to the public?

The Chair (Mr. Peter Tabuns): Thank you, Mr. Bulmer. We go to the government caucus. Madame Lalonde?

Mrs. Marie-France Lalonde: Thank you again for coming to be with us today and sharing your thoughts on our plan to move forward, I guess, in ensuring that Ontarians have decency upon retirement, if I may say that.

As you know—and I know I said it earlier, but I just want to reiterate—certainly our plan, what we're hoping to do, is to create a mirror image of our CPP. As you are aware, unfortunately the federal government at this point does not feel the need to enhance the CPP, where we're saying that this is not the right thing to do. So we're going to be moving forward, hopefully, with this plan by listening to all of you and what you're saying to us.

If I may ask you a question, though, based on your surveying some people and looking at your members: How has the landscape changed over the last few years? How are you seeing the change coming when it comes to retirees?

Mr. Dave Bulmer: I'm not sure where to start with your question, but our members are wholeheartedly in support of widespread pension availability. We would implore the federal government to enhance the CPP; anything that can happen at the provincial level, we're truly supportive of.

We have an older demographic, so our members are very much interested in not only their own pension futures, but those of all Ontarians. We're not isolated within our own communities. Unlike some of the public perception that's out there, we're not selfishly interested in our own interests only.

Anything that anybody is willing to look at, we're willing to support. We have some concerns, but we're willing to look at anything that's out there.

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

Mrs. Marie-France Lalonde: As you know, this is an evolving process. We're having consultation here, but certainly the associate minister is looking when it comes to the papers and the questions put forward. Have you been able to express some of your thoughts on this?

Mr. Dave Bulmer: Yes, we have. We've submitted a paper.

Mrs. Marie-France Lalonde: Excellent.

Mr. Dave Bulmer: We're very interested and thankful for the opportunity to be here today, as well.

Mrs. Marie-France Lalonde: Thank you very much.

The Chair (Mr. Peter Tabuns): Thank you. To the official opposition. Mrs. Munro.

Mrs. Julia Munro: Thank you, and thank you for coming. I want to ask you about the issue of "comparable," because you talked about what you would like to see down the road, but at this point we have no definition of what's comparable. I wonder, when you are in the position that you are in, have you considered what you would think is comparable?

Mr. Dave Bulmer: Potentially the plan that I'm a member of is comparable, and that could actually be at odds with my members. I'm here to initially represent them, but I'm also here to represent Ontarians and the people we provide public service to. We would naturally have concerns with integration; in the same way that CPP integration occurs, there would have to be a consideration of ORPP integration. I don't pretend to be a pension expert, but I know that there could be some negatives to comparable plans from a tax perspective. But I don't think that any of that is beyond consideration, mitigation or finding solutions.

Mrs. Julia Munro: It seems to me that there have been some mandatory or arbitrary decisions, one of which was to choose 1.9% as the amount. How does that figure as what you would pay as an employee in AMAPCEO?

Mr. Dave Bulmer: Once again, not being a pension expert, my understanding of it is, mine is in the 2% neighbourhood.

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Mrs. Julia Munro: There are lots that are higher, though, aren't there?

Mr. Dave Bulmer: Yes.

Mrs. Julia Munro: And what happens to those private sector pensions, which, frankly, have a higher percentage of contributions, and it may only be the contribution of the employer and not the employee? How does that fit in to comparable?

Mr. Dave Bulmer: I'm not sure how to answer that. I don't have the answer for that question. It's obviously very complicated.

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

Mr. Dave Bulmer: I don't think that it's without solution, though, to contemplate all-inclusive participation in an ORPP. The things that you've spoken to would have to be addressed, and there would be many angles of concern for everybody that's involved, but at a greater level I believe it's in Ontarians' best interests to have this done.

Mrs. Julia Munro: Just one final point: When you were talking about your own pension as an example of a defined benefit plan, the payer of last resort is the taxpayer. How are you going to take a system such as that which exists in the public sector and put it in the private?

Mr. Dave Bulmer: It's going to be difficult. The pension plan that I am a part of is almost fully funded. It has a recent mortality. It's as healthy as a pension plan can possibly get. It would be a model to look at—

The Chair (Mr. Peter Tabuns): I'm sorry, Mr. Bulmer; we've run out of time with this question. I'm going to go to the third party. Ms. French.

Ms. Jennifer K. French: Thank you very much for joining us here today.

Back to your original points of universality—mandated membership for all Ontarians and the goal of ultimately having a plan that can be smoothly integrated with the CPP and ultimately a CPP expansion: If the ORPP isn't universal, how might that goal of smooth integration with the CPP—and, ultimately, enhancement—be challenged? What are some specifics?

Mr. Dave Bulmer: I don't know that I'm able to answer your question. As I said before, I'm not a pension expert. But I have to believe that there has to be contemplation out there of any number of ways to integrate things. If we can do it at present with the CPP in the way that we do, anything that we contemplated at the provincial level, whether it's all-inclusive or not—there has to be a way to do it. There are much brighter pension minds than mine that I'm sure can turn their focus to that.

Ms. Jennifer K. French: I'll reference something else that you had brought up. You were talking about your own plan, and that your plan might be considered potentially comparable. But I would ask: Are all members under your plan in comparable situations to your own?

Mr. Dave Bulmer: We have members who are either a part of the PSPP, administered by the Ontario Pension Board, or we have a few hundred members who are within HOOPP, or the hospital plan, and we would all have very similar situations or scenarios.

Ms. Jennifer K. French: As my colleague from the Conservatives brought up, the issue of comparability on the contributions side, that when we're comparing 3.8% to—pick a number—with a different pension plan, that that's comparing the contribution side. So in terms of benefits—

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

Ms. Jennifer K. French: Do you have thoughts on that piece of comparability?

Mr. Dave Bulmer: As far as benefits?

Ms. Jennifer K. French: Yes.

Mr. Dave Bulmer: If the suggestion is tying it to the contribution or what the contribution rate is, that may be something that needs to be necessarily looked at. Obviously, we would like to see the benefit applied equally when it comes out the back end, regardless of what contribution there might be. But there may need to be some linkage in some instances where people are paying different amounts at comparables.

Ms. Jennifer K. French: Thank you.

The Chair (Mr. Peter Tabuns): Thanks very much, Mr. Bulmer.

ONTARIO CHAMBER OF COMMERCE

The Chair (Mr. Peter Tabuns): Our next presenter is the Ontario Chamber of Commerce: Mr. Liam McGuinty and Mr. Scott Boutilier.

Interjection.

The Chair (Mr. Peter Tabuns): The danger of sitting at the back.

As you know, you will have five minutes to present and nine minutes of questions. I'll warn at the one-minute mark. Could you introduce yourself for Hansard?

Mr. Liam McGuinty: Thanks for having us, first of all. My name is Liam McGuinty. I'm the manager of policy and government relations at the Ontario Chamber of Commerce. Scott Boutilier is with me. He's a policy analyst at the OCC. I will be brief.

I think the Ontario chamber's position is well known. We've been doing advocacy on this for eight months, but I don't think effective lobbying is sitting on the sidelines throwing grenades. We've tried to be constructive players in this discussion. It seems the government is intent on moving forward with the ORPP, so the nature of our advocacy has been pushing government in a virtuous direction; that is, we need answers to some key questions, because I don't think anyone around the table has enough facts to make an informed opinion on the ORPP and its impact, especially in the short to medium term.

You've got the Dodge report out there, which is a very good macroeconomic perspective on one tenet of pension reform in the long term, so we're talking about consumption power in the long term. What's much less clear is: What's the short-to-medium-term impact on business climate, on jobs specifically, on GDP and on foreign direct investment? We don't have those answers. I haven't seen those answers being produced yet from any one party. So that is the message we'd want to leave with you too.

I'm happy to talk a little bit later on about the broader regulatory and cost burden that's on businesses. But, for now, I'll pass it on to Scott.

Mr. Scott Boutilier: You should all have in front of you our submission that we recently provided to the Ministry of Finance, which outlines three broad concerns that we have, one of which Liam already described, which was the unknowns around the economic impact of the proposed ORPP.

The second concern we have is around the problem definition itself. It is true that some Ontarians are facing an undersavings challenge, but we've seen recent evidence that suggests that perhaps the problem is much narrower than how it has been defined in the past. According to a recent McKinsey report, 83% of Canadian "households are actually on track to maintain or exceed their level of consumption in retirement."

That report goes on to say that it's actually middle-to-high-income earners in Canada who are most at risk from undersaving, particularly those who don't have workplace pension plans or who aren't contributing enough to those workplace pension plans that they have.

When we look at the ORPP to boost retirement savings, really, for this group that's undersaving, it takes a much broader approach to what we see is a narrow, targeted problem, and that it demands increased retirement savings from a much larger segment of Ontario's population, which we don't think is the most effective or efficient way to deal with the problem.

The final concern that we outline in our submission is around how the government has defined a comparable pension plan in its most recent consultation document, which does not include any form of workplace pension plan other than defined benefit or target benefit multi-employer pension plans.

Our concern with this is that it actually penalizes the many employers who already contribute to their employees' retirement savings through pension plans like defined contribution plans and often contribute at a much higher rate than would be mandated under the proposed Ontario Retirement Pension Plan. Again, by adopting a narrow definition of comparability, the ORPP might force individuals who are actually saving enough for retirement to boost their retirement savings even more and not contribute to a more efficient solution, with the unintended consequence of adding further costs on to business.

We really recommend that the definition of comparability be expanded to include other types of workplace pension plans that are currently available, like defined contribution plans or group RRSPs.

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

Mr. Liam McGuinty: The final point that I'd add is to consider the broader context as well. So the counter-criticism, when we put out our piece on the ORPP, was, "Look, the ORPP is not an extreme cost." If you do the math, if you're looking at a business that employs 10 people at a $50,000 salary each, you're looking at $9,000 in new costs. No, that's not an extreme cost, but for a small business it is a very substantive cost, and that's certainly what we're hearing from our network. Only 25% of them say they can actually absorb the cost, but you need to consider the broader regulatory and cost environment, right?

ORPP is coming at the same time as a 16% gradual hike in electricity rates. We now have some of the highest WSIB premiums in the country. The minimum wage is the second-highest in the country, and now we have a new carbon-pricing regime and it looks like it might be cap-and-trade, which puts the onus on business. You need to consider the broader regulatory impact. Policy can't be made in silos. It shouldn't be used in isolation. You need to consider the broader impact that it's having on business competitiveness in Ontario.

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The Chair (Mr. Peter Tabuns): Thanks, Mr. McGuinty. The first question goes to the official opposition. Ms. Munro? Ms. Martow?

Mrs. Gila Martow: Yes. I just wanted to say, very quickly, thank you for coming in, for raising your concerns. You're right in that I think that the big picture gets overlooked, which is that a lot of businesses will not be able to cope with these additional costs. A lot of homes will not be able to deal with this kind of burden. You're helping one group of people for their retirement, but you might be hurting them getting there.

As well, are you concerned that, with some plans, people might be moved out of a very good plan, where they're actually going to have a higher pension, into this provincial plan, where they might actually be getting less monthly income? Is that a concern at all?

Mr. Liam McGuinty: It's the unintended consequences that we're raising questions about, because we don't know the full impact and we don't know what will happen to existing pension plans. I don't know if anyone can say with any degree of certainty if we're sure what's going to happen.

To your point, a lot of businesses offer defined contribution plans. Let's say the contribution rate is at 6% to 8%—and that's quite common, actually. We've held several consultations with the minister, who, by the way, has been fully engaged with us on this issue, as have all parties. So you have a 6% to 8% contribution rate, and then the ORPP is a 1.9% contribution rate. What's going to happen to that 6% contribution rate? That's the question that we're asking.

You might see a clawback in the existing DC rate. Businesses may make the decision that, "To remain cost-neutral, we'll claw back by 1.9%." Then the intended impact of the ORPP is not what it was meant to be, if you're creating a net-neutral scenario.

We don't know if that's going to happen. That's why we're asking for a comprehensive analysis of the impact of the ORPP in the short to medium term. As I mentioned, the Dodge report does a very good job at a long-term macro perspective on consumption power. What we haven't seen is that short-to-medium-term perspective on what will happen in terms of job creation, hiring decisions etc.

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

Mr. Liam McGuinty: By the way, we've done a survey of our members, and 44% of them say—I think Scott mentioned this—that they'll have to delay hiring decisions or lay off staff in the near term as a result of the ORPP. Again, that seems like an extreme position, but you have to consider it in the broader context of the growing costs and regulatory burden faced here in Ontario over the last couple of years.

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

Mrs. Julia Munro: Yes. Thank you very much. I certainly appreciate the issues that you've raised. I guess my question to you is: In being able to come here today and formulate the kind of responses that you have had, how much help do we have from the ministry in terms of any indication of these details and how they're being responded to? We have a bill before us that is essentially an enabling bill that does not provide the kind of detail that we're looking at—

The Chair (Mr. Peter Tabuns): Ms. Munro, I'm afraid you've used up the rest of the time. We'll go the third party. Ms. French.

Ms. Jennifer K. French: Thank you. I appreciate your coming here today. I'm taking a look at your submission, and something you had mentioned about the 83% is the proportion of households that are on track to maintain or exceed the level of consumption in retirement when we're talking about undersavings.

My question about that is, because I'm not clear with the survey specifically: When you're talking about households, what would constitute a household? Was it also low-income housing or is it those who are homeowners, when you're talking about who is on track for savings? Additionally, to maintain or exceed their current level of consumption, are we taking into account those who are currently living in poverty situations?

Mr. Liam McGuinty: The 83% you're referencing is from a McKinsey report, so I can't speak to—I'm sorry—the details of that report. But I think you raised a good point, which is: We're not entirely sure of all the facts on the table, right? So this question is one of many that have been raised in terms of the short-to-long-term impacts of the ORPP.

What we can tell you is, from our perspective, we conduct the biggest survey of business opinion in the province. That 25% number I referenced earlier: That's a survey of over 1,000 businesses. It's 25% of businesses that say they're comfortable absorbing those costs or that they're able to absorb those costs.

I can speak in more detail to those survey results. I can't speak in detail to the McKinsey report.

Ms. Jennifer K. French: Okay. Then to further that, those who are less able or more able to absorb costs and whatnot—obviously within the business community, there would be a lot of discussion on this topic. It could be understood that there may be some businesses that would be put more at a disadvantage. So, then, my question for you is: Assuming that the ORPP is coming, is there a way to even the playing field? Would there be a benefit to having no one exempt—

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

Ms. Jennifer K. French: —and all participating in the plan? Would that somehow even the playing field and create less of a disadvantage?

Mr. Liam McGuinty: I think the point that I would make there is that if you talk to an average business in Ontario, I think the response to you would be, "Let's put the brakes on the ORPP." We have seen that this government is intent on moving forward with the ORPP, so we're trying to steer the conversation in a virtuous direction.

Let me touch on one of the points you made. Defined contribution plans are currently considered non-comparable under the ORPP. That is a serious risk for the intent of the ORPP, which is to increase retirement savings. We fear that the unintended consequence of making defined contribution not comparable is that you'll get a decline in contributions from employers in those plans. That's one thing the government can look at. We're urging you to do that. You'll hear other business organizations make the same point: Let's re-evaluate comparability.

The Chair (Mr. Peter Tabuns): Mr. McGuinty, thank you. To the government: Mr. Delaney.

Mr. Bob Delaney: Thank you, Chair. Mr. McGuinty, a question for you: How would the Ontario Chamber of Commerce react if the government of Canada were to enhance the CPP to accomplish the very same goals as the ORPP?

Mr. Liam McGuinty: Between the two options—if we're looking at two options, ORPP and CPP enhancement—of course CPP enhancement is our preferred option by far, and I'll tell you why. Let me go into some detail. Number one, the establishment of the ORPP puts a cost on Ontario employers, and Ontario employers alone. A CPP enhancement would level the playing field across Canada.

Mr. Bob Delaney: Okay. I get the point. So you mentioned earlier—you quoted an American management consulting firm, McKinsey and Co. In fact, they are the outlier. Let's take a quick look at what Canadian analysts are finding.

CIBC said that 54% of Canadians are not making a contribution to their RRSPs. Sun Life Financial said that 60% of respondents now expect to work past 65, which is up from 48% not that many years ago. The Royal Bank has a whole extensive number of findings, among them that 75% of female respondents say that they do not have a retirement savings goal, compared with 62% of male respondents.

Former Bank of Canada governor David Dodge has said that this will be good for the economy in the long run. My question to you is, why are Canadian analysts in favour of this, and the Ontario Chamber of Commerce and American analysts against it?

Mr. Liam McGuinty: With respect, there's actually a Sun Life report out there talking about the narrow problem that exists. Scott referenced it. The narrow problem that exists is that we have middle-to-high-income earners who are not replacing their income at an adequate rate. The McKinsey report says the same. Actually, the Dodge report mentions a bit of the same as well—

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

Mr. Liam McGuinty: —and he also talks about the impact on economic growth in the short term.

I think the point that I'd make is that we don't have a solid understanding of all the facts. I've listed several reports that mention one thing; you've listed several reports that mention the other. That's one of the reasons why we're calling for a comprehensive economic analysis of the short- and mid-term effects.

Mr. Bob Delaney: Thank you, Chair. I believe Mr. Colle has a question or two.

The Chair (Mr. Peter Tabuns): Mr. Colle.

Mr. Mike Colle: I'm flabbergasted by this figure here in your report: 83% of Ontarians and Canadians are said to be on track to maintain their standard of living in retirement and they think everything is rosy. The people who I meet every day are just the opposite. They can't maintain their standard of living today with the cost of living, certainly in Toronto. They can't make ends meet. Who did they survey, saying things are going to be great going into retirement? They're going to maintain consumption of what? They can't consume right now, because they don't have any money in their pocket. Who did they interview?

