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Tuesday 24 March 2015

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Mardi 24 mars 2015

Standing Committee on Social Policy

Comité permanent de la politique sociale

Ontario Retirement Pension Plan Act, 2015

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

Chair: Peter Tabuns
Clerk: Valerie Quioc Lim

Président : Peter Tabuns
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON SOCIAL POLICY

COMITÉ PERMANENT DE LA POLITIQUE SOCIALE

Tuesday 24 March 2015

Mardi 24 mars 2015

The committee met at 1602 in committee room 1.

The Clerk of the Committee (Ms. Valerie Quioc Lim): Good afternoon, members. In the absence of the Chair and Vice-Chair, it is my duty to call upon you to elect an Acting Chair. Are there any nominations? Mrs. Munro.

Mrs. Julia Munro: I nominate Cindy Forster to act as Chair for the next 45 minutes.

The Clerk of the Committee (Ms. Valerie Quioc Lim): Ms. Forster, do you accept the nomination?

Ms. Cindy Forster: Absolutely. Yes.

The Clerk of the Committee (Ms. Valerie Quioc Lim): Are there any further nominations?

There being no further nominations, I declare the nominations closed and Ms. Forster duly elected Acting Chair of the committee.

The Acting Chair (Ms. Cindy Forster): Good afternoon. We are here for public hearings on Bill 56, An Act to require the establishment of the Ontario Retirement Pension Plan. Please note that copies of written submissions have been distributed to the committee.

SUBCOMMITTEE REPORT

The Acting Chair (Ms. Cindy Forster): We first have a subcommittee report that deals with organization. I would like to point out that if there is going to be a lengthy discussion on the report, I will have to postpone its consideration until the end of this meeting, if there is time, because we have presenters who are here and scheduled to speak today.

Can a member please read the subcommittee report into the record? Ms. Lalonde.

Mrs. Marie-France Lalonde: Your subcommittee on committee business met on Monday, March 23, 2015, to consider the method of proceeding on the order of the House dated Thursday, March 12, 2015, in relation to Bill 56, An Act to require the establishment of the Ontario Retirement Pension Plan, and recommends the following:

(1) That requests to appear received after 12 noon on Thursday, March 19, 2015, be scheduled if space is available.

(2) That the research officer provide the committee with an interim summary of presentations by 4 p.m. on Thursday, March 26, 2015.

(3) That the research officer provide the committee with a final summary of presentations by 4 p.m. on Thursday, April 2, 2015.

(4) That, for administrative purposes, proposed amendments to the bill be filed with the committee Clerk by 12 noon on Wednesday, April 8, 2015.

(5) That the committee meet for clause-by-clause consideration of the bill on the following dates: Monday, April 13; Tuesday, April 14; Monday, April 20; and Tuesday, April 21, 2015.

I move that the report be adopted.

The Acting Chair (Ms. Cindy Forster): Thank you, Mrs. Lalonde. Is there any discussion? Are the members ready to vote? Shall the subcommittee report be adopted? All those in favour? Opposed? It's carried.

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 Acting Chair (Ms. Cindy Forster): So each presenter will have to up to five minutes for their presentation and up to nine minutes for questions from committee members which will be divided equally amongst the three parties. Today we start the rotation of questions with the third party for the first presenter.

CANADIAN MANUFACTURERS AND EXPORTERS

The Acting Chair (Ms. Cindy Forster): Our first delegation is the Canadian Manufacturers and Exporters: Ian Howcroft, vice-president, and Paul Clipsham, director of policy and programs. Welcome to the committee.

Mr. Ian Howcroft: Thank you very much, Chair, and good afternoon, everyone. We're very pleased to be here. As the Chair noted, my name is Ian Howcroft and I am vice-president of CME Ontario division, and Paul is our director of policy and programs. As I said, we're very pleased to be here to provide some comments. You hopefully all have a copy of our presentation in front of you.

