

**Saskatchewan Seniors Mechanism
Presentation to the Federal Pre-Budget Hearing Committee
Regina, SK
October 30, 2003**

Preamble

The Saskatchewan Seniors Mechanism is an umbrella organization representing most of the larger senior and retirement organizations in the province. We believe that our collective experience and knowledge can provide some useful insight for your deliberations on the Federal budget. We will make some recommendations that pertain to the well-being of senior citizens and we have other recommendations that apply to the general population. Senior citizens have no interest in improving their lot at the expense of other Canadians.

Tax reduction, and to some extent debt reduction, are less important than fairness in tax policy and the provision and/or restoration of publicly funded social services. There are some basic needs which all humans possess. In a civilized society these needs are satisfied fairly and universally; this requires public funding. No one has a right to profit from the provision of services to satisfy basic human needs. These needs include: health care including prescription drugs, education, clean air and water, affordable housing and transportation, adequate nutrition, safety, and recreation.

In Canada the income gap between citizens in the highest income bracket and those in the lowest has grown steadily and continues to do so. This problem has been exacerbated by cuts in income and corporate taxes in the past several budgets. In the past decade average incomes for the wealthiest 10% of the population shot up an average of \$23 000 to an average annual income of \$185 070. Over the same period the poorest 10% got an increase of \$81 to reach \$10 304 on average. Family income in the middle of the scale went up \$167 over the 10-year period. In 2000, the total income of the top 10% of wealthiest families was 28% of all family income while the total income of the lowest 10% of poorest families made up 2% of all family income.¹

Seventeen percent of seniors in Canada live below the poverty line (\$16 521 annual income in large urban centres, \$16 407 in small urban, and \$13 311 in rural areas).² Among seniors who live alone 43% of women and 31% of men live in poverty. In 1997, among people age 75+, 11% of females and 9% of males lived on less than \$10 000 annual income; 75% of females and 58% of males lived on less than \$20 000 a year.³ This is unconscionable in a wealthy country like Canada.

It is clear that reducing income tax rates primarily helps wealthy citizens. There is no

evidence that tax policy which favors the rich stimulates the economy nor makes it more competitive. The figures stated above are proof that the policy does not work. **Federal**

income and corporate tax policy should be used to reduce the income gap between the wealthiest and the poorest Canadians.

Research shows that the citizens in jurisdictions which have a low tax gradient, e.g., Sweden, have a longer life span than those in jurisdictions with a steep tax gradient, e.g., the USA; even the wealthy in regions with more equality of disposable income tend to live longer than their counterparts in regions with greater disparity between rich and poor.⁴ This is a clear advantage of a progressive tax system to say nothing of the improvement in the overall happiness and comfort of citizens.

The Federal Government needs to make long-term plans to cope with changing demographics. About 13% of the population of Canada in 2006 will be over 65; in 2026 it is projected that seniors will make up 21% of the population. By 2030, the last of the almost 10 million babyboomers will have turned 65.⁵ The size and nature of the workforce, pensions, the drain on health care services all require longterm planning if a decent standard of living is to be preserved for all.

Recommendations for the senior population

1. On tax reform

- (a) reduce the effect of Bracket Creep by indexing tax brackets to inflation,
- (b) restore the full amount of the tax credits which seniors receive based on age and retirement rather than retaining the current 17% credit limit,
- (c) eliminate the clawback on OAS and the GIS,
- (d) OAS should be paid to all age-eligible citizens and taxed at the same rate as all other income; tax back, don't clawback!
- (e) fully index OAS and GIS to the actual inflation rate and to the cost of living index,
- (f) increase the basic exemption or give a special tax credit for low income earners,
- (g) increase tax credits for homecare expenses to reflect the true cost of service.

2. Homecare workers are "silent victims in a silent system" (Report on Home Care commissioned by the Canadian Association of Retired Persons). These caregivers are usually spouses or children. They are under-funded, over-stressed and under-valued as they strive to care for ill, frail, or dying family or friends. In 1996 there were 2.1 million informal caregivers providing home care to 800 000 seniors and the current number is probably higher.⁵ We recommend increased funding to include direct compensation for the care givers, adjustments to CPP and EI to relieve the pressure on personnel who must discontinue regular jobs to care for sick family, national training and standards for care givers, and the seamless integration of the homecare system into the regular health care system.

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3. The high rate of withdrawal from RRIF's between ages 69 and 77 is a hardship for many seniors especially when interest rates are low. We recommend that the government lower the rates of withdrawal or index them to interest rates.

4. More support must be given to seniors who live below the poverty level. This can be done by increasing Guaranteed Income Supplement payments or increasing the basic exemption for income tax purposes. Low-income seniors spend their income on the necessities of life so increasing the GIS helps the economy as well as seniors.
5. We urge that the Spouse's Allowance program be amended to remove the present discrimination based on marital status, so that never married, separated and divorced Canadians aged 60 to 64 be entitled to the same benefits as spouses, widows and widowers.
6. Many seniors live in sub-standard housing. Increased federal funding is needed to provide safe and healthy social housing for low-income seniors.
7. Bill C78 allows the federal government to confiscate the surplus in the Federal Civil Servants Pension Fund. This action may set a precedent for other levels of government and industry. Surpluses in pension funds belong to the retirees and should be distributed in an equitable manner.
8. Restore full funding to ALCOA (Active Living Coalition for Older Adults). Grants have allowed some good research to be done and some projects to be started. With the recent cutback in funding (about 40%), personnel cannot be trained nor programs delivered. It is certainly false economy for governments to initiate programs, then fail to provide operating funds for ongoing implementation.

General recommendations

1. Restore the full amount of social transfer payments to provinces to the 1995/96 levels with an adjustment for inflation.
2. Stop the erosion of the tax base by disallowing the flight of capital to tax havens.
3. Transfer to provinces the \$2 billion additional dollars promised for health care as recommended in the Romanow Report.
4. Establish a strong Health Council to monitor and report to the Government and to the public on health spending and on the delivery of health services in each province.

5. We are concerned about the health of the environment and ask that you provide appropriate funding to meet the objectives of the Rio and Kyoto Agreements. Long-term fiscal planning and partnering with other levels of government in implementing environmental standards are essential.
6. Regulations must be put in place to ensure that all people have clean air, water and

food. A sufficient number of inspectors must be hired to monitor for these regulations and enforcement must be strict. Industries that pollute should be required to pay the cost of clean-up.

Conclusion

We thank you for this opportunity to present the views of senior citizens in Saskatchewan and trust that you will give them careful consideration when making your recommendations. Creating a just society for all the citizens of a nation is an ongoing challenge. We hope that the foregoing recommendations derived from our broad and long experience is seen as a useful contribution to the creation of a better Canada for ourselves and for our descendants.

REFERENCES

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