Mr. Liam McGuinty: So, again—

The Chair (Mr. Peter Tabuns): Mr. Colle, Mr. McGuinty: You've used your time. It was a very fulsome question, but it didn't leave time for an answer. Thank you very much.

MR. PETER THACHUK

The Chair (Mr. Peter Tabuns): Our next presenter—

Interjections.

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

Mr. Thachuk?

Mr. Peter Thachuk: Good afternoon. My name is Peter Thachuk. I've brought my wife, Anita Thachuk, and a colleague, Josef Kreppner, with me.

The Chair (Mr. Peter Tabuns): Mr. Thachuk, you know the routine: five minutes to speak and nine minutes of questions. I'll give you a one-minute warning when we get close to the end.

Mr. Peter Thachuk: Okay.

The Chair (Mr. Peter Tabuns): Please.

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Mr. Peter Thachuk: Good afternoon. My name is Peter Thachuk. I thank you for allowing me to speak and I thank you for listening.

I have worked as an Ontario civil servant with the Municipal Property Assessment Corp. and its predecessors for 33 years. I recently turned 60 and my thoughts have turned towards retirement and to my pension. Coincidentally, the Ontario government is also thinking about enhanced pensions for all Ontarians.

I am seriously concerned about the ability and the intentions of this government to administer a pension plan based on the experience I, and countless other civil servants, have suffered at the hands of provincial government since 1998.

I was hired by the Ministry of Revenue as a property assessor in 1982 and have made all required contributions to my pension plan since then, so I should be able to expect a full pension cheque. Unfortunately, I, and many civil servants, will receive drastically reduced pensions because the mid-1990s provincial government, when divesting various ministries, allowed their employees' pension plans to be gutted through the unilateral and unnecessary splitting of our pensions.

One would presume that the 1998 government sought and received legal and financial advice on how to divest so many employees. One would further presume that responsible government would rectify the egregious mishandling of Ontarians' pensions when informed in September 2001, in a memorandum authored by the various pension plan administrators, that a split pension would "financially disadvantage" their employees. I've provided a copy recently obtained through freedom of information for each of you.

For 16 years, I, and many other employees and retirees, have approached government representatives and our employer about our split pensions. Additionally, my employer, MPAC, has also requested, in writing, numerous times that government rectify the split pension issue. A written copy has been provided for you also.

In 2007, Harry Arthurs chaired the Ontario Expert Commission on Pensions and directed the provincial government to address the split-pension issue. His recommendation 5.5 states, "The government should promptly address the situation of public service employees affected by the restructuring of government responsibilities and agencies in the late 1990s."

It is my understanding that the Legislature supported recommendation 5.5. To this end, Bill 236 was passed. Instead of properly addressing the split-pension issue, the various pension plans are using Bill 236 as an opportunity to require those of us victimized by split pensions to pay millions of dollars to them in order to merge what should never have been split.

The pension plans are trying to justify their actions by the introduction of the concept of a hypothetical, unjustifiable shortfall of service which must be covered financially by the employees. This hypothetical issue would not have been created if our pensions had never been split.

In my case, on August 22, 2014, I received a letter giving me 90 days to decide whether I will pay OMERS in excess of $173,000—$173,000—in order to receive a pension previously paid in full during my 33-year career. I am one of thousands affected in this way.

By participating in this opportunity, I also lose any post-retirement health benefits. This means employees will be compensating ourselves due to the negligence, self-interest, and/or incompetence of those who we expect to protect our interests.

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

Mr. Peter Thachuk: Apparently, no consideration has been given to anyone retiring post-1998 and pre-2014 with regard to their split pension.

To conclude, while laudable to aim for pensions for all working Ontarians, the best indicator of future behavior is past and present behavior. In order to regain trust for this government, I, and many others, look to this committee to rectify past behaviour with present solutions to the split-pension issue.

Hopefully, once accomplished, you will be able to administer fair and equitable pensions for future generations. Thank you.

The Chair (Mr. Peter Tabuns): Thank you, Mr. Thachuk. First questions go to the third party. Ms. French.

Ms. Jennifer K. French: Thank you. First of all, I'd like to say that we very much appreciate your being here and bringing voice to a very significant issue that, as you said, is affecting many, many, people. I'm sorry for the situation that you find yourself in as well. Sixteen years is a long time to not rectify or address an issue.

One of the things that you're making me think of: When we're talking about the ORPP, we're looking at a future option and a future situation. We've been speaking in the Legislature about also ensuring that those with current pension plans and in current situations be looked after and that we protect and strengthen those plans, but you're also bringing up a situation that has happened in the past and has yet to be addressed. So you definitely paint a picture that needs to be considered.

I'll give you the opportunity to sort of expand on what you would like to see in terms of the ORPP. This bill allows for, or talks about, the creation of a body that's going to be administering this plan. What would you caution the government, or what would be your recommendations where that's concerned?

Mr. Peter Thachuk: Well, I would caution you that the legislation—actually, I'm not sure how to advise here, because we did have protection in the legislation. I believe, and I've passed a memorandum around that I believe indicates, that the government did receive—they were cautioned back in 2001. So if, in fact, there are these protections there, and yet governments, or bureaucrats, are turning a blind eye to them, I'm not sure how to advise you here. It's already there.

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

Ms. Jennifer K. French: You brought up Harry Arthurs' report and the recommendations, and there are a number of recommendations that—it's also our recommendation that we revisit those and not just focus on moving forward but focus on what hasn't already been accomplished, or regulations that haven't yet been promulgated. Again, I appreciate your being here today. What have you been told in terms of—is there any forward movement on this for you?

Mr. Peter Thachuk: We've basically been told that if we want to get any action, we have to sue. I find that appalling. Where my employer has tried to rectify it—we should never have been in this position in the first place. We were not allowed to be at the table at the time the decision was made. We were thrown into the new pension. It didn't have to be done. Yes, to divest us was the right of the government at the time, but the originating pension plans certainly didn't want to give us up. There was no need to. I think it was the politics of meanness and self-interest that—

The Chair (Mr. Peter Tabuns): Mr. Thachuk?

Mr. Peter Thachuk: Yes.

The Chair (Mr. Peter Tabuns): Thank you, and I have to go to the next question. Ms. Lalonde.

Mrs. Marie-France Lalonde: First of all, I want to say thank you very much for joining us today and for raising a situation that actually, in all fairness, has been raised by one person in my own riding, as a constituent. It is very unfortunate what you've experienced, and that's what my commitment to that constituent is: to see how I can help him as an MPP.

Having said that, today I would like maybe just to refer you to an issue that we are bringing forward, which is an Ontario Retirement Pension Plan and maybe having your thoughts on having a plan that will protect, actually, Ontarians in terms of securing their future when it comes to pension security down the road. How do you feel with our plan at this point, the ORPP?

Mr. Peter Thachuk: I believe your plan has merit. However, I believe you still have to clean up your own house with your employees before, in fact, you expand your constituency.

Mrs. Marie-France Lalonde: Okay. But would you say that there is a savings concern among Ontarians not saving enough for their future? Is that fair?

Mr. Peter Thachuk: I really don't know. I know that from the day I started working that I understood that there was at least somewhere between 6% and 10% of my salary I would never see, and that was put forward for a pension. So, in fact, I believe possibly if I did not have that type of pension, I may not have been able to have a defined benefit pension when I retire, which makes it particularly galling when, in fact, I find that it's been reduced so substantially, because I've done everything that was supposed to have been done.

Mrs. Marie-France Lalonde: Like I say—

Mr. Peter Thachuk: I fear for the future.

Mrs. Marie-France Lalonde: You fear for the future of that situation, when previous governments made some decisions without looking forward in terms of outcomes for their employees.

1510

Mr. Peter Thachuk: Correct, and I believe we all should be afraid until there is some requirement that politics aren't played with the people of Ontario, whether they be employees or general citizens.

Mrs. Marie-France Lalonde: I look at the way we are bringing forward this plan and the amount of consultation that is actually being introduced to the people of Ontario. When I look at it from a platform perspective as an election campaign, I look at it from our associate minister moving forward all across the province, having these hearings. I feel a little bit reassured about this current government looking after the best interests, actually, of the people of Ontario, for the future of Ontarians.

Mr. Peter Thachuk: Well, I think you need to go back to Bill 236—

The Chair (Mr. Peter Tabuns): I'm sorry to say that you've run out of time there.

Mrs. Marie-France Lalonde: I'm sorry.

The Chair (Mr. Peter Tabuns): I have to go to the opposition. Ms. Munro.

Mrs. Julia Munro: Thank you for coming. I'm very disturbed by your presentation because I, too, have constituents and I've worked with one of our own caucus members. The Liberals have had 12 years to rectify a relatively—not in terms of its impact, but a relatively easy thing that could have prevented this situation for you and for so many others. You've reminded me that it still has not been addressed. I remember working with one of my caucus colleagues and he came back to me and said, "I've been assured that this is going to be taken care of." Obviously, that was not the case.

Mr. Peter Thachuk: Well, Bill 236 was supposed to address it. Somehow the agenda was hijacked by the pension plans, who have decided to make themselves whole on our backs. This is double-dipping. There is no shortfall. All I'm really looking for is a forum to address this, but I keep getting shut down. I get shut down by my own MPP. I get shut down in every other—actually, I want to thank you, because this is the first forum that has agreed to even listen to me. So thank you very much.

Mrs. Julia Munro: Well, I can assure you that I and my colleague worked on this file several years ago and he assured me that he had been given the message from this government that they were going to work on it, because he came back to me and said, "It's taken care of." Clearly, it's not, and I think renewed vigour is required.

Mr. Mike Colle: Which government did it?

Mr. Granville Anderson: Which government did it?

Mr. Mike Colle: It was your government.

The Chair (Mr. Peter Tabuns): Gentlemen.

Mrs. Marie-France Lalonde: Twice, in 1998 and 2001.

Mrs. Julia Munro: I'm just saying—

The Chair (Mr. Peter Tabuns): Members.

Mr. Jim McDonell: The point is, there were 12 years to fix it and it hasn't—

The Chair (Mr. Peter Tabuns): Just a second.

Interjections.

The Chair (Mr. Peter Tabuns): Members, could we let Ms. Munro finish?

Mrs. Julia Munro: I just simply find it extremely unfortunate—

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

Mrs. Julia Munro: —that after the efforts that have been made, and I think—

Mr. Peter Thachuk: Is there a way the parties can go back and address 236? I'm happy to sit down and speak with anyone, anytime.

Mrs. Julia Munro: Certainly, if you want to speak to me later, that would be fine.

Mr. Jim McDonell: I sat on the MPAC board of directors before getting elected here and that was a huge issue. I remember being part of the correspondence back to the government, pointing out that you, as a group, put your pension benefits in, but you're not getting your fair share. That's the issue. It was simply a matter of your getting your full benefits in the first pension and in the second pension. But when you split the years in two, you don't get the full benefits based on a formula that's really not meant to be split in two. For 30 years at MPAC, you're being treated—

The Chair (Mr. Peter Tabuns): Thank you, Mr. McDonell. I'm afraid we've run out of time. Thank you very much for your presentation today.

Mr. Peter Thachuk: Thank you.

AXYZ AUTOMATION

The Chair (Mr. Peter Tabuns): Our next presenter: AXYZ International, Alf Zeuner, president. As I'm sure you've heard, you have five minutes to present and nine minutes of questions. If you'd introduce yourself for Hansard.

Mr. Alf Zeuner: Hello. My name is Alf Zeuner and I'm the owner and president of AXYZ Automation. We're based in Burlington, Ontario, just down the road. We are a medium-sized automated industrial machinery manufacturer and we've been in business for 25 years. There are approximately 120 employees, mostly highly skilled, and there are 75 of them here in Ontario in our headquarters and main manufacturing area in Burlington.

Thank you for giving me the opportunity to participate in the discussion about the proposed Ontario Retirement Pension Plan. Overall, I am in favour of the proposal and I agree with its intent and overall structure and direction. It makes sense for Ontario, it makes sense for employees and it makes sense for the business of AXYZ. It is certainly an additional cost to operate our business, but I believe it's a reasonable cost given the benefit that it provides to our employees.

Improving the pension outcomes for AXYZ employees is a concern of mine. AXYZ employees are no different than the average, and about 70% or so have undersaved for retirement. All the reasons for this situation are well-documented in the materials that led to this government's decision to introduce this initiative. I won't use up the committee's time to restate them all here.

The concern I wish to bring up is a problem with the amount of CPP pensionable income many of our employees have accumulated. They immigrated to Canada in the 1990s and are approaching retirement age with well below the maximum pensionable earnings. The new ORPP is not going to help them much as they have only a short contribution opportunity left.

This is actually a crisis at AXYZ. We have a number of employees where we have agreed to a 20/20 initiative that sees the employee contribute 20% of his income and that AXYZ match it with another 20% to boost the retirement package at the retirement coming up. The idea is that at 40% contribution rates the package should reach about two years' earning in five years. Our plan is then to make a lump sum contribution to their RRSP or buy them an annuity so that they can supplement their income to something survivable.

As you can imagine, this is pretty dramatic and pretty expensive, but necessary given our circumstances. We accept that the actual contribution—we accept the actual cost of the contribution because it was us who undersaved. We're not asking anybody to solve that.

But there are other problems: complications with administering it, investing it, ensuring that it's secure and transparent. What would make a lot more sense to me would be simply to contribute it to the ORPP. AXYZ and our employees are willing to pay. We would like ORPP to do what I expect it would do well, which is administer, invest, disburse securely and fairly and efficiently.

What I ask that the ORPP consider is adding flexibility to boost contributions significantly to assist making up not only shortfalls in the ORPP contribution but also CPP pension gaps. We have many people who have worked hard and contributed to AXYZ and Ontario for 20 to 25 years. They should be entitled to a respectful retirement.

We accept that not enough has been saved and it's not up to anyone but ourselves to fix that, but I do ask that we have flexible access to the new ORPP system to help us out.

Thank you.

The Chair (Mr. Peter Tabuns): Thank you very much. First question goes to the government. Madame Lalonde?

Mrs. Marie-France Lalonde: Well, thank you very much. I have to say, as a previous business owner to a business owner, it's nice and refreshing to see that you support the way we think about managing our employees and offering them the best chance possible of securing a retirement that will help our economy in the short, long and medium term.

I want to talk about—maybe I want to ask you: How might the ORPP—and I think you touched base, but I just want to understand—provide an advantage for your particular business?

Mr. Alf Zeuner: I think it can provide a significant advantage in that we have mostly reasonably highly skilled workers, so they're definitely in the middle-class group. Pensions are important to these people. They don't think about pensions in their young life, nor do small companies when they start up think about their pensions. It's just sort of the reality. We go, go, go and we're immortal. It comes many years later. Then you look at it and say, "Oh, this isn't good."

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The reality of the situation is that there's no longer a mandatory retirement age. You cannot discriminate by age. So of course, if a person cannot afford to retire, they will not retire. Therefore, the ultimate result is that we end up providing good packages anyway, sometimes under threat of a lawyer or whatever. It's all very inefficient and it's all very frustrating, and it's not the right thing to do.

I think the right thing to do is to provide good pensions for employees. It makes happier employees. It makes us competitive to gain employees. The big problem we're seeing—actually, what I'm specifically after—is the immigrant employees, the people who started with us in the 1990s who are basically not facing a pension of $1,100 a month but $700 a month and $600 a month, coming from jobs that pay $70,000, $80,000 a year. I think it would help us.

Mrs. Marie-France Lalonde: So far, today, we've heard a lot of comments regarding group RSPs and all of their additions.

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

Mrs. Marie-France Lalonde: My concern has always been—and will always maintain—the volatility, how unknown the contribution and the outcome are. Having this type of investment, up to 1.9% from an employer and employee perspective, gives, I think, predictability in the long term in terms of income for that employee.

Mr. Alf Zeuner: Yes. I don't believe defined contribution pension plans—they make sense to me personally. Of course, I live in a world that has that benefit. It makes no sense to the vast majority of our employees. Defined benefit is the only way to go. As a medium-sized company, that's unaffordable.

Mrs. Marie-France Lalonde: Thank you.

The Chair (Mr. Peter Tabuns): Thank you very much. To the official opposition: Ms. Munro.

Mrs. Julia Munro: Thank you very much for coming and providing us your perspective on this.

One of the things that you raised, just as you were finishing up, was about the defined benefit and the predictability and—the other side of the argument—the volatility. There seems to be an understanding that the person who's actually paying for it is the taxpayer on a defined benefit, whereas everybody else has got the vagaries of the market: low return on investment. That makes a difference to that defined contribution that you gave.

But I wanted to ask you about the government's introduction of the pooled registered pension plan. Are you familiar with that plan?

Mr. Alf Zeuner: We've looked at a number of different options and choices, and of course, unlike the CPP—

of course, my preferred option would be that the CPP would just be doubled and be done with it. It would be a lot easier. But it's complex from a business administration point of view. You've got to set it up. You've got to find agents or suppliers of it. It's also brutally expensive, which I also find—

Mrs. Julia Munro: Why do you say expensive?

Mr. Alf Zeuner: Well, because somebody has to manage those funds, and there are management fees to investing.

Mrs. Julia Munro: But the idea of the pooling creates the numbers of people to reduce the administration, unlike your RSP, which is a one-to-one kind of thing, so that the administration cost is significantly—

Mr. Alf Zeuner: It is less, definitely, in the—

Mrs. Julia Munro: And it's in the person's own name and it's portable.

Mr. Alf Zeuner: Again, it's difficult—we've had the discussions with different employees and we've had different people come in. It's difficult for the employees to understand—

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

Mr. Alf Zeuner: —what's going on.

Mrs. Julia Munro: Oh, I agree with that. I appreciate you coming here and sharing with us your perspective on it, because you're right in the middle of the issue that we're trying to resolve. Thank you.