We support the stated objective of Bill 56 to increase the income for Ontarians in retirement, as this will help to foster long-term economic growth and stability for the province. However, we have a number of concerns and there are a number of issues that arise from the current ORPP framework that will ultimately detract from the stated objective. I think we have to look at some of the unintended consequences that we feel will result.

First, I will give a bit of an overview of CME and make some comments on manufacturing. I'll ask Paul to talk about some of the substantive concerns.

CME is Canada's largest industry and trade association. We represent businesses in all sectors of manufacturing and exporting from all parts of the province. Our mandate is to promote the competitiveness of Canadian manufacturers here in Ontario and promote the success of goods and service exporters in markets around the world.

CME members are Canada's leading manufacturers and exporters. Together, they account for approximately 82% of Canada's manufacturing production and about 90% of our exports. Our membership includes some of the largest manufacturers in the country, but the vast majority of our members—85%, in fact—are small and medium-sized enterprises, those that would be most directly impacted by the legislation on the Ontario Retirement Pension Plan. Through our partnership with other associations, we represent approximately 100,000 organizations from coast to coast.

Manufacturing adds more total value to the Ontario economy than it does in any other province. Every dollar of manufacturing output generates billions of dollars in indirect impacts elsewhere in the province. No other sector generates this much economic impact and activity. The manufacturing sector in Ontario has underperformed the national average since the early 2000s. I think we need to recognize this and hopefully take steps to alleviate it.

There have been some positive signs in the last little while. Ontario manufacturers have made strong gains in the first half of 2014; sales finally surpassed their pre-recession peak. Positive signs—but there are many challenges, and these can be in jeopardy.

In Ontario, the manufacturing and exporting sector continues to be the largest business sector with approximately $275 billion in output and about 800,000 direct jobs in manufacturing, and another 1.2 million are indirectly dependent on manufacturing. Every dollar invested in manufacturing generates about $3.50 in total economic activity.

Manufacturers and exporters are generally optimistic about the future; however, there are a number of key challenges they have to deal with that threaten our future success. We recently released our management issues survey that highlighted many of these challenges: skills issues, regulatory impediments, and cost of energy supply. I think this is an opportunity to address one of those, and it's the regulatory impediments and barriers to success.

We've made significant progress over the years in creating a competitive tax advantage for Ontario, but that is threatened by some of the regulatory issues that we're dealing with. One of those is the Ontario Retirement Pension Plan. We'd like to make some comments specifically on that, particularly on the definition of what is a "comparable" plan. I'll turn that over to my colleague, Paul, to go through some of those.

Mr. Paul Clipsham: Thanks, Ian.

The Acting Chair (Ms. Cindy Forster): Just before you start, you have about a minute and a half.

Mr. Paul Clipsham: Wow; I'll try and talk fast.

Some of the primary issues that arise involve mandatory contributions, which pose a near-term risk, we believe. The current approach, as Ian alluded to, could result in unintended consequences for plan beneficiaries, including reductions in overall wages and benefits if companies opt to wind down their existing plans that don't meet the definition of "comparable."

I want to just skip to the recommendations: Our preferred approach would be one that is a more incentive-based model as opposed to mandatory contributions, and we can talk about what that would include.

1610

If you're going ahead with the current framework, the preferred approach would be not to have a one-size-fits-all but to expand the definition of "comparable" to include defined contribution-type plans as well as RRSP-type contribution models, which can often be very robust and offer a more significant standard of living in retirement.

We'd also be looking for offsets to the costs, if you're going ahead with mandatory contribution: What are the offsets that could be put in place? We recognize that there has been some work in that area, and we would encourage the government to look at other additional measures on that front as well.

The Acting Chair (Ms. Cindy Forster): Thank you, Mr. Clipsham. I'll going to have to cut you off. I'll turn it over to Ms. French from the third party to ask a few questions.

Ms. Jennifer K. French: Thank you.