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

Ms. Jennifer K. French: Again, thank you very much for coming and presenting to us today. One of the things that you had mentioned earlier on—you know, acknowledging an additional cost to operate, but the benefit to employees has to be considered. But what is the benefit—by benefitting the employees or if they have a predictable income stream into their retirement, does that, then, in turn, benefit your particular business?

Mr. Alf Zeuner: I believe it would, yes, in our case. I can't speak for other businesses. Certainly we're primarily an exporter. The Canadian dollar goes up and down 20% in a year and we have to deal with that. This 2% isn't—businesses are good at what we're good at, which is being efficient, finding ways, being creative.

I see the benefit as primarily one of remuneration to the employees, to make them feel more secure, make them have a more even trajectory to retirement. We've got it better known—of their trajectory to their retirement.

Ms. Jennifer K. French: Well, I think we all can appreciate too that it isn't just about giving them a predictable income stream. Once they have that, then they have the ability to participate in the economy with some kind of predictability. It's not just that, "Oh, good. I know how much is coming in. I'm going to hoard it." They tend to spend and—

Mr. Alf Zeuner: Yes, and I can appreciate that personally as an Ontario citizen. But purely as a business owner, I look at it as: This is good for the employees. They'll do a better job. It's more predictable. That's good for business.

Ms. Jennifer K. French: Something else that I would like to revisit: the short contribution opportunity for some of your employees—

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

Ms. Jennifer K. French: —and boosting that retirement package. Can I extrapolate that to, then, would you recommend to the government that they consider ways for people to perhaps pay in more? So there's—

Mr. Alf Zeuner: Exactly.

Ms. Jennifer K. French: —an amount that's predetermined now, but to layer in an option for those who are closer to retirement to put more in?

Mr. Alf Zeuner: Yes. Right now, for instance, we have pools of money come in due to employees; again, how do I now distribute it to them after they've retired and stuff? Those are all complications that I don't need as a business. It would make a lot more sense just to say, "ORPP, you've got all the infrastructure. Here's the money. Boost up their credit and give them more."

Ms. Jennifer K. French: As my colleague had mentioned, these pooled plans—and when we're talking about the ORPP, the more money in the pool, the more it can grow and the more benefit, ultimately. So the more who can opt in and contribute—

The Chair (Mr. Peter Tabuns): Thank you, Ms. French. Your time is up.

Ms. Jennifer K. French: Ah, sorry.

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

Mr. Alf Zeuner: Thank you.

ONTARIO NONPROFIT NETWORK

The Chair (Mr. Peter Tabuns): The next presenter is the Ontario Nonprofit Network, Cathy Taylor. Ms. Taylor, as you probably heard: five minutes to speak, nine minutes of questions. If you'd introduce yourself for Hansard?

Ms. Cathy Taylor: Good afternoon. My name is Cathy Taylor. I'm the executive director of the Ontario Nonprofit Network. My colleague Liz Sutherland is our policy adviser on the pensions file. I'm here to speak to Bill 56, the Ontario Retirement Pension Plan Act. I thank you for the opportunity to comment.

The retirement income security of non-profit workers is a priority for our organization and we are pleased to see the government address this pension reform. Our organization is the provincial network for 55,000 non-profit organizations in Ontario. About half of these organizations—so over 25,000—have paid staff, which is over a million employees in Ontario that are specific to the non-profit sector. Our sector also contributes $50 billion to Ontario's economy.

Our mandate is to support a strong and resilient non-profit sector. We are troubled by the rise of precarious and low-wage work in Ontario. Our sector is no exception to this. Many of our sector's workers have no workplace pension plan. After a lifetime of serving the public good, more and more of them will have to delay retirement or face a significant drop in income as senior citizens.

The ORPP will help to address this challenge. We have four recommendations, however, when it comes to the ORPP.

First of all, we do support the introduction of the ORPP, but the design and implementation of the plan must take into account the needs of the community non-profit sector in Ontario.

There are significant gaps in labour market information on the Ontario non-profit sector, especially with respect to workplace pension plans. However, what we do know about the sector and its labour force must be reflected in the design. About half of our workers are short-term, casual and part-time contracts. We also have many small to medium-sized organizations that generally cannot afford to offer pensions or benefits. The only data we have available currently indicates that Canada-wide, only 30% of non-profit organizations offer any kind of comparable pension plan.

The question of exemptions and the definition of a comparable pension plan will be an issue for organizations in our sector.

Our second point is that low-income workers should receive assistance with the cost of premiums through targeted refundable tax credits or other tax measures.

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Furthermore, when they retire, low-income persons who have contributed to the plan during their working lives should benefit materially from that plan instead of seeing their guaranteed income supplement clawed back as a result of the ORPP.

Third, we need to place the implementation of the ORPP in the context of the funding relationship between the government and the community non-profit sector. Staffing is the largest cost for non-profits with paid employees. Our budgets simply cannot absorb an increase in ORPP-related staff costs after several years of funding freezes.

For those organizations that do receive provincial funding—which is not all non-profits, but many—at a minimum, the transfer payment agreements through which the sector delivers services on behalf of government must reflect the increased cost of doing business. Otherwise, the non-profit sector will be left in a bind, possibly having to reduce staffing to cover the increased cost of the ORPP, which is an unanticipated outcome that I know none of us want to see.

We also urge the government to consider pension reform in the context of much-needed funding reform for the non-profit sector. The precarity of many jobs in our sector is directly related to our funding environment, especially the reliance on short-term, project-based funding.

ORPP premiums will add to the many factors forcing non-profits to meet their community's growing needs with fewer resources. We would like to work with the Ontario government to address the need for negotiated contracts that take into account the full cost of doing business while providing decent jobs.

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

Ms. Cathy Taylor: Fourth and finally, we are asking the Ontario government to establish a joint task force with the non-profit sector to address the ORPP issues in this sector and to explore broader workplace pension opportunities. The ORPP will replace about 15% of a worker's pre-retirement income at a level that, even when combined with CPP and OAS, could still leave a significant gap for modest-income workers.

ONN has proposed that the Ministry of Finance establish a joint task force to address ORPP issues as well as to explore the viability of establishing a pension plan for the sector. Such a plan would help the sector compete for talent in the wake of a looming demographic shift that will see many non-profit leaders retire in the next few years.

To sum up, we are pleased to support Bill 56. We look forward to discussions on how the ORPP will be implemented in the non-profit sector and how we can work together to enable non-profits to offer high-quality jobs with living wages, benefits and pensions in a way that we also find financially sustainable.

The Chair (Mr. Peter Tabuns): Thank you, Ms. Taylor. First questions go to the opposition: Mrs. Martow.

Mrs. Gila Martow: Thank you so much for coming in. As the member from Thornhill, I can tell you that I sometimes think that Thornhill has the highest concentration in the province of non-profits. People are incredibly passionate about what they're doing, and we need them. I think it would be a horrific unintended consequence if we saw non-profits shutting down. They have the smallest leeway in terms of salaries. They can't cut down on their profits because there is no profit. The only thing that they could do is let go of valuable people and possibly just shut down completely.

I think that when I meet with some of the local non-profits, things like managing group homes or programs for special needs, when they read in the newspaper about things like the cost overruns with the Pan Am Games or things like that that they feel are sort of the cherry on top of the whipped cream on top of the ice cream—just layers and layers of nice things to have—it frightens them.

What I would want to know from you is what the government has told you in terms of saying, "Don't worry. We're going to pick up the slack. We're going to cover the employees' contributions, because we can't expect people on such low wages to pay into a pension plan, and we're going to cover the employer contributions." What are they saying to you about all that?

Ms. Cathy Taylor: We've had no commitment to date of that agreement yet. I think it's still early stages as to the regulations and the implementation of how ORPP is going to roll out. We'd certainly like to see that as part of a commitment going forward.

Mrs. Gila Martow: Because it's either going to come out of the services—

Ms. Cathy Taylor: Or the direct service—

Mrs. Gila Martow: Yes. There are no profits to take the money out—

Ms. Cathy Taylor: Yes.

Mrs. Gila Martow: Thank you so much. Any comments?

Mr. Jim McDonell: Yes. We met with a number of groups in my riding this summer, somewhere around 15 to 20 not-for-profits, and all of them talked about not receiving any increases in more than five years—

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

Mr. Jim McDonell: —and laying off staff as their expenses went up. How would you see coming up with another 1.9% of expense when you haven't received anything, really, even to cover your hydro increases?

Ms. Cathy Taylor: It's a great question. I would say that it would be pretty hard to run a fundraising campaign to raise 1.9% for pension contributions in a community.

Organizations are very creative; as you know, the last thing they would want to do is cut services to the people that they serve. So when organizations in this sector are faced with that dilemma, they will cut office supplies, they will cut as much of the extraneous that they can think of. But they will cut staffing before they cut services, which also means that they're not providing good services always if they're cutting the supports to it. So it would for sure be a difficult situation for us to be in.

The Chair (Mr. Peter Tabuns): Thank you. We'll go to the third party. Ms. French?

Ms. Jennifer K. French: Thank you very much for coming, and thank you for all the work that you do in our communities.

I wanted to ask you—as you said in your submission here, "approximately half of the workers in this sector are on short-term, casual and/or part-time contracts." We heard a number earlier, that about "83% of households" in Ontario "are on track to maintain or exceed their level of consumption in retirement." So I would ask you, of the community that you serve and the community that you are here representing, what percentage would you guess are on track for savings and maintaining or exceeding their current—

Ms. Cathy Taylor: Unfortunately, we would have no idea how to answer that because we just don't have the labour market information we need for the sector—which is one of our requests, that we would like to have more labour market information for the non-profit sector. We don't have that level of knowledge. It's an excellent question.

Ms. Jennifer K. French: Okay. I did see in here, though, that—how many of your workers actually contribute to a pension plan, as it stands now?

Ms. Cathy Taylor: The information we have is that about 30% of organizations that are small, so less than 10 employees, have access to a pension plan or equivalent, and about 65% of large organizations would have access to a pension plan or equivalent.

Ms. Jennifer K. French: And those pension plans—as the government is talking about comparability, and we're going to be hearing about people's ideas on comparability, where do you stand on comparability? Should we be looking at the comparability of the plan, or should we be looking at the comparability of the individual situation? So, for example, those who are contributing to a plan that might otherwise be comparable, if they're in precarious or low-wage situations, is it going to be enough to sustain them in their retirement?

Ms. Cathy Taylor: I think that's one of the really tricky things about the legislation, that issue of comparability. In this sector, to be honest, we don't have consensus on the answer to that. There are some organizations that are large, that have excellent pension plans, that want to be exempt and would have a comparable or better-than-comparable plan. There are others in the sector that have nothing, and so would like to see the ORPP be mandatory and covered by all employees. It's really a different opinion amongst organizations, so we haven't taken a strong position one way or the other at this point.

Ms. Jennifer K. French: So your members who might be part of a strong plan, are they all going to be earning enough benefit—are they all earning comparable benefit to each other?

Ms. Cathy Taylor: That's an excellent question. Again, we have sort of percentages of how many have a plan, but we don't know enough about what specific assets their plan might have to be able to answer that.

The Chair (Mr. Peter Tabuns): Thank you. On to the government: Madame Lalonde?

Mrs. Marie-France Lalonde: Thank you very much for being here. It's very nice. Certainly, thank you for all the work you do in our communities—and I speak on behalf of everyone in the House.

I guess what I'm trying to understand from your conversation, and from all of us raising our questions, is that we do have some not-for-profits that have nothing and some that have some kind of a plan. Is it fair for me, when you look at what we're planning on proposing when it comes to the ORPP, saying the predictability of that secure income versus—you may think you have a great plan, but sometimes that plan may be provided as a lump sum upon retirement, or that employee has the choice to remove it. That, ultimately, jeopardizes what we're trying to do, which is to bring that fairness in terms of income when you decide to retire. What would you say about that?

Ms. Cathy Taylor: That's an excellent point. I think, absolutely, we would agree that the predictability, the portability, the ease of administration of having a centralized plan would be much preferable for many organizations in the sector, especially the ones with less than 50 employees—there's no doubt—which is the bulk of the non-profit sector. It's really a small percentage that have more. So the bulk of the sector would benefit from ensuring—especially with part-time workers and contract workers—that portability, if they go from job to job, that they don't lose one pension plan or not be eligible because they haven't had enough hours or enough amount of time. We would agree that that consistency would be much needed and much preferred in the sector.

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Mrs. Marie-France Lalonde: Okay. I'm going to open a can, maybe, but I just wanted to know: Did you have a chance to have consultations with—

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

Mrs. Marie-France Lalonde: —either ministry staff or the Associate Minister of Finance regarding your concerns with the ORPP?

Ms. Cathy Taylor: Absolutely. In fact, Minister Hunter has met with us twice. She had a round table of non-profits and charities, specifically. We had a further meeting to address some of these issues. I know there is a serious concern especially around low income and the effect that the ORPP will have on low income. So we're hopeful that our concerns will be heard.

Mrs. Marie-France Lalonde: Great. Thank you for joining us again.

Ms. Cathy Taylor: Thank you.

The Chair (Mr. Peter Tabuns): Thank you very much, Ms. Taylor.

UNITED STEELWORKERS

The Chair (Mr. Peter Tabuns): Our next presenter is United Steelworkers, Alex McKinnon and Troy Lundblad. Good day, gentlemen. I think you've heard the routine: five minutes to speak, nine minutes of questions. I warn you regularly that your time is running out. If you'd introduce yourself for Hansard.

Mr. Troy Lundblad: Perfect. Thank you. Hello, my name is Troy Lundblad. I'm a staff representative with the United Steelworkers Canadian national office. I'm accompanied by Alex McKinnon, the director of research, bargaining support and public policy with the Steelworkers. I'd like to thank the Chair and the Standing Committee on Social Policy for inviting us to provide comments on Bill 56.

The Steelworkers generally agree with the assessment contained in the 2014 Ontario budget: that the retirement income crisis in Ontario is real and significant and requires urgent action.

We also agree with the government's position on improving the Canada Pension Plan. CPP expansion remains the best approach to ensure improved retirement security for all Canadians. Faced with federal government intransigence on CPP expansion, the USW is encouraged by efforts to implement a made-in-Ontario pension to supplement the CPP.

That said, we also have serious concerns. In particular, the USW fears that proposals to exclude members of "comparable" pension plans from the ORPP will be harmful to workers and undermine the goal of folding the ORPP into the Canada Pension Plan in the future.

For purposes of ORPP participation, Bill 56 defines an "eligible employee" as an employee who "does not participate in a comparable workplace pension plan," but is silent on what is a "comparable" pension plan. Under the government's preferred approach, described in their December 2014 consultation plan, "comparable" plans are defined as defined benefit and target benefit multi-employer pension plans.

On the one hand, the USW concurs with the government's assessment in their consultation paper, which argues that defined contribution plans, PRPPs, and group RRSPs do not provide benefits comparable to the Ontario Retirement Pension Plan. However, the USW has concerns with plans to exclude workers with defined benefit and target benefit plans from the ORPP.

First, not all members of DB and multi-employer plans are receiving or will receive adequate benefits in retirement. For instance, nursing home workers, personal support workers, hotel and food services workers, and security guards may have employer-sponsored pensions, but they often receive extremely modest pension payments under such plans due to low wages, low employer contributions and precarious employment.

Second, even defined benefit plans are not without risk. Even with the safety net provided by the Ontario Pension Benefits Guarantee Fund, there have been recent instances where active and retired employees have lost 25% to 30% of their pension benefits during plant closures and employer bankruptcies.

Moreover, few private pension plans provide the inflation protection that public plans such as the CPP are able to provide. We cannot stress enough the importance of universal coverage and mandatory participation in the design of a public pension plan.

Restricting the range of workplaces participating in the ORPP will also affect the portability of the plan benefits. Portability is one of the most attractive features of the CPP. Portability is doubly important given the precarity of labour market conditions currently. Workers entering the labour force today are more likely to hold multiple jobs, to work part time or under contract and to move jobs than they were in previous decades.

By including all workers and workplaces, the rules and requirements with regard to enrolment, eligibility and contributions would be readily understandable to both employers and employees.

Moreover, the exclusion of comparable plans is inconsistent with the CPP design. To permit exclusions in the design of the ORPP is certain to complicate the ultimate goal of folding the pension plan into an enhanced CPP.

Exclusions may also lead to market distortions. Employers currently offering generous DC or group RRSPs will be put at a competitive disadvantage with respect to their competitors offering defined benefit plans. Likewise, workers with DC plans will experience a decrease in current consumption income, whereas workers with DB plans will not. In our view, universal coverage will have the least disruptive effect on labour markets.

Finally, universal coverage will maintain the ORPP's legitimacy—

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

Mr. Troy Lundblad: —as a program benefitting all Ontarians, rather than a targeted benefit for a subsection of the population. Studies show that universal public services are much more resilient in times of welfare state retrenchment than targeted plans or targeted programs.

Before concluding, we have one other concern. Bill 56 states that legislation "shall provide transition rules concerning the phasing in of contribution rates." The government has suggested in its communications that the 1.9% contribution rate may be phased in, possibly with large employers first. The USW contends that this will lead to market distortions which will adversely impact our members.

For instance, the security guard sector is characterized by low barriers to entry, several large unionized employers and many small competitors. Here, the phasing in of contributions would adversely impact our members' workplaces first, and impact the ability of these employers to compete for contracts in a competitive market. Other for-contract services such as—

The Chair (Mr. Peter Tabuns): I'm sorry to say that your time is up. I'm going to have to transfer you to questions.

Mr. Troy Lundblad: No problem.

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

Ms. Jennifer K. French: Thank you very much. I'd like to welcome you here and thank you very much for joining us. Just on your last point, on phasing it in—if you could further expand on that?

Mr. Troy Lundblad: Yes, sure. I attended the consultations in Woodstock, Ontario, with the minister, and I was thankful to her for attending, but she hinted that the contributions might be phased in for larger employers first. I assume that the intention is that smaller mom-and-pop shops—the assumption might be that they're less able to handle these increased contributions. But in certain sectors, it will actually distort the competitive dynamics in the market, namely security guards.

We've dealt with this issue already. The larger security guard companies are typically unionized, typically provide better benefits and typically have higher labour costs per worker. If the contributions are phased in for those larger employers first, it will adversely affect them and adversely impact our members, because the employer will be unable to compete.

Ms. Jennifer K. French: Thank you. Something else that you had mentioned: You mentioned portability as one example, but can you think of other examples of ways that, if this is not a universal plan and plans are going to be exempted, this creates a challenge with merging it, for lack of a better word, with the CPP or integrating it with the CPP? Because you had said that you were concerned that it would undermine that as the ultimate goal.

Mr. Troy Lundblad: Yes. I mean, I've had some conversations with actuaries. Though I don't understand their technical expertise, they don't quite understand how the government can assume that this is something that can be rolled into a pension plan that existed for 30 years and that has had a buildup of the technical capacity to manage such a plan.

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

Mr. Troy Lundblad: The fear is that, if it's in any way different, it would be entirely impossible—or not impossible, but much more difficult—to merge that plan into the CPP.

Ms. Jennifer K. French: As you had mentioned, as well, it being a supplement to the CPP—but we ultimately don't want to undermine the goal of CPP enhancement. We don't know what's coming.

Mr. Troy Lundblad: Exactly.

Ms. Jennifer K. French: But portability and—any other logistical concerns?

Mr. Troy Lundblad: Yes. The labour market for younger workers, for this generation of workers, is much more precarious. They'll be jumping in and out of a pension plan if it's not completely portable. What we don't want is a situation where workers are in the public plan for five years, then out for two, then maybe back in, because certain employers have different types of plans that they're offering. It should be just universal in our opinion.

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

Ms. Jennifer K. French: Even—

The Chair (Mr. Peter Tabuns): I'm sorry, Ms. French. Out of time. We're going to the government. Madame Lalonde?

Mrs. Marie-France Lalonde: Thank you very much for being here. When I think about our plan and what we're doing right now, I think we're creating a framework as to how this plan will be rolled out in January 2017, possibly.

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Again, I'm just going to stress to you that our ultimate goal is a CPP enhancement, and that's always been something that we wanted to do. I know you referred to actuaries. It's interesting, because I had the great pleasure of meeting a gentleman who was part of the CPP process when it was first established in Canada. He happens to live in my riding. He was quite satisfied, with all due reserve, because it's still in a framework process. It's interesting to know that our goal is to have a mirror image—so that flexibility of our plan, if down the road, for that merger.

So certainly, this is something that we are listening to and we certainly hear what you're saying. If I was to maybe ask you to talk a little bit about your members—do your retired members benefit from a current defined benefit plan at the moment?

Mr. Alex McKinnon: I'll answer that. With 70,000 members in Ontario, we have a multitude—we've got 1,800 different employers across the country, so we have a whole range of no pensions to modest pensions to DC to defined benefit, and we try to negotiate the defined benefit where we can. We also have a lot of members who are in multi-employer plans as well.

Mrs. Marie-France Lalonde: Okay.

Mr. Alex McKinnon: So it's sort of all over the map.

Mrs. Marie-France Lalonde: Yes, and I've worked in the health care industry—you know, PSWs and nurses—and, like you said, they'll change jobs. So what are the—

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

Mrs. Marie-France Lalonde: So what are the elements of this kind of plan that are beneficial but also a deterrent for your members?

Mr. Alex McKinnon: I think it's beneficial. I think the key thing that we've always got to remember here is that we're building retirement security, and so this goes towards that. The more universal it is, the more people it applies to, the better off everybody will be.

Mrs. Marie-France Lalonde: Thank you.

The Chair (Mr. Peter Tabuns): Thank you. To the opposition: Ms. Martow.

Mrs. Gila Martow: Thank you so much for coming. I just want to address the fact that you said that you're concerned with the decrease in competitiveness by phasing in larger employers first. What I thought is, it's a global economy, and with higher electricity costs in the province and now trying to bring in a pension plan, which they might not have something comparable in other provinces or states, are you concerned with the decreased competitiveness of Ontario versus at least the rest of North America, and possibly the world, for some of your members if they bring in this plan?

Mr. Alex McKinnon: No. I think that the same argument was said about CPP when CPP was brought in, and I don't see paying 1.9% as decreasing the effectiveness. I don't see that.

Mrs. Gila Martow: But you see it as decreasing the competitiveness between your different employee groups?

Mr. Alex McKinnon: Well, yes, because one will pay 1.9% and another won't, so in fact, if everybody is equal, then it's not a problem.

Mrs. Gila Martow: Well, but your employers would be paying 1.9% and in other provinces and certain states, a similar employer wouldn't.

Mr. Troy Lundblad: Well, I would say that security guards aren't being shipped from Ontario to Manitoba, so—

Mrs. Gila Martow: Well, for the Pan Am Games, we hired an American company, so I have to disagree. But no, I'm glad that you feel that you're not worried about a lack of competitiveness. I'm glad to hear that.

Anybody else?

Mrs. Julia Munro: Yes. Thank you. There have been several speakers who have referred to a mirror image to CPP. In the budget of this government last spring, in 2014, this appears in the budget: "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." That seems to be the motive of this government's proposal.

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

Mrs. Julia Munro: I just wondered, given that it's for Ontario, if you would comment on that in terms of mirror image.

Mr. Troy Lundblad: Well, I think the CPP Investment Board, which is an independent body that has a mandate to maximize returns with a minimal amount of risk, makes—I mean, it's well known for its large infrastructural investments that it makes, and those investments are actually quite profitable. So I would say that if Ontario's plan is to have a governance structure where the investment board is independent and arm's length from government, with minimal intervention and hopefully zero intervention from the government, those types of investments could be quite profitable.

Mrs. Julia Munro: But this specifically says "Ontario-based projects." CPP goes around the world. It's there for the—

The Chair (Mr. Peter Tabuns): Ms. Munro, you're out of time, I'm afraid.

Thank you very much for your presentation.

CANADIAN CENTRE FOR POLICY ALTERNATIVES

The Chair (Mr. Peter Tabuns): We'll go on to the next presenters: Canadian Centre for Policy Alternatives; Sheila Block. Ms. Block, I'm sure you've heard all the parameters: five minutes; nine minutes of questions. Please proceed.

Ms. Sheila Block: I'm aiming for four, but let me know.

I want to thank you very much for the opportunity to speak about this important piece of legislation. Bill 56 is really forward-looking legislation that modernizes the pension system for the next generation of workers.

That generation of workers is entering a very different labour market than my generation and many of ours around the table here. They are facing obstacles in saving for retirement that my generation didn't: higher student debt, higher housing prices, a longer transition into full-time work, and much less likely have a workplace pension plan than we were.

We know that private savings are not a solution to these obstacles. People aren't saving enough on their own, and the fees to financial institutions take a very big bite out of the retirement incomes of those who can afford to save privately.

This next generation of workers really deserves an expansion of a pension plan that will provide them with a secure pension that will last through their retirement and will do so in a low-cost and efficient manner. What we know from experience is that public pensions can do that.

We know that from our experience with the CPP. They can deliver benefits at low cost because they spread the investment risk and longevity risk across the whole working population.

Public pension plans also reflect the labour market of the future, where people are less likely to remain with one employer and are likely to change their jobs a number of times. They can provide a benefit that will follow you from job to job and provide you with benefits whether you're working full-time, whether you're working part-time, whether you have multiple jobs or whether, potentially, you're self-employed.

To fully reap the benefits and the potential of this expanded plan, we need to get the design right. First, it needs to be mandatory. We have to understand that the vast majority of our pension comes from interest earned on our contributions rather than those contributions themselves. The earlier you start saving for retirement, the better, but when you are starting out and you're paying off your student loans or you're trying to pay for your daycare costs, or maybe even trying to buy a house in this market, your priority won't be retirement savings. We economists call that a high discount rate. By the time we're in our thirties and forties, when our attention is more focused on retirement and it's closer, it is really too late to save for a good retirement. We need to have a plan that doesn't provide that kind of choice but really provides people instead with security.

Second, it has to be a universal plan. With a universal plan you reduce the administrative costs and you spread the risk over the widest population possible, which will both increase investment returns and decrease costs.

It's also important for individual plan members. If you are a member of a workplace pension plan at any particular point in time, no matter how good that plan is it doesn't provide for retirement security, because if you change jobs, you're most likely to transfer your assets into an RSP, and we know that those are not an adequate vehicle for retirement.

There's also an argument that a universal plan will harm low-income workers, but we really shouldn't penalize low-income workers by preventing them from participating in a plan that will increase their incomes in retirement.

There are many other labour market policies that can address working poverty, and there are fixes to the retirement systems, ranging from a redesign of the GIS to a refundable tax credit to address those concerns.

I really urge the committee members to support the bill and propose amendments that will enhance it, to increase the retirement security for our next generation of workers. Thank you.

The Chair (Mr. Peter Tabuns): Thank you. Our first question goes to the government. Mr. Delaney.

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Mr. Bob Delaney: Thank you. You were actually on a very interesting line that I'd like to continue on. If you're of retirement age now, and especially if you have a defined benefit pension into which you and perhaps one or several employers contributed, you would know what a difference that retirement security makes compared to what you remember when you were growing up and you remember that retirement meant a nearly universal descent into poverty. Given that, and what you said in your presentation, would you comment on the risk to Ontarians in the early to middle stages of their career today, of doing nothing to change retirement savings?

Ms. Sheila Block: I think the risk is really for returning to that period that you described, where you have poverty in retirement. When we look at the saving rates by age, in RSPs, and when we look at pension plan participation rates by age, we really see that those younger workers have lower participation rates and lower saving rates. The data also show us that RSPs actually accompany households that have pension plans, rather than being a replacement for them. So I do think we would be returning to those days, or have a danger of that.

Mr. Bob Delaney: Compared to the alternatives available right now, how does the ORPP stack up, in your opinion?

Ms. Sheila Block: The ORPP has a number of really important attributes, one of which I think some of your prior people have suggested: its portability. It can move with you to different jobs. Also, the larger the plan is, really, the better the investment returns you can have, the lower the administrative costs, because you're spreading it over a wider population, and the more comprehensive it is. So that's on one side.

On the other side, having a secure benefit is enormously important to retirees.

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

Mr. Bob Delaney: Okay, thank you. Madame Lalonde, I think, has one question to finish this off.

Mrs. Marie-France Lalonde: We talked a lot about many things, but one thing that I wanted to ask is: What do you think the social and economic costs of not implementing the ORPP would be?

Ms. Sheila Block: I think the social cost is really about a generation moving into retirement that will be impoverished. I also think that if you don't pay one way, you pay another way. It will increase the pressure, as many have pointed out, on those plans that are funded by tax revenues and that are income-sensitive. So really, it's just a prudent way of saving. Some things we do better on our own; some things are better together. Really, saving for retirement is best together.

The Chair (Mr. Peter Tabuns): Thank you. I'm afraid we have to go to the next questioner. Ms. Martow?

Mrs. Gila Martow: Thank you very much for coming in. What I'm hearing from some stakeholders is that this is less about the government being concerned about people not saving enough for their retirement and, as you said, being in poverty when they retire, and it's more about giving the government a vehicle to borrow money to invest in infrastructure, which would not be a great return on the investment for people who were actually looking to have a universal plan where the money was invested—let's put it this way, with the best return.

Do you have any concerns about how this money is going to be invested and that the money would be invested for the people with the best return on their investment so they actually could retire comfortably?

Ms. Sheila Block: I think there are a couple of things that are important. First of all, in all the documentation that I've seen, and I think in the legislation, the proposal is for an arm's-length agency. So I'm not sure where that concern is. I think a number of pension plans with excellent returns invest in infrastructure projects. I think what's really important: When you're looking at returns on investment, you have to look at what the alternatives are, and we absolutely know that the returns for such a large group plan would be much, much higher than any returns in individual RSPs.

Mrs. Gila Martow: I'll pass it to my colleagues, but my understanding is that, even if it's an arm's-length agency, it doesn't mean that the government can't make its plea to borrow the money. I just feel that that's not really a true arm's-length agency if the government that's implementing the plan is already talking to some stakeholders about how it's going to use the money.

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

Mr. Jim McDonell: I think the government is very clear that they're looking to use this money for infrastructure. They have the ability to borrow money at very low rates, so if they're going to use this, one would have to expect that they aren't going to pay higher rates than you might get elsewhere.

You also look at studies that have been done over just the last number of years talking about where this government is going with its debt and its ability to pay back these debts in the future. There has got to be some concern about the reliability of this money. If a good percentage of it is going to a corporation—the government, as such—that may not be able to pay it back certainly any more than what they could borrow on the market—which is quite low today, because they can't borrow money at those places because they're concerned.

Ms. Sheila Block: We're moving a little bit further away from pension issues. My understanding is, pension legislation provides some pretty strong protections for funds in pension plans—

Mr. Jim McDonell: It does, except that this government has been very clear they are going to take money from it for their own projects.

Ms. Sheila Block: Yes. So I'm wondering if your concern about the Ontario finances would extend to—

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

We'll go to Ms. French, the third party.

Ms. Jennifer K. French: Thank you. I appreciate your being here. One of the things that you had mentioned that the situation that many youngers workers find themselves in now is not stable jobs—it's job to job to job, and they might have the fortune or misfortune of having six or 10 different jobs in their working lives: I would ask you, then, with that being the reality for many, what would be—not even specific administrative costs, but what would that look like, tracking an individual from a job to a job with comparable plans and some being exempt, some not, that if there's a—

Interruption.

Ms. Jennifer K. French: Whoops. Anyway.

Ms. Sheila Block: I think there would be reduced costs and ease of administration if it was universal. As other speakers have said, the more we parallel the CPP, the more familiar employers are with it and the easier it is for administration, both for the plan itself and for employers as well.

Ms. Jennifer K. French: So not just the logistics of keeping track of an individual through their multiple careers, but also the financial costs, as well, associated.

Ms. Sheila Block: Absolutely; yes.

Ms. Jennifer K. French: Another question I had for you: Is there—and I know the answer, but whatever—a typical low-income worker? If we're going to be talking about the potential of excluding people, is a low-income worker only someone who is—anyway.

Ms. Sheila Block: We have the work that I think the Ministry of Finance has done that really explained to us that if you're low-income at any particular point in time, it doesn't necessarily mean that you're going to be low-income throughout your working life. For example, many of us start as low-income and really appreciate the fact that our CPP benefits actually encompass that period.

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

Ms. Sheila Block: I really think that we have to step back when we're thinking about low-income workers and say, "What are the other labour market policies that are available to actually improve labour market incomes rather than denying access to participating in a plan?"

Ms. Jennifer K. French: If I can do this quickly, you mentioned the next generation of workers, but a question I had asked earlier about current workers who might be approaching retirement—would you have thoughts on how to better prepare them for that retirement using the ORPP, if they could pay in more kind of thing?

Ms. Sheila Block: I think there are limitations on the ORPP for doing that, and that's really why you have to act—pension plans have very long timelines, and you really have to act with an eye to the future. I think this is really about the next generation of workers.

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

Ms. Sheila Block: Thanks.

The Chair (Mr. Peter Tabuns): We appreciate the presentation.

OPSEU PENSION TRUST

The Chair (Mr. Peter Tabuns): Our next presenter: OPSEU Pension Trust; Mr. Hugh O'Reilly.

Mr. O'Reilly, I think you know what you have: five minutes to speak; nine minutes of questions. I'll harass you about a minute before your time is up in each case.

Mr. Hugh O'Reilly: Okay. Thank you, Mr. Tabuns. I asked the Clerk to circulate a fact sheet about our pension plan.

OPTrust is a jointly sponsored defined benefit plan with over 84,000 members and $16 billion in assets. Our plan members are primarily front-line workers for the government of Ontario, its agencies, boards and commissions.

Our plan is fully funded with a comfortable surplus, and, since we began operating, our investment portfolio has realized an average annual return of 8.3%. We also receive high service satisfaction scores from our members and operate very efficiently. We're able to generate these results at a cost of only 53 basis points, which is far below the average retail savings vehicle.

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Today I'm here to share my views on the Ontario Retirement Pension Plan with the committee.

I support an ORPP that is both defined benefit and mandatory for those without comparable workplace pensions. If we are serious about delivering security and dignity in retirement for more people, they need to know that they can count on a predictable and reliable stream of income for as long as they live. Only a defined benefit plan can do this. There is also ample evidence that voluntary programs are not particularly effective at getting people to save. Ontarians have thousands of dollars, on an individual basis, of unused contribution room in RRSPs and other savings vehicles. Despite having the opportunity to save, Ontarians are not taking advantage of it.

Tackling undersaving in a meaningful way requires a mandatory program. However, in doing so, we need to ensure that the ORPP works in concert with existing low-income support programs such as GIS and GAINS. The end result must be an improvement in retirement income, particularly for the poor, not a reshuffling of income sources. And for those who choose to work in retirement, we need to find ways to avoid penalizing them with clawbacks.

As the ORPP is implemented, there are a number of ways to make it more cost-effective for the taxpayers of our province. For administration, a highly effective and tested system already exists for the CPP—a system, I might add, that Ontarians have already paid for. The wheel should not be reinvented. My view is that Ontario should, for a fee, be given access to and permitted to make use of the existing CPP administration platform.

I also believe that the ORPP does not need to have a bricks-and-mortar structure. There are ways to design it to be more virtual, as it draws upon the expertise that already exists in Ontario, especially in pension plans like OPTrust. An investment organization need not be established for the ORPP. This cost can be avoided through the use of the investment expertise of Ontario's public sector jointly sponsored defined benefit pension plans. Ontario's large JSPPs, including OPTrust, are global leaders at what they do, both as investors and pension administrators.

The Economist has called Canadian pension plans, and Ontario plans in particular, "maple revolutionaries." Pension plans around the world look to our model as an example of how to get pensions right. Toronto is referred to as the Silicon Valley of the pension world. Our pension plans are incredibly efficient and we're good at what we do.

As we work to strengthen our retirement income system, I encourage the province to draw on the wealth of expertise it has in its own backyard.

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

Mr. Hugh O'Reilly: Thank you, and I look forward to your questions.

The Chair (Mr. Peter Tabuns): Excellent. Okay, the first question is to the official opposition.

Mrs. Julia Munro: Thank you very much. I appreciate your comments here because, quite frankly, there are many with which I agree.

There are a couple of issues that, for this bill, create some problems. One of them is the question of "comparable." Without a definition, without having that security in knowing what it is, people are hesitant. We've heard from people this afternoon who express that hesitancy and, "What happens if...?" "What happens if my pension is better than 1.9%?" "What happens when I move?" "What happens when...," etc. We also know that a fully mature pension is about 40 years, so who's paying when? There's a constant line of questions that come out of that issue of comparability.

The other one is mandatory: "Thou shalt." When I've asked people who have participated in the discussions, they don't get answers on those kinds of questions.

But the singular thing that I want you to comment on, and what is different between what you have and are able to do and what is proposed here, is in the last line of your document: The joint sponsorship also means that OPTrust membership and the province share equally in the plan's financial risks and rewards. We the taxpayers are the payors, then, of the financial risks, ultimately, and I think that's the key difference. When we listen to people in the private sector who are looking at job losses, cutting hours, things like that, to come up with—

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

Mrs. Julia Munro: What's your answer?

Mr. Hugh O'Reilly: I'm not entirely sure on your question, Ms. Munro, but I'm going to do my best—and I meant that respectfully; it wasn't meant as a catty remark.

My view is that the governance of the plan can be set up in a way where it operates around the 3.8%; that there could be protections put in place requiring legislative approval. If there are going to be increases in contribution levels, those safeguards could be looked at.

I also think that if the plan is managed in the way the public sector pension plans, which are incredibly successful, are managed, we can move forward and pay and make sure people receive the benefits that they're promised.

In terms of a comparable plan, I would say two things. If you have a defined benefit plan, I think that's the definition of comparable. However, if you do offer a group RSP or a DC plan, if you currently put in, say, 3% on each side, then instead of putting 3% on each side to that, it would be 1.9% and 1.9% into the ORPP.

Those would be my thoughts. I'm hopeful I answered your question.

Mrs. Julia Munro: Thank you.

The Chair (Mr. Peter Tabuns): Ms. French.

Ms. Jennifer K. French: Again, thank you for coming and presenting to us today.

I had a question, just looking at your "At a glance." Can you tell us how many people are part of this plan?

Mr. Hugh O'Reilly: There are 84,000 members and retirees in our pension plan and 22 participating employers. The bulk of our employees are the unionized OPSEU members of the public service.

Ms. Jennifer K. French: You had talked about predictability and that you'd like to see this be mandatory for those with a comparable plan. Of those 84,000 members, I'm just wondering if all of their benefits are comparable. Are there people who are paying into this plan now who might be part-time workers or only paying in for a short period of time and their benefits upon retirement might be insufficient to sustain them in that retirement?

Mr. Hugh O'Reilly: There are part-time members of our plan. There would be very few of them who would stay part-time or casual through a career. I would say, on balance, that the amount of money they put into our plan and the benefits it generates would allow them to retire in dignity based upon their final earnings.

I think there's a lot of complexity that arises if our members are forced into the ORPP. If you had someone close to hitting their numbers in early retirement or their full retirement, those people may have issues, because of their longer service. So we'd be concerned about those people.

We also think it's important to aim this policy somewhat strategically at those who need assistance with their retirement.

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

Ms. Jennifer K. French: Okay.

The words "forced into": What if there was an opportunity for them to voluntarily—and I'm not saying not make the plan mandatory, but if there was an additional, voluntary layer; that part-time employees would have the option to use the ORPP as an investment vehicle to supplement their retirement, rather than being forced into it. Would you see the benefit in that?

Mr. Hugh O'Reilly: I think there's always a benefit when people are trying to put away more money to prepare for retirement. The issue here would be that I'm not sure that you could create—I think the individual could say they want to put more money in, but I'm not sure they would be in a position to compel their employer. So it would be just that individual treating the ORPP as a more efficient investment vehicle, say, than an RRSP, and avoiding fees. I think that's something that could potentially be looked at. But I think the communication to the employer is critical.

Ms. Jennifer K. French: Thank you very much.

The Chair (Mr. Peter Tabuns): Mr. Delaney.

Mr. Bob Delaney: You're a very knowledgeable person with a lot of insight into this, so I'm going to put a question—

Mr. Hugh O'Reilly: I'm going to tell my wife you said that.

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Mr. Bob Delaney: It's on Hansard. She can even read it.

I'm going to ask you a fairly brief question, and I'd actually like you to expand on it a little bit. You recently gave a speech at the C.D. Howe Institute. I believe what you said was that the people of Ontario had recognized that retirement savings is a huge challenge for them. I'd like you to expand on why that is, how the landscape has changed, and also, as you administer a very well run defined benefit plan, what are the benefits that a plan like yours offers members.

Mr. Hugh O'Reilly: Sure. I was basing my comments around the way Ontarians feel based upon public polling research that was aggregated by an organization called the Gandalf Group. What it showed is that the vast majority of Ontarians are uncertain and worried about their retirement future. In addition, my plan, along with teachers and the health care plan and OMERS, commissioned the Boston Consulting Group to do a study; I think it was three years ago. That study showed that for people on defined contribution pension plans, their account balances—those people live in fear of outliving their money, so they don't have happy retirements. People actually spend more or play a much larger role in local economies when they're part of defined benefit plans, which pay them a specific amount.

I would say that the public polling research plus the data that's been gathered by our plan and other plans demonstrate that people are concerned about retirement, that notwithstanding the various studies that are out there suggesting that the statistics don't support expansion, people want expansion. I think it's not people necessarily my age, but people, say, who are around 40 who aren't in these plans have got real issues.

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

Mr. Bob Delaney: Keep going. Keep going.

Mr. Hugh O'Reilly: What defined benefit plans do is, first of all, we pool longevity risk; we pool investment risk. We have lower costs typically, and there's all sorts of research on that. It allows people to retire in a way where they are not worried about outliving their incomes. I think if we look at our parents' generation compared to the current generation, my fear is the current generation is going to be far worse off than our parents' generation, and that's a shame, because those are the people who made it a point of expanding CPP and OAS and responding to the challenges that we face.

So I view this as a critical piece of legislation. I think if it's managed by our excellent pension plans that are out there, the monies will be managed in a way where it's arm's-length, where it's appropriate and where it's aimed at getting the best returns for members. That's why we're in support of the ORPP.

Thank you.

Mr. Bob Delaney: Chair, I don't think that's been encapsulated any better by anybody today. Thank you very much.

The Chair (Mr. Peter Tabuns): Thank you, Mr. O'Reilly.

CANADIAN LIFE AND HEALTH INSURANCE ASSOCIATION

The Chair (Mr. Peter Tabuns): The next presentation, then, is the Canadian Life and Health Insurance Association, Frank Swedlove.

As you know, you have five minutes to present. There will be nine minutes of questions. I'll warn you when you're running short on time. If you'd introduce yourself for Hansard.

Mr. Frank Swedlove: Thank you, Mr. Chair. My name is Frank Swedlove, president of the Canadian Life and Health Insurance Association. I have with me Leslie Byrnes, who is the vice-president of distribution and pensions.

It's certainly a pleasure to be here to speak to you today on this important issue on behalf of the Canadian Life and Health Insurance Association.

The CLHIA is a voluntary association whose member companies account for 99% of Canada's life and health insurance business. The industry has over $240 billion of investment in Ontario, making it one of the largest investors in the province's economy. The industry administers two thirds of Canada's pension plans, primarily defined contribution plans for small and medium-size businesses. In Ontario, we administer 18,000 workplace retirement plans for over 2.2 million workers.

We have been actively engaged with the ministers and finance officials on both the ORPP and PRPP and recently commented on proposed design features of the ORPP. While we have views on a number of matters related to the ORPP, I'll be focusing my comments to you on one of the most fundamental of the design features, and that is what constitutes a comparable plan.

The act identifies "eligible employees" as those "who do not participate in a comparable workplace pension plan." How "comparable plan" is defined will affect who gets captured and who doesn't. Our biggest concern is that if it isn't done properly, it will in fact jeopardize the future financial security of potentially millions of Ontario workers. In other words, the unintended consequences would work at direct cross purposes to the original public policy intent.

The government is proposing that only defined benefit plans and target benefit multi-employer pension plans be considered comparable and be exempt from an obligation to enrol employees in the ORPP. This will impact 2.4 million Ontario workers who have workplace retirement plans that are not DB or TB plans, but are largely defined contribution plans or group RRSPs. It sends a message to Ontario employers that the plans they have set up in good faith, and which often include contributions far in excess of the ORPP, are second-rate.

I'd like to tell you a little about these plans. I'd also like to share with you what we're hearing from employers about actions they may have to take if they are forced to participate in the ORPP.

First, there seems to be the assumption that workers in a non-DB plan are not adequately prepared for retirement. I would submit to you that this is not the case. Average contributions to DC plans are 9.5% of an employee's salary, 5.2% of which is from the employer. Average contributions to group RRSPs is about 8.3%, with 4.3% from the employer. These are well above the contribution rates suggested for the ORPP.

Assets within DC plans are locked in until retirement. Assets within group RRSPs are not locked in by statute, but in practice almost 70% of employers restrict withdrawals by contract or by collective labour agreements, effectively making them locked in.

As for retirement income, employees in a DC plan have the option of taking an annuity which will provide them with fully guaranteed income for life; or a life income fund; or a registered retirement income fund, or a RRIF. LIFs and RRIFs also have a strong guaranteed income element, providing a predictable income stream to age 90.

We worry that not considering these plans as comparable could cause employers to reduce or even drop the effective retirement plans they already have in place.

We commissioned a survey by Environics earlier this year. They reached out to over 400 Ontario companies with existing plans other than DB or target benefit. Three quarters of the respondents said they would consider reducing contributions to their existing plans if forced to also participate—

The Acting Chair (Ms. Jennifer K. French): One minute left.

Mr. Frank Swedlove: —in the ORPP; and two thirds said they would consider eliminating their existing plans altogether. This could mean reduced savings for over two million Ontario workers who are already on track for retirement.

In conclusion, we would strongly urge the Ontario government to respect the efforts made by the province's employers in providing solid, responsible retirement plans for their employees; and to make DC pension plans and group RRSPs comparable. The ORPP should be focused on those at risk of undersaving for retirement—in other words, those without access to workplace plans—and not impose additional requirements on those already on track for retirement.

Thank you, Chair, for the chance to appear before the committee today. I would be pleased to respond to any questions that the committee may have.

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

Ms. Jennifer K. French: Thank you very much, Mr. Chair—and well-timed, sir.

Thank you very much for joining us today. I did have some thoughts.

One of the issues that you raised: You worry that not considering these plans as comparable could cause employers to reduce or even drop the effective retirement plans that they already have in place. We've heard that before: that we don't know what's going to happen. While that might be a possibility, is it also a possibility that the ORPP will serve as a further supplement to plans that are already in place, rather than as a replacement?

Mr. Frank Swedlove: Well, that's why we went out and asked the question. We found that in the vast majority of cases, employers were giving the message that they would either reduce the plans—or if the view was that the government was, essentially, going to provide adequate income for retirement, then why would they be contributing to a plan at all?

I think the fact that they are raising this issue really raises a level of concern, particularly given that the average contribution rates on these plans are greater than what the ORPP is contributing.

Ms. Jennifer K. French: I had another thought—with all of that movement, I sort of have lost the thought.

Obviously, there are going to be challenges. One of my questions, then, to you would be: If some are comparable and some are not comparable, in terms of plans, would you imagine that there's going to be a competitive disadvantage in your marketplace, so to speak, for those that offer plans or that don't or—

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Mr. Frank Swedlove: I'm sorry. Are you talking in terms of the actual attraction of employees by employers?

Ms. Jennifer K. French: Yes.

Mr. Frank Swedlove: That's always an interesting issue—

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

Mr. Frank Swedlove: —and I think there's a real, legitimate concern that there are small and medium-sized businesses where there are no plans being offered at all. Therefore, I can see a role that an ORPP could play in that regard.

In a study by McKinsey, their view was that 83% of Ontarians were already adequately covered for retirement. So there could be 17%—I'm not going to debate the numbers—of people who aren't adequately covered. We think there's a role, for example, for a PRPP to contribute to that—I mean, the ORPP could, but the difficulty we have in the concept of the ORPP, of course, is that it's going to apply to a lot of people who don't need to save more for retirement.

The Chair (Mr. Peter Tabuns): Thank you. I'm afraid you've run out of time. I'm going to go to the government.

Mrs. Marie-France Lalonde: Thank you very much for your time here today. It's definitely an interesting point that you're bringing. I've heard for the past few hours—again on numbers—that about 60% of Ontarians actually do not save, or save enough, for their retirement. What you're suggesting or making comments on is that there's really not a pension crisis, in your view, as to whether people are saving enough.

I guess I'm going to ask you this: How do you account for the recent polling data from leading institutions like RBC that found that in 2013, only 39% of Canadians put away money for retirement in 2014, and 30% have not even started saving?

Mr. Frank Swedlove: Well, I don't know the basis of that RBC study. I'll ask my colleague if she does. But I do refer, for example, to the McKinsey study, which would certainly question the premise that I think you're suggesting, that 60% of Canadians are not ready for retirement. Sure, there are some people who are starting off working who may not be saving for retirement but could be putting the money towards a house down payment or other reasons which could be legitimate.

I think the question is, at the end of the day, will the person have sufficient funds in retirement? What is important is that they have the opportunity, through their workplace, to be able to save for retirement. I think that's something that, for example, a PRPP can contribute to.

I would note that in Quebec, for example, any business with more than five employees will have to have a workplace retirement plan in place. That will ensure that over 90% of Quebecers, within a few years, will have a pension plan.

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

Mrs. Marie-France Lalonde: Do you want to ask your question?

Mr. Granville Anderson: I do.

The Chair (Mr. Peter Tabuns): Mr. Anderson?

Mr. Granville Anderson: I have heard the McKinsey study being referred to a number of times here. You just said that you didn't know the basis of all the other Canadian studies. Do you know the basis of this American company's study that says that 83% of Ontarians are putting away enough for retirement?

Mr. Frank Swedlove: Yes, I do.

Mr. Granville Anderson: And what's the basis? Could you elaborate on that, please?

Mr. Frank Swedlove: Well, the basis—it's a very detailed study and I probably won't have sufficient time to go into detail. But the basis of the McKinsey study is that they've done a review of all those who have adequate savings, whether it's defined contribution or a group RRSP plan or a DB plan or whatever, and all those—and they were, for example, lower-income Canadians—who will have a sufficient return on investment. Indeed, that's why the ORPP proposal suggests a carve-out for those people. They are all factored into the calculations.

The Chair (Mr. Peter Tabuns): Mr. Anderson, your time is up. We have to go to the official opposition.

Mrs. Julia Munro: I would just jump in here and say to you as well that if you go to StatsCan, their numbers for that period of time certainly support the McKinsey numbers. But I don't want to spend our time debating the value of numbers.

One of the things that we've heard over and over from people in the private sector is the potential job loss, because in a small business, people can't afford and can't see their way to raising prices or being competitive in this kind of market where they're also dealing with the highest hydro rates and various other WSIB rates and things like that. So when you take it as a global thing, this is just one thing that is too much.

The question I wanted to ask you was with regard to your role in this association. You've identified a very important quote, I think: that this proposal threatens the viability of existing plans and could negatively impact the retirement savings of millions of Ontario workers, which is certainly a very scary scenario.

My question is: In your area, Toronto is the financial centre, virtually, for the country, and much of that is based on the functioning of the private sector. How do you see this potential piece of legislation impacting on that very important economic sector of the city?

Mr. Frank Swedlove: I don't think it could be helpful. The reality is that the vast majority of the expertise is centred here in Ontario for all of the pension plans that we administer, and we administer over 75% of the pension plans and 90% of the group RRSPs.

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

Mr. Frank Swedlove: Our view is that it will negatively affect this business, and that obviously will affect the fact that—if Ontario is seen as the Silicon Valley of pensions, I would think a very large reason for that is the role that the private sector plays in it.

Mrs. Julia Munro: Thank you.

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

Mrs. Gila Martow: Oh, we're done?

The Chair (Mr. Peter Tabuns): No, you have 30 seconds. Did you have a question?

Mrs. Gila Martow: I just wanted to comment. What we hear often is "unintended consequences." It could be with the best of intentions, but I think that that's what we're hearing over and over: You don't make something better for some Ontarians by making things worse for other Ontarians. For the two million that you're estimating who have very good pension plans, if they go to this plan, it's actually going to be reduced retirement income for them, and that's a very scary thought.

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

And thank you very much, sir.

Mr. Frank Swedlove: Thank you.

MR. MIKE DeVILLAER
MR. WAYNE SKINNER

The Chair (Mr. Peter Tabuns): The next presenter: Mike DeVillaer. I apologize for mispronunciations.

Mr. Mike DeVillaer: No, that's perfect.

The Chair (Mr. Peter Tabuns): That works? Excellent. I'm very pleased.

So, five minutes to present and nine minutes of questions. I'll give you a minute's notice in each segment.

Mr. Mike DeVillaer: Thank you.

The Chair (Mr. Peter Tabuns): And please introduce yourself.

Mr. Mike DeVillaer: My name is Mike DeVillaer. With the Chair's permission, I would like my colleague, Mr. Wayne Skinner, to join me.

The Chair (Mr. Peter Tabuns): Yes.

Mr. Mike DeVillaer: Mr. Skinner and I represent a group of employees, both retired and current, at the Centre for Addiction and Mental Health. I would like to start by saying that we fully support the vision of the ORPP. However, I also have to say that we are two of an estimated 10,000 public service employees whose pensions are in serious peril as a result of the split pension problem that I know some of you have already heard about.

What this means for us in practical terms is that you lose up to 25% of your pension that you had not intended on. That happens right across the full spectrum of income levels. It's from relatively low-paid people to relatively higher-paid people, as well.

The harm may have been a mistake. It may have been unintended, but our government has known for some time now that this is a problem and it vowed to address and correct this oversight. Accordingly, the government established the Expert Commission on Pensions. In its 2008 report, the commission verified the harm to pensioners and made corrective recommendations. On the basis of the report, legislation was introduced and received all-party support in the Legislature. The members of the Legislature did their part, but the good intentions of the Legislature were thwarted in the implementation.

The provisions that emerged are so punitive that they do not qualify, by any definition, as a solution that anyone can imagine. The retirement income of those with split pensions remains significantly short of what it should be, unless they pay additional premiums to their current pension plan. In many cases, these premiums amounted to tens of thousands of dollars and even hundreds of thousands of dollars.

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If I can personalize just for a moment, my pension plan wants me to pay them $302,000 to get a pension that I have already paid for in full. Short of selling my house and moving in with my children for my retirement, that's not going to happen, okay? In fact, I suspect my children may make a deputation to you to prevent that from happening.

So it's important, I think, that the current members of the Legislature learn from the recent past attempts at pension reform. Before any expansion of our pension system occurs, there has to be a close look at what has gone wrong, and it has to go beyond just statements of good intentions. Please appreciate that, from our perspective, we've been hearing statements of good intentions for 15 years and we still remain in peril with our pensions.

I would encourage the government and this committee to also look at why Ontario's existing defined benefit pension plans were either incapable of protecting their members from these harms or unwilling to. That's an important part of the problem that cannot be lost.

In closing, we recommend two courses of action.

First, reparations must be made to those pensioners whose retirement plans have been shattered by split pensions.

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

Mr. Mike DeVillaer: That is just an element of justice, to show that the government is serious about securing people's pensions. We have paid for these pensions, we've earned them, and we deserve them, as all Ontarians do.

Secondly, before any expansion of Ontario's pension system occurs, there needs to be a review of what went wrong. There need to be systemic remedies implemented to prevent these harms from occurring in the future.

It's only under those conditions that Bill 56 can really allow Ontarians to feel financially secure in their retirements. Thank you.

The Chair (Mr. Peter Tabuns): Thank you, sir. The first question to Mr. Delaney.

Mr. Bob Delaney: Thank you very much for a very, very interesting perspective on the issue. I'd like to ask you a question that I wanted to ask a previous presenter; you've given me an excellent opportunity to do it.

One of our previous presenters in their brief made an assertion that some 17% to 22% of low-income Canadians are not in the target group of undersavers because, according to the deputant, the OAS, GIS and either the CPP or Québec Pension Plan would maintain their already low income levels.

I'd like it if perhaps you could speak to the challenges that individuals within your circle whom you're familiar with may face in saving for retirement.

Mr. Mike DeVillaer: It's a very good question. I think it's more suited to an economist, which is not my area of expertise. Certainly a lot of the people we see have all kinds of financial hardships. How it is related to pensions, I don't think I can address with any expertise.

Mr. Wayne Skinner: I don't really have much to add as well.

Mr. Bob Delaney: Among the people you are familiar with, how might they benefit from enhanced retirement security? Perhaps you could expand on that a bit.

Mr. Wayne Skinner: In a way, we're here to talk about our pension dilemma, but you're asking questions that actually have to do with our work at CAMH. Am I getting you right?

Mr. Bob Delaney: Yes.

Mrs. Marie-France Lalonde: Well, we're talking about the ORPP, the Ontario Retirement Pension Plan, at this committee, so we want to know how that would benefit your—

Mr. Wayne Skinner: Yes.

Mr. Mike DeVillaer: They're fair questions, and I don't mean to look to be dodging them, but I think our point is that before any expansion and discussion of those issues, let's figure out what has gone wrong with the most recent attempt and get that right, before we begin to address those—for me, anyway—much more complex issues.

Mr. Bob Delaney: Thank you, Chair. I think we're done.

The Chair (Mr. Peter Tabuns): No more? Okay. The opposition? Ms. Martow.

Mrs. Gila Martow: How much would it cost the government to rectify the sort of unintended consequences, I'm guessing it was, of labour negotiations that caused you to lose out on your pension?

Mr. Wayne Skinner: For the group, there are 10,000 people who are affected and—

Mrs. Gila Martow: What's the average? Because we're hearing that it varies.

Mr. Wayne Skinner: I personally don't know the answer to that, but I think that to assume the solution has to come from the government is an assumption. As people who paid our pensions—and our employers have paid our pensions—I would first look to the pension plans, who really showed a very sorry self-interest in the way that they've dealt with our group. That's the first problem, I think, in this whole issue.

To get a solution, somebody needs to get at who should be paying and how much is involved, for sure.

Mrs. Gila Martow: Yes, because I think that we all agree that we wouldn't hire, say, a group of doctors who weren't able to manage a small clinic to maybe open a hospital. What the discussion here is stemming from is that the government, even though all parties supported rectifying the problem—they haven't done their homework; they haven't followed through on what was promised, and they're asking for the taxpayers and all the residents to Ontario to support them in large-scale pension reform in the province.

Mr. Mike DeVillaer: I think the one point I would like to add is that I think we can find fault in a lot of quarters. I'd like to bring the group back to the Legislature's all-party support for a solution that, somehow, went off the wheels, and use that as sort of a galvanizing notion for going forward. This is something that had all-party support, and let's try to recapture that.

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

Mrs. Gila Martow: Okay, go ahead.

The Chair (Mr. Peter Tabuns): Mr. McDonell?

Mr. Jim McDonell: I think your point is that just because your pension was split between two plans, you made the contributions to both. The way the formulas work is if it's one continuous plan—so you're penalized. It's not like you haven't made contributions for 30 years; it just means you're affected by this current formula that assumes you worked somewhere else and didn't contribute at all, but that's not right. So the money is there; it's just a matter of cleaning things up. I think that's a real big issue.

There has been all-party support, but no action by this government.

Mr. Wayne Skinner: We support going forward with the bill that's under discussion. I think the lesson here, and the opportunity, is to review a remedy and then move forward.

But the idea that good intentions that come from legislators are always going to produce good outcomes—there are unintended consequences, and I think it is very important, actually, in designing legislation, to make sure that there's accountability and there's—

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

We go to the third party: Ms. French.

Ms. Jennifer K. French: Again, thank you very much for joining us here. I'm glad that—well, I'm not glad about the situation that you're bringing to the table. I'm glad that we've now had more than one opportunity to discuss it, because as we're talking about a new plan that is moving forward for many Ontarians, potentially, we can't move forward without being informed about where we've been and where we need to go back and revisit—that it isn't just onwards and upwards; that isn't finished.

We had heard earlier about Bill 236. Just for my own clarification, we're talking about the same situation here, with split pensions. Do you have thoughts on Bill 236 as well?

Mr. Mike DeVillaer: I'm sorry; say that again?

Ms. Jennifer K. French: Do you also have thoughts on Bill 236, which we had been talking about earlier?

Mr. Wayne Skinner: Again, I think there were good intentions. There was unanimity in the House. It's more on the implementation of it that, really, our concern is.

I find it very ironic that, at the same time our group is being told that we ourselves have to pay to get our pension remedy—being double-dipped by the pension plans—both of my pension plans are talking about how great they've been doing and the profits they've been making. But they have excluded us as stakeholders in those remedies. They're actually saying—anyway, I think that's an issue that—

Ms. Jennifer K. French: I'll come back to excluding you as stakeholders. You had mentioned—first of all, with the Expert Commission on Pensions, there are recommendations that haven't been heeded, so that's a place to start. But you had talked about reparations, and I'm curious: What would you like that to look like?

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

Mr. Mike DeVillaer: Okay, I'll try to be very brief. I think we have someone with a lot of credibility and expertise on this in Harry Arthurs, who commissioned that initial report. I would like to see government secure his involvement again and have him look at what went wrong. I think he can do that at arm's length from the pension industry, which is important. I think that would be a great start, to have someone with that kind of expertise and facility with the language of pension companies, because when they start talking actuarial science, it really gets out of the court of so many people.

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Ms. Jennifer K. French: And just—because I know we're running out of time—that there needs to be a review of what went wrong: Would you like to be involved in that process, rather than just hearing from the pension companies; to also have you at the table?

Mr. Mike DeVillaer: Absolutely. I think that's essential—

Ms. Jennifer K. French: So you're willing to attend the conversation, should the government invite you?

Mr. Mike DeVillaer: Yes, absolutely.

Ms. Jennifer K. French: Wonderful. I hope you'll be there.

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

TRILLIUM AUTOMOBILE DEALERS ASSOCIATION

The Chair (Mr. Peter Tabuns): Now we go on to the next presenter, Trillium Automobile Dealers Association, Frank Notte.

Mr. Notte, as you've probably seen, you get five minutes to speak. There are nine minutes of questions. I'll give you warnings when you're close to being out of time; if you'd introduce yourself for Hansard.

Mr. Frank Notte: Thank you. My name is Frank Notte, and I'm director of government relations for the Trillium Automobile Dealers Association. We are Canada's largest new car dealer association, representing over 1,000 dealerships of every brand and franchise across Ontario.

Ontario new car dealers provide well-paying jobs in numerous fields, including sales, marketing, skilled trades, and finance and administration. Collectively, dealers employ 49,000 women and men—the same size as the city of Belleville.

As employers, we have taken a very keen interest in the proposed Ontario Registered Retirement Plan. Specifically, we're very concerned about the added cost of doing business. On a macro level, we estimate that the ORPP will cost Ontario new car dealers nearly $47 million per year. On a micro level, if a dealership employs 50 people, each with an annual average salary of $50,000, that particular dealership's cost of doing business will increase by $47,500 each and every year. This represents the equivalent investment required to create another job. Over the course of a 20-year period, the ORPP will cost this particular dealer nearly $1 million.

We echo Ontario small business owners who responded to a recent Meridian Credit Union Leger survey, which found that "77% of Ontario small business owners believe that managing the introduction of the ORPP could be their biggest business challenge to date."

Dealers are constantly seeing an upward trend in the cost of doing business, such as an increasing red tape burden, a substantial employer health tax, the highest WSIB rates in Canada, ever-increasing hydro rates, increased fees courtesy of the College of Trades, purchasing new Drive Clean equipment, budget 2014's elimination of the small business deduction, which was sold as a key part of the province's HST package, and a pending carbon tax.

We are also concerned about the potential hidden cost employers will endure through a new pension bureaucracy that will be needed to administer the ORPP. We feel that the ORPP should not move forward at all; however, we understand the government's resolve to implement it. Therefore, we have two suggestions that would minimize the ORPP's impact on small business.

Our first recommendation is to classify defined contribution group RRSPs and similar plans as comparable to the ORPP. Our concern is that the ORPP will interfere and possibly eliminate existing employer-sponsored plans. Such plans are already tailored to the needs of employees. Implementing the ORPP will be duplicating an already existing framework that helps our employees achieve their retirement goals.

With the introduction of pooled registered pension plans legislation last December, the ORPP should be delayed until employers are aware of potential PRPP products that make sense for them and their employees. Employers should be able to have a choice of whether to offer a PRPP, in light of the pending ORPP. I would suggest defining a PRPP as a comparable plan.

Our second recommendation is to implement tax relief to offset the cost to employers. The overall cost of the ORPP will be new and significant, and make job creation much more difficult on top of the existing costs that I previously mentioned. Therefore, we believe it's reasonable to suggest corresponding tax relief for employers to offset these new costs.

I hope the committee looks favourably upon these recommendations to help foster economic growth in Ontario's auto sector.

The Chair (Mr. Peter Tabuns): Thank you, Mr. Notte. First, to the official opposition: Mrs. Munro.

Mrs. Julia Munro: Thank you very much for coming and bringing forward these particular issues. Since I'm going to make the assumption that most of us, or all of us, are drivers, it's certainly important to hear the voice of a particular sector that obviously has specific needs. I think the question that you raise about the dealership and its focus as a local business is a demonstration of the kind of concern that people have: Is it going to be comparable?

The other key thing is "mandatory." What impact is this going to have on the businesses you represent? Certainly, I think that you've given us some detail there. At the end of the day, obviously, it's supposed to be to the benefit of the employee. They're not going to feel a benefit if they have shortened, reduced hours or lose a job.

I'm wondering if there is anything else that you wanted to add.

Mr. Jim McDonell: I think that you made some points. For the most part, business has been negatively affected by policies over the last dozen years. We've seen a lot of jobs eliminated. The studies already show that 160,000 person-years of employment will be lost with this legislation. Those people will have no benefits because they won't get any—they aren't working so they won't get pensions.

You're just highlighting a lot of this, and looking at pensions that you provide now that are superior to what this is proposing. But they'll lose that and have to move to something like this.

We already saw one study showing that 78% of employers providing pensions—

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

Mr. Jim McDonell: —will actually opt into this one because it's a government pension plan. So who loses out? The employees do. Actually, they'll have less pension down the road.

Maybe you want to comment. You see your association and what ability they have to pay this extra fee.

Mr. Frank Notte: I think that's the main point. Sometimes, when ministries want to implement policies, Ministry A does something, and Ministry B does something, and Ministry C. But it's always the dealer—in my case, it's the dealer—on the other end that sees everything in total.

I think it's just one more added cost of doing business, which will make a significant dent in their business and their ability to create jobs.

Mr. Jim McDonell: There's no question: Something like this will come in with a fair amount of regulation that you'll have to follow, which means more administration costs—which again requires more time—and less time with the customer and less ability to actually serve the customer.

Mr. Frank Notte: Exactly.

Mr. Jim McDonell: Thank you.

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

Ms. Jennifer K. French: Actually, just to add on to that in terms of customers, I was, not too long ago, a customer at a car dealership. Anyway—

Mr. Frank Notte: Great. How was the service?

Ms. Jennifer K. French: As I recall, it was fantastic, and the car is also. It was made in Oshawa; it's a GM vehicle. I was pleased to be a part of that process. Certainly, on behalf of Oshawa, I support the growth of the automotive sector. Thank you for giving me the chance to say that.

Something that I have seen, also, being in Oshawa, is the relief of our current GM employees and pensioners that GM has committed to staying in Canada—their recent re-commitment in Ingersoll. That reassures, because it means that there's that pension security. As we know, when we have that pension security, and people can predict in their retirement, then they'll spend money. My father is newly retired and has already bought another car. We know that people don't just disappear in their retirement, and I'm sure that you can appreciate that.

One of the things that you mentioned in your submission that I'd like to give you the chance to expand on is your point 3: "The self-employed should have the option to join." We haven't really talked about that today, so if you can expand on that for us.

Mr. Frank Notte: Yes. We wrote that letter before the consultation document was released. Once the document was released, we found out that changes to the federal Income Tax Act would have been needed in order to facilitate that.

We put that in as an idea. We always think choice is a good thing, so we put that in, in case an employer feels like they need to contribute to a pension plan, whether that's the ORPP or a PRPP that might be coming down the pipe. We just put that in to at least allow the option, if someone felt that was in their best interests.

Ms. Jennifer K. French: It highlights the point that there are other pieces to this.

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

Ms. Jennifer K. French: Whether we're talking about OAS and GAINS, when we're looking at other pieces to this puzzle, the federal government could potentially be involved. We know that this Liberal government provincially doesn't have the greatest track record of having open dialogue with the feds, and that's fine. But would you encourage them to continue to pursue that dialogue so that, as you said here, there are maybe more options and more choice offered?

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Mr. Frank Notte: Dialogue in terms of options? Yes, I think so.

Ms. Jennifer K. French: Okay. Thanks.

The Chair (Mr. Peter Tabuns): To the government: Mr. Delaney.

Mr. Bob Delaney: Thank you. What an interesting brief. A question for you to clarify a comment you made: Is managing the cost of the Canada Pension Plan currently your biggest business challenge today?

Mr. Frank Notte: I would say that it's something else that they have to do. Like I said before, it's one more thing that takes—

Mr. Bob Delaney: But is it your biggest challenge today? Is that your biggest business challenge today?

Mr. Frank Notte: The CPP?

Mr. Bob Delaney: Yes.

Mr. Frank Notte: No, but it takes time to implement it.

Mr. Bob Delaney: All right. I'm just noting that, because you said managing the ORPP, which is deliberately structured to be identical or comparable, would be your biggest business challenge today.

So a question for you, then: What type of pension plan do you offer to the employees at your own dealership?

Mr. Frank Notte: So 77% of Ontario small businesses said that, not me. That's a Meridian Credit Union/Leger survey. We echo that survey.

Mr. Bob Delaney: So what type of pension plan do you offer to the employees at your own dealership?

Mr. Frank Notte: Different dealerships offer different plans.

Mr. Bob Delaney: Yes, but what type do you offer?

Mr. Frank Notte: We don't offer one. The dealerships themselves offer them.

Mr. Bob Delaney: Oh, you don't offer one.

Mr. Frank Notte: So a defined contribution plan, a group—

Mr. Bob Delaney: So if all businesses, including all car dealers, participate currently in the CPP and, should it be passed, the ORPP, and if it's structured to be comparable or identical to the CPP, then how does that affect your ability to be competitive, as you asserted in your brief?

Mr. Frank Notte: If we already have a pension plan that we provide, you mean?

Mr. Bob Delaney: Well, you just said that you don't, other than your—

Mr. Frank Notte: Our association doesn't. We represent a thousand car dealers—

Mr. Bob Delaney: No, I asked you about your dealership.

Mr. Frank Notte: I don't have a dealership. We're the association of—

Mr. Bob Delaney: Oh, I see. Okay. So in line of what you said, why do you think that decreasing the ability of future generations of seniors to purchase a car or replace a car in retirement would be good for car dealers' business.

Mr. Frank Notte: I never said that, but—

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

Mr. Bob Delaney: No, in your brief, you talked about the ability of people to buy a car. By enhancing the ability for future generations of seniors to be able to afford a car, which is something you appear to be opposed to—why do you disagree with enhancing the ability of future generations of seniors to become your customers?

Mr. Frank Notte: I don't think you have to do it with the ORPP—that's one of them. And we wouldn't be opposed to offering some tax relief—or the government offering some tax relief to help implement that policy.

Mr. Bob Delaney: Thank you very much. We're done, Chair.

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

DOWNTOWN GMC BUICK

The Chair (Mr. Peter Tabuns): Downtown GMC Buick: Chris West, president. Mr. West? You have five minutes to present, nine minutes of questions, and I'll let you know when you're running out of time. If you would introduce yourself for Hansard.

Mr. Chris West: My name is Chris West. I'm the president of Downtown Pontiac in St. Marys, Ontario, and a director of AllRoads Dodge Chrysler dealership in St. Marys. For those of you that don't know where St.

Marys is, it's northeast of London, Ontario, and west of Stratford, and home of the Canadian Baseball Hall of Fame.

As a dealer, we are opposed to the Ontario pension plan. Our expertise, of course, limited as it is, is in automobiles. We've seen the Canadian share of production of automobiles decrease from 17% of North America to 14.5%. Each automotive manufacturing job generates 10 other jobs in the economy. So then, that effect of going from 17% down to 14.5% has cost 80,000 jobs in Canada. Most of those, of course, are in Ontario because that's where the automotive production takes place.

The average automotive garage profit in the last 10 years is 1%. At our dealership, roughly half of our expenses are employee expenses. So if you take half of the 1.9% you're going to impose, that would bring the average, if it moves forward for the next 10 years, at 0%. It takes the profit of an automotive facility down to nothing.

Based on what we see and what we read, it's our instinct that if this plan goes into place, we'll lose 20,000 jobs per year in Ontario. That will force the UIC up for the federal government; sales taxes will be lost, property taxes will be lost, income taxes will be lost. The Canadian Federation of Independent Business says it's going against common sense. Kevin Sorenson, Minister of State for finance, indicates it will kill jobs.

We don't believe this is a good plan. We understand that probably the most people at risk are single seniors. I'll tell you the story of my mother, who bypassed 100 years of age. She said she had never been so well off in her life. People asked her why she could afford to go into a retirement home. She said, "I bought only what I needed, not what I wanted." So I use her as a reference. I think this is a bad idea.

We believe in social programs. I think Canadians want social programs, but we believe a strong economy is necessary to generate those social programs. Infrastructure, which we know the Liberal government is in favour of, is important, as well as health care. These are things that will generate the economy forward and give us the ability to support the social programs that we all expect.

Thank you very much.

The Chair (Mr. Peter Tabuns): Thank you, Mr. West. Ms. French?

Ms. Jennifer K. French: Thank you very much for joining us today. I've already told my car dealership story, so I guess I can't lead with that again.

But I would like to echo what you had said about the importance of a strong automotive sector and the future of manufacturing. When we're talking about manufacturing jobs and the spinoff jobs in the community, I can appreciate the importance of that locally, and personally, of course.

I'm not going to start to get into a debate with you about the importance of pensions, but I'll bring it back to what you had said about a strong economy. I would tend to think that part of the strength of that economy is people's ability to participate in it. So by having this plan or by having these strong, predictable income streams that individuals will be able to—whether it's buy a car or go for lunch in their neighbourhood, that's a huge piece of it.

I guess from that perspective, and recognizing that this is coming, do you have suggestions for ways to ameliorate it? Your colleague who had spoken before you had some suggestions. Do you also have suggestions for ameliorating the impact?

Mr. Chris West: Yes, I have some suggestions in the plan that I laid out. There are a number of areas where we can increase the income coming into Ontario. I believe one of those is a minimum tax. I think it's absolutely ridiculous that some people pay 0% tax and yet enjoy the social programs. That's in the report.

We certainly undercharge for people, I think, going into the health care system. I think of my sister going into the St. Marys hospital. Four or five people worked on her and the bill was less than $800. I thought that was ridiculous. It should have been a couple of thousand dollars.

We see, as we drive down the road, the way people drive. I think we have to increase the fines for people who are putting others at risk, which is texting, drinking and driving. Those fines should be much higher and the vehicles should be impounded for a period of time. I think there are ways we can raise the money.

If we put the Ontario pension plan into play, I think it's critical the employer not be charged the 1.9% and the employee not be charged the 1.9%, because there are jobs moving from Ontario. Businesses are hanging on by their fingernails. I was on the streetcar on St. Clair Avenue in Toronto about a year ago and as I went down, I was looking at the businesses that had closed—

The Chair (Mr. Peter Tabuns): Sorry, Mr. West, but your time has ended on this question. We're going to the government. Mr. Colle?

Mr. Mike Colle: Thank you, Mr. West. You just mentioned St. Clair and the St. Clair LRT, the debacle there, but anyway, I won't get to that.

Did you notice all the expensive restaurants on St. Clair now, though?

Mr. Chris West: I had the ability—

Mr. Mike Colle: I used to live on St. Clair, by the way.

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Mr. Chris West: Yes. I had the fortune, when I worked for General Motors in Oshawa, to call on the dealers on the west side of Toronto, so I saw St. Clair Avenue as a real bustling area. It seems to me that it has been pulled back a little bit because of the construction down the centre of that road, but that was many years ago—

Mr. Mike Colle: Let's not go there, but it's interesting.

Mr. Chris West: Yes.

Mr. Mike Colle: I think you make some valid points. You're concerned about the future economy of St. Marys, which I think is one of the most beautiful towns in Ontario with its yellow brick everywhere, and I'm not doing that to patronize you, but it really is. It usually gets mentioned as that—that, Gananoque and Perth. I think you have a legitimate concern there.

I guess what we're trying to say, as the government, perhaps is, "Listen, remember 2009?" The sky was falling. We had the great depression of 2008. You know what happened there? It was ground zero.

I talk to a lot of car dealers that I know personally. I've got many of the best car dealers in Ontario on Dufferin Street. Dean Myers has been there forever, and all those guys. I think we as a government—despite the Conservatives, who said, "Don't help the car dealers. Don't help the automobile industry," we said, "Listen, these are jobs. It may not be your job. You may not work in the car factory or in the car dealership, but if that guy in the car factory isn't working, he's not going to buy your shoes. He's not going to buy your furniture." So we bit the bullet and we did come up with that money to help ensure that the auto industry continued in Ontario. I think that was a great decision. The money has been paid back—

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

Mr. Mike Colle: That was the kind of tough decision we had to make then. I think it was a good decision and, as I said, despite a lot of disagreement from these guys here, but it was the right thing to do.

Here we're coming to a point again where, in many parts of Ontario, there are still a lot of people who are falling between the cracks. They worked their whole life and they saved like your mother did and everything, but they reach 65 years of age and they find they can't hold on to their little house or little apartment because the fact is, when they worked, they worked for so little. Many of them are women, in fact. They said, "We need something more than what we have now with the CPP. It's not good enough. So can the Ontario government"—they've asked the federal government, and they said, "Oh, no, no. Everybody's well off. Don't worry about it."

That is where we're at right now. We're trying to come to grips with this reality: These people have worked and need a bit of help.

The Chair (Mr. Peter Tabuns): Thank you, Mr. Colle. Your time is up. We'll go to the opposition. Ms. Martow?

Mrs. Gila Martow: The member opposite is correct. We're all hearing from a lot of seniors, especially women, who need some extra help because they can't pay their hydro rates because the hydro rates have skyrocketed in this province and it's damaging the economy. I was just talking to a gentleman out in the hall who had given a deputation earlier, and he said, "I don't understand how a government who messed up the power plants and messed up eHealth"—I implemented eHealth in my optometry practice. It's not rocket science; that's all I can tell you—"messed up the Ornge air ambulances, and the debacles continue on so many other projects—how we can expect that this isn't going to be a disaster as well?"

I'm not going to ask you to address that. I'm just countering some of his points.

Go ahead, Jim.

The Chair (Mr. Peter Tabuns): Mr. McDonell.

Mr. Jim McDonell: Yes, a couple of points. Our Conservative government certainly stepped up with help to the automotive companies, but I think the issue we're having here is that Ontario businesses are not a candy dish. There's just not more and more money. A lot of businesses in my riding are hanging on. They'd give up, but if they do, they're bankrupt. They have no savings, nothing, because the regulations that have come through, the higher energy costs and the payroll taxes are killing people. Yes, we have a low corporate tax, but you've got to make your profit before you pay tax on the corporate taxes. People are not paying taxes because they're not making enough money to pay them.

It's just too bad when we see—this government is the best economic development officer for our neighbours to the south, the east and the west. At least the advertisements back where I live were, "Come on south. We'll give you free taxes. You'll have a better deal down here."

This is just another payroll tax that makes businesses in Ontario less competitive, and any that can move are moving. Unfortunately, a lot of them can't move.

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

Mr. Jim McDonell: And I guess you're somebody who's seeing this regulation and tax backlog that you're trying to compete with. What are your comments on that?

Mr. Chris West: Well, I look at Toronto, an amazing city, the top city in the world. As I was saying, I was going down St. Clair on the streetcar and I saw 30 stores closed on St. Clair Avenue.

I think of the people in downtown St. Marys. They're struggling. They're hanging on by their fingernails. If we pop another 1.9% on them, it's going to put them out of business. And when you take 1.9% out of the pockets of your employees, what's the first question they're going to ask? "Well, jeez, I need the 2% back." So if that's the case, now you're backwards 4% rather than 2%.

It's not a good thing for this economy. Water finds its own level, and the level coming back is not going to be good if this goes into place.

The Chair (Mr. Peter Tabuns): Mr. West, thank you very much.

CHRISTIAN LABOUR ASSOCIATION OF CANADA

The Chair (Mr. Peter Tabuns): Our next presentation: Christian Labour Association of Canada, Jim Doornbos and Hank Beekhuis. Gentlemen, I apologize for mangling your names. If you want to introduce yourself for Hansard, as you know, you have five minutes to speak. There will be nine minutes worth of questions.

Mr. Jim Doornbos: Thank you, Mr. Chair and members of the committee. Mr. Chair, you did a great job pronouncing last names.

Thanks for the opportunity to address you today and to provide CLAC's perspective on Bill 56, An Act to require the establishment of the Ontario Retirement Pension Plan. My name is Jim Doornbos, and I am the national benefits director for CLAC. I am joined here by Hank Beekhuis, who is CLAC's Ontario director and also sits as a trustee on our pension plan.

For context, CLAC is the largest national, independent, multi-sector labour union in Canada and one of the fastest-growing unions in the country. Founded in 1952, CLAC now represents over 60,000 members nationwide, of which 15,000 reside in Ontario, working in hundreds of workplaces throughout the province.

CLAC is a full-service union with a range of benefit services including a multi-employer defined contribution registered pension plan. The CLAC pension plan has members across a variety of sectors, with the largest group of contributors working in the health care and construction sectors. The plan is designed to provide our members with retirement income above and beyond established government programs.

To provide you with some context, our plan has 71,000 members across the country. It's listed as the 19th-largest DC plan in Canada. It uses best-in-class professional investment managers to invest the funds. It has a joint board of trustees that monitors fund performance on a quarterly basis. It consistently maintains an average expense ratio of 1% or less of plan assets. It has over $516 million in assets and a contribution range of $9 million per month. Our year-to-date rate of return for last year was 9.49% after expenses. It's a plan that is highly valued by our members and is helping them save for a comfortable retirement.

Despite the fact that our members have a pension plan in place to supplement CPP, we applaud the government for working on this important issue of undersaving for retirement. We also agree with the government's original comments around this proposal that the best solution would be an enhancement of the Canada Pension Plan.

It is with this in mind that we make a recommendation to this committee for an amendment to Bill 56 that would remove the ability for the new legislation to create exemptions for participation. Not only would this make it easier for Ontarians to understand; in the future, if there was a way to merge the ORPP with the CPP, it would be more seamless, as the CPP currently does not allow for opting out.

If the committee disagrees and the retirement initiative being considered is not going to be across the board for all Ontarians, we feel that the main focus should be on the portion of the population that has no additional retirement savings, rather than on those who are already responsibly making arrangements to enhance their retirement savings through collective bargaining or by working for employers with workplace pensions.

When speaking about possible exemptions, we wish to be clear that we are not advocating to exempt all workplace retirement pension plans. We recommend that the government only exempt those plans that meet specified comparable criteria to what the ORPP is meant to achieve.

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On the last page of your package, you'll see a chart that lists the criteria for CLAC that CLAC has recommended to the minister and the ministry during their recent consultation.

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

Mr. Jim Doornbos: Basing exemptions for comparable plans on qualities of other plans will ensure that the objectives of the ORPP are met while not creating situations where employers can be put at an unfair competitive disadvantage or forced to abandon other valued retirement savings pension plans for their employees.

As per our earlier recommendation, it is our hope that the committee would move forward with a recommendation that would require all employers and employees to participate in the new ORPP. However, if this is not possible, we ask that you ensure that the legislation that follows Bill 56 will exempt all pension plans, like our DC plan, that meet the criteria the ORPP is trying to achieve.

The Chair (Mr. Peter Tabuns): Thank you very much. Questions will go first to the government. Madame Lalonde.

Mrs. Marie-France Lalonde: Thank you very much for joining us today. As you know, our preferred approach—and I think you've mentioned that clearly—remains the enhancement of the CPP. However, at this point the federal government doesn't seem to feel that this is something that we should do, although—and I wanted this to be noted—just for my curiosity I looked at some numbers. The average CPP benefit is $6,800, while the maximum benefit is $12,500. So when you look at what Ontarians are seeing right now, what we're experiencing is, we're really striving to find a solution for the future.

If I may ask, maybe if you could explain or explore a little bit more—can you talk about what you're hearing from your members about the need for enhancing retirement income security?

Mr. Hank Beekhuis: Given the fact that we have a pension plan that exceeds CPP, we're not hearing a lot of pressure to do that. We can do that in collective bargaining as we go along, and certainly we're continuing to make that effort. As it says here in the overview, 90-some-odd per cent of our members are well beyond 4%.

Mrs. Marie-France Lalonde: Okay. So what happens if an employee leaves the company that employs them?

Mr. Jim Doornbos: They can take the balance that's in their DC plan, they can leave it in our plan until they reach retirement or they could transfer it to their own financial institution or into another workplace pension plan that they may have.

Mrs. Marie-France Lalonde: Can they take the money? Could they just remove the money ultimately and just—

Mr. Jim Doornbos: No. They're subject to the appropriate legislative requirements on locked-in money.

Mrs. Marie-France Lalonde: Okay. How would you see this plan comparable to our ORPP? For instance, you're saying you're offering more than what we're proposing?

Mr. Jim Doornbos: No. I think the approach that we're saying is that consistently our collective agreements and our members are contributing at least 4% into the plan. The ORPP is 1.9% and 1.9% and—

The Chair (Mr. Peter Tabuns): You have a little less than a minute. Go ahead, please.

Mr. Jim Doornbos: Pardon me?

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

Mr. Jim Doornbos: Okay. Also from our perspective, from the type of plan that we have, a defined contribution plan: It's pooled investment risk where there is one balanced fund for everyone; it is not individual choice, so the rate of return that I quoted of 9.49% after expenses is what every participant in our plan achieves. They're not left up to their own devices for investing.

Mrs. Marie-France Lalonde: For instance, if I'm working and at 65 or at 50 I decide to retire, can I have access to that fund?

Mr. Jim Doornbos: You have to be at least 55 in order to be considered of retirement age. Access is driven by existing legislation. So it's not simply where you can pull the money out and take the cash and run. You have to transfer it into a locked-in vehicle—

The Chair (Mr. Peter Tabuns): I'm afraid the time is up and I have to go the next questioner.

Mrs. Marie-France Lalonde: Okay. Thank you for that.

The Chair (Mr. Peter Tabuns): Official opposition. Mr. McDonell.

Mr. Jim McDonell: Thank you. A couple of things. Let's be clear. The federal government has not ruled this out. They just don't believe that now's the time.

You have a plan now that has been fairly successful. This legislation will replace your plan with theirs. Would you think that you'd be happy with that? That's the issue. There are many good plans out there. This will replace yours. Would you be as happy? Do you think you'll get the 9.5% return and all the other benefits? There's no question: Your premiums will be shared among people who aren't paying into it; there is a group of people who belong to it who aren't making enough money to contribute. Since the government is not adding money to it, in their own words, it will be self-contained. This is what we're looking at, and these are some of the issues that we see with it.

Mr. Jim Doornbos: Right, and I think that in our submission and in our comments the approach we took was to say that, overall, the approach that the government has of focusing on improving retirement savings is a good approach. Yet to take an approach that simply sets aside one type of plan because of the type of plan, versus the style and how the plan is set up, is a concern that we have with it. Therefore, our request: Don't do the comparable plan purely on the basis of plan type—DB—look at the nuts and bolts of the plan and how it's put together. We believe our plan is a comparable plan.

Mr. Jim McDonell: So if this legislation goes through—I mean, I have some doubts; I've seen amendments not go through with this government before, most times, if not all the time—we're really looking at your plan being replaced with theirs and doing the best they can with money. Now, we've seen some of the quarterly—

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

Mr. Jim McDonell: —they haven't done that well on the financial side. That's what we're looking at, and we just don't think that's right. There are a lot of good plans out there. We think there are some pooled pension plans that would work, similar to yours. We just don't see everybody basically going this way.

We saw stats that showed that 78% of people who have money for contributions just throw up their hands and belong to it, because it's easy and they're mandated to do it. This is what you're looking at here.

Mr. Jim Doornbos: I understand that. I think that our objective is to have a dialogue with the government around looking at ways to amend the bill and look at the plan—how it's structured and what it provides—versus simply looking at DB versus DC.

Mr. Jim McDonell: I think I've said before that this is an enabling bill, so we won't see a lot of the details. The regulations will come later.

The Chair (Mr. Peter Tabuns): Thank you, Mr. McDonell. We'll go to the third party: Ms. French.

Ms. Jennifer K. French: Thank you very much. I'm pleased to have you here. My colleague was commenting about the ORPP replacing many of the plans that we see in the marketplace. I think what we've heard today is that we don't know anything for sure, whether it's design details or how it will all shake down. We do know that there will be an impact on the current system and maybe a threat to the status quo.

I appreciate what you have in your submission: "It is with this in mind that we make a recommendation to this committee for an amendment to Bill 56 that would remove the ability for the new legislation to create exemptions for participation."

I think I know what that means, and I appreciate that. Can you expand a little bit, as to why you would—is it to even the playing field; is it so that more can participate? What are your thoughts there?

Mr. Jim Doornbos: There are two things with it. From a playing field perspective, there is the competitive disadvantage that if the ORPP would go through as a currently structured DB in, as a comparable DC out, simply as black and white as that, there is a competitive disadvantage. I think our appeal is to take the good of what is recommended and amend that to look at a plan and how it's structured versus the type of plan that exists.

Ms. Jennifer K. French: That seems to be what we're hearing, whether it's from the ideology side of things or from the competitive disadvantage side of things. The exemptions create all manner of challenges for everybody, whether you're talking about the individual who may or may not benefit from the ORPP per se or from the actual plan.

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

Mr. Jim Doornbos: It would be cleaner if there was no exemption.

Ms. Jennifer K. French: And to that end, the idea of there being an amendment removing the section allowing for exemptions makes sense to me, especially as we're still working out the design details and still hearing from people. I wonder if all of my colleagues around the room—what would be your hope?

Mr. Jim Doornbos: Ultimately, our hope would be that there are either (a) no exemptions, or (b) an amendment to have exemptions based on plan structure, not based on plan type.

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Ms. Jennifer K. French: Would it be a matter of benefit as well? Because all of the criteria that you have here are based on the contribution and administration side of things as opposed to the benefit that someone might be getting out of it, whether a part-time or full-time employee.

The Chair (Mr. Peter Tabuns): Ms. French, I'm sorry to say that you've run out of time.

Mr. Jim Doornbos: Ultimately, it's contribution-driven.

The Chair (Mr. Peter Tabuns): Gentlemen, thank you very much for your participation. We appreciate your time.

UNIFOR RETIRED WORKERS COUNCIL

The Chair (Mr. Peter Tabuns): Our last presenter of the day: Mr. Len Hope. Welcome, Mr. Hope. You know that you have five minutes to speak. There will be nine minutes of questions. If you would identify yourself for Hansard.

Mr. Len Hope: My name is Len Hope. I'm the chair of the retired workers of Canada for Unifor. I'd like to thank you for allowing me the time to be able to speak to you and talk about the issue of the ORPP.

I'd like to start off by asking if you know that only 34% of Ontario workers are covered by workplace pension plans—34%. Ontarians, like the majority of Canadians, are not saving enough for retirement. In 2012 there was $789 billion in unused RRSP room; $302 billion in Ontario alone.

Canada's retirement benefit programs—namely the OAS, Old Age Security, and the Canada Pension Plan—do not provide sufficient replacement for middle-income earners. The ORPP needs to be universal, with no exemptions. Members in private sector DB plans have too much of their retirement security tied up in a company.

I am a Nortel retiree. We had a good DB plan. I was part of the people who were negotiating the plan a number of years ago. Nortel decided that they would declare bankruptcy, and took the pension plan and gave it to their investors. Nortel pensioners will lose all but 30% of their pension. I retired with $814 a month minus 30%, or $570 a month. Just because you have a DB pension plan doesn't mean that the pension is there forever.

The ORPP should include all Ontarians, including low-income earners. This is the cornerstone of universal coverage. We support Ontario's position to request the federal government to make sure the necessary changes include self-employed workers in the ORPP.

Sixty per cent of Ontarians work today with no workplace pension plan—60%.

Ten per cent of Ontarians at age 65 or older live in poverty, and over 25% of single Ontarians are in poverty.

Women, recent and racialized seniors are at the greatest risk of poverty. The people of Ontario are in need of income security.

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

Mr. Len Hope: An ORPP with exemptions will create administrative difficulties that will limit the potential for integration with the CPP in the future.

Young workers and young workers' families struggle to save for their retirement. Few can expect to have a workplace pension, and many are precariously employed.

The Chair (Mr. Peter Tabuns): Thank you, Mr. Hope. Questions go first to the opposition: Mrs. Martow.

Mrs. Gila Martow: Thank you, Mr. Hope. I think you bring up a very good point, which is that many more of the employment opportunities in the province require self-employment. We've lost huge chunks of manufacturing segments, and a lot of people now have basically been forced into contract work or designated as self-employed, and this doesn't address the challenges they face, not just in terms of retirement but in terms of employment security.

This is just really a comment and a thank-you for coming. My colleague has some comments and questions.

Mrs. Julia Munro: Thank you. I think we're going to divide it in three.

I just wanted to comment on your final comment about young workers and young workers' families. My concern is that while they are struggling to save for retirement, this recommendation, this bill, doesn't give us an indication of portability and being able to go from one job to another. I think that misses a huge component that reflects the way people live today. They have several jobs, they have several addresses, and we need to be looking at a system like the pooled one, where it's their money and it goes with them. I think that's missing in this bill. Thank you for bringing it to our attention.

The Chair (Mr. Peter Tabuns): Mr. McDonell.

Mr. Jim McDonell: Just a couple of points. You make the point that 10% of Ontarians aged 65 and over live in poverty. I think that the numbers I've seen in a study are a little higher than that. But when you look at somewhere over 10% of the population either not working or unemployed or unable to work because of illnesses or whatever, this plan will not help them. If you don't pay into it, you don't get out of it. It's just moving money around. We'll also see higher unemployment rates, so there will actually be more people without jobs and without pensions than there are today.

You talk about young families trying to survive. This will take money they are trying to survive on and trying to buy a house with. Many people don't have RSPs. They save through other means, through a house—I can't help but think there is $302 billion in RRSP room in Ontario. Can you imagine what it would do to our economy if people didn't spend that money and actually just put it away for the future? You'd be looking at massive unemployment.

Those are maximums that are available. It doesn't mean it was intended that everybody should take advantage of them. People grow up. We bought a house early. We weren't contributing to an RRSP when we were paying the highest mortgage rates. We had that option. Today, if you don't have the option, you probably won't buy the house, so your savings later on will not be a lot different. We're talking about this plan replacing defined contribution plans—

The Chair (Mr. Peter Tabuns): Mr. McDonell, I'm afraid you've gone through your time.

Ms. French.

Ms. Jennifer K. French: Thank you very much, Mr. Hope, for joining us here today. I think it's fitting to have you speak to us last today, to bring back to the front of this conversation the face of our retired workforce. We're talking about future retirees, and it's important to have you here; thank you for bringing your voice. But it's also a reminder. You represent a group of workers from Nortel. When I was at the first government consultation in Kingston, there was also a Nortel worker who reminded us, as you did, that these gold-plated—I use the term tongue in cheek. I approve of gold-plated pensions and wish everyone had one. But gold-plated pensions doesn't mean that they're ironclad—and that the security you and other workers at Nortel thought you were going to appreciate in your retirement was ripped out from under you.

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I think that that brings us back to the importance of having that retirement security, whether it's CPP enhancement or a made-in-Ontario program. But thank you for reminding us of that because of the importance of more people being included and fewer being exempted, because your plan would have been considered comparable, potentially, and you'd still be in this situation. So it's a reminder.

My colleague had mentioned people keeping money out of the economy for various reasons and how that impacts our economy, but I would spin that around: Those who don't have a predictable income stream might also hold on to their money and not contribute. What do you think that would look like in your neighbourhood, in your community, with people not having enough to contribute?

Mr. Len Hope: The reason that they're not spending money is because they don't have any. If you're looking at the kind of pensions, if you're getting a Canada pension or Old Age Security, you're not having enough money to really pay for things like food, never mind housing. You have to have food.

Workers find themselves in different predicaments as they go through their life. I think that the predicament that seniors have is that maybe they don't spend money in the economy. If you don't have it, you don't spend it. When you look at somebody who is living at the poverty line or less, if you take $2,000 and try to spend that, how are you going to save? How are you going to do anything that's going to do anything for working people?

The Chair (Mr. Peter Tabuns): Mr. Hope, I'm sorry to say that you're out of time with the third party. Now to the government: Madame Lalonde.

Mrs. Marie-France Lalonde: Thank you very much for joining us today and appearing in front of this committee and, I guess, sharing a little bit of your personal situation that you've experienced.

I always refer to myself as a numbers person. These numbers for me are very convincing and at the same time alarming as to why we need to move forward in ensuring that—I think 60% of Ontarians working today have no workplace pension plan, and today we've heard from various groups as to why we shouldn't, or about the exemptions. But when you look at yourself and what you've experienced, I think this is the reason why we have to make sure that, after contributing for a lifetime, you need to feel secure about that investment.

I'm going to ask you a question: Through your experience as a retiree chair, what are you hearing from the retirees you are representing in Unifor right now?

Mr. Len Hope: They'd like to have a little bit more money. I'm representing 90,000 retirees in Canada. Out of those people, some of them have a very good pension plan. Others don't have any or a very small pension plan, and what they would like to do is have money, enough that they could put some money away for a rainy day. They would like to be able to do things with their families. They're at a point where they can only do a small amount with their families. They'd like to be able to get more money so that they can contribute with their families.

Mrs. Marie-France Lalonde: Would you say that if your members were presented the option of bringing forward 1.9% of their income—

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

Mrs. Marie-France Lalonde: —to ensure that predictable stream of income when they retired, would you say that that's something that will speak to them positively?

Mr. Len Hope: I think so.

Mrs. Marie-France Lalonde: I just want to have on record that I think the member of the opposition, just for your own—the portability of the ORPP is definitely part of what we are suggesting in our legislation, just so you know. Thank you very much.

The Chair (Mr. Peter Tabuns): Thank you, Mr. Hope. I appreciate your presentation.

Mr. Len Hope: Thank you.

The Chair (Mr. Peter Tabuns): I gather, Ms. Martow, that you have a research request that you would like to make?

Mrs. Gila Martow: Yes. I wanted to put forward a motion, if everybody would agree, that, seeing as the three leads have been elected just within the last year, if we could get some research on the history and a timeline of the split pension that we keep hearing about today.

Mrs. Marie-France Lalonde: Yes.

The Chair (Mr. Peter Tabuns): You're all comfortable with that?

Mrs. Gila Martow: It doesn't have to be—

Mr. Bob Delaney: Chair, it's a broad question. I understand where Ms. Martow is coming from. It's something that the government would be very interested in hearing. May I suggest that at the next meeting of the committee that perhaps she can narrow it down so that Mr. Parker's work is perhaps a little more focused than casting a net of indeterminate width?

Mrs. Gila Martow: Okay. So if we could just focus for now on the all-party support for addressing the issue—

Mrs. Julia Munro: And wording to come.

Mrs. Gila Martow: And the wording—sorry? What's that?

Mr. Jim McDonell: You're talking about MPAC.

Mrs. Gila Martow: Oh, on MPAC—

Interjections.

The Chair (Mr. Peter Tabuns): Just before we go any further, can I have some clarification: Are you talking about the matter with regard to CAMH and MPAC?

Mrs. Gila Martow: MPAC, yes.

Mr. Jim McDonell: Yes.

The Chair (Mr. Peter Tabuns): That doesn't actually relate to the bill that's before us.

Mrs. Marie-France Lalonde: Not at all. Not at all, and that's what I was going to say. It's nice to entertain the idea, but I don't think it's Mr. Parker's role to ask him. If you're interested, there's probably somebody like your staff—

Mrs. Gila Martow: Well, I think that's why they came to speak today. They did give deputations today, and they were accepted to give deputations today.

Mr. Bob Delaney: If I may, in the way of a suggestion: While the request on its face is out of scope for the committee, I think you would find that the library would very cheerfully undertake that work for you and perhaps give you exactly what you've asked for.

The Chair (Mr. Peter Tabuns): I've got Ms. French, then Ms. Martow.

Ms. Jennifer K. French: It's unrelated, so if she wanted to finish that—

The Chair (Mr. Peter Tabuns): Oh, yes, then we will finish this; I'm sorry. Ms. Martow.

Mrs. Gila Martow: The reason why I see it's related is because what I'm hearing from the gentlemen—and it's not just two people; it's quite a large group of people—is that they're not necessarily against the government moving forward with an Ontario pension plan; they just want to know why and where they lost out on their pensions. All-party support said that the issue would be resolved and it wasn't resolved. Why wouldn't that be resolved before we looked at creating an Ontario pension plan? Why wouldn't we fix the mistake that was made with their pensions?

I'm just wondering why. I'm not looking to point fingers. There was all-party support. I'm just looking at, at the same time that we're looking and talking about an Ontario pension plan, why we wouldn't fix the—

Mr. Jim McDonell: A learning experience.

Mrs. Gila Martow: Yes, it would be a good learning experience in terms of how we write this legislation that we're not going to make the mistake again, that we should build into the legislation that this problem can't happen again. I don't know why the problem happened. I'd like to know why the problem happened. I don't think it was intentional. It behooves us to take the deputations and ensure that the mistake isn't repeated.

The Chair (Mr. Peter Tabuns): Madame Lalonde.

Mrs. Marie-France Lalonde: Mr. Chair, in all fairness, I think we're here to listen to individuals who are coming forward with issues on Bill 56. At this point, we've heard numerous aspects, so to listen to one particular aspect of one small group of people who are raising something very different than what we're here for today—I think my colleague's idea is to maybe go and do that research. As a new MPP, I'm more than happy personally, if I feel the need, to go to the library or ask for clarification among my caucus.

The Chair (Mr. Peter Tabuns): I have Mr. McDonell.

Mr. Jim McDonell: We talk about this plan being portable. This is clearly a problem with portability issues where the pension was not portable or there was an issue with it—and it was intended to be. It moved from one government pension to another government pension. This was just a failure in the system that was put in place. The contributions were all made throughout their entire career, but because of the way the formulas are written, they're penalized as if they quit and worked somewhere else. I think what all this does is looks at it—you're looking at trying to accomplish this with this new pension act so that this will not happen again.

The point is, why not look at what happened here and get an idea, because there has been all-party support into fixing this problem for the last 12 years, and nothing's happened. We're just looking at moving ahead here, and I'm not sure why you would be against just finding out this information. It's good information for the committee to look at.

The Chair (Mr. Peter Tabuns): This is turning into an extremely long request. Is there generally support for such a study?

Mr. Bob Delaney: Chair, at the moment there is not a motion on the floor.

The Chair (Mr. Peter Tabuns): Well, then—

Mrs. Gila Martow: I said I wanted to put forward a motion. That was my first sentence.

The Chair (Mr. Peter Tabuns): And you move?

Mrs. Gila Martow: I would like to move that we ask Mr. Parker to do a brief sort of just bullet point of what exactly was agreed upon in the Legislature. We don't have to have a history. We understand what went wrong. But what exactly was the wording that was agreed to in the Legislature to fix the problem?

I am concerned that if the plan is to, someday—if this Ontario pension plan does move forward—roll it into the CPP, that again, the transferability is in question, and that we don't see people's total pension being reduced because it was rolled into the CPP.

The Chair (Mr. Peter Tabuns): So it has been suggested to me, and it's good advice, would you please put your motion in writing? Colleagues, I would ask that we recess for a few minutes—

Mr. Bob Delaney: Chair, as we are near the end of the day, would it be an idea to consider Ms. Martow's motion at the start of the next meeting?

The Chair (Mr. Peter Tabuns): I'd be willing to entertain that. Ms. Martow, would that work for you?

Mrs. Gila Martow: Okay. So tomorrow? We'll be here at 4 p.m., I believe.

The Chair (Mr. Peter Tabuns): We will find a way of fitting it in tomorrow. Ms. French?

Ms. Jennifer K. French: Speaking of tomorrow, to your point that some of us are new, the four-hour-long sit or whatever it was today—is there any way of having a halfway recess tomorrow for five minutes?

The Chair (Mr. Peter Tabuns): Well, we don't have four hours tomorrow.

Ms. Jennifer K. French: Oh, this is true. Oh, yes.

Mrs. Gila Martow: Next Monday, we can put in a 10-minute recess—

Ms. Jennifer K. French: Yes, if they've already been scheduled. But still, if they haven't, if we could maybe at midpoint—

The Chair (Mr. Peter Tabuns): I will work with the Clerk on this.

That all being agreed, we now adjourn until 4 p.m. tomorrow, March 24, 2015.

The committee adjourned at 1752.

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