The Acting Chair (Ms. Cindy Forster): You have three minutes.

Ms. Jennifer K. French: Got it. Thank you very much for joining us here today. I'm here representing Oshawa, so when we are talking about manufacturing, it's obviously a local and a personal area of concern. Thank you for bringing that voice here today.

I don't think there is anyone in this room who would argue that there will be an impact on doing business, but if the ORPP is something that is going to push forward, what are your thoughts on how best to implement that, or how could the government ameliorate the effect?

Mr. Ian Howcroft: I'll start. I think the most important thing they could do is, again, look at the definition of what is comparable. I think right now it seems to be defined as only a defined benefit plan. There are many good defined contribution plans out there that now would be excluded, so companies currently making defined contributions would now also have to make a contribution to the Ontario Retirement Pension Plan, which would have to come from somewhere. You could see some DC plans being wound down or stopped or diminished in their stature so that they can make up for what's now going to be required under the Ontario Retirement Pension Plan. Paul?

Mr. Paul Clipsham: I would just add that some of the defined contribution and RRSP-type programs are very robust and would offer a more significant standard of living and quality of life in retirement. For those not to be considered comparable seems wrong, quite frankly.

Ms. Jennifer K. French: Certainly when you're looking at comparing the contribution side, I understand that argument, but comparing the benefit side—we're not here to debate pension design.

You mentioned those that offer a defined contribution plan currently, that if that wasn't considered comparable, they'd have to maybe re-evaluate. If there were no exemptions, if no one was considered comparable and therefore exempt, would that make a difference to the—

Mr. Ian Howcroft: I think that's going in the wrong direction to do that. What we need to do is make Ontario more competitive so that we build a manufacturing base here. Putting up another cost, another barrier, to retaining and attracting investment, in our view, is completely the wrong way to go. We would certainly not support that type of direction. I think the results would be very negative for the province's economy and for the workers, because they would be the ones who paid the price in the front line as job opportunities were diminished as well.

The Acting Chair (Ms. Cindy Forster): Thank you, Mr. Howcroft. We're going to move on to the government. Ms. Lalonde, three minutes.

Mrs. Marie-France Lalonde: Thank you very much. Thank you for being here and presenting your comments today. As you know, our government certainly has been very mindful of the impact of the ORPP on businesses. If I look at some of the approaches that we've taken in the last few years—I think about HST; I'm thinking about our having one of the lowest corporate tax rates in North America; and also the introduction of our Better Business Climate Act, that just passed recently—I think we want to work with our businesses. I don't know how familiar you are with the framework that we're expressing, but certainly we want to enrol the businesses in stages, starting with the largest employers. We are also going to phase this in within two years.

Having said all this, if I was to ask you what do you think, from your perspective, the working companies that you represent—what would be the benefits of enhanced retirement savings to the employees?

Mr. Ian Howcroft: What we're also hearing is concern expressed by some of our members about their employees. Many of them haven't realized yet that they, too, would be making a 1.9% contribution. Trying to help those who are most in need—those are the ones who can most not afford to make another contribution. They're already strapped for every dollar they have, and now these people would have to make a contribution to a new pension system. While, again, we see the intent to help people out, it's raising a cost for the employers, and it's going to be raising costs for individual employees. So we're quite concerned about what the reaction for individual employees will be.

Mrs. Marie-France Lalonde: Are your current employees under a current plan?

Mr. Ian Howcroft: Many of our members offer plans, but I think the vast majority of small and medium-sized enterprises in the province don't have formal pension plans. They've come up with informal RRSP contributions, matching dollars—again, initiatives that would not be considered comparable.

Companies may have to look at what they are providing their employees. The contribution has to come from somewhere. It could be from having to reduce wage increases or having to look at reshaping the RRSP offerings that they've made. Resources are finite, and there is only so much money that companies have.

Again, we always have to be mindful of how we ensure that we're as competitive as possible. You've cited many of the things that we've been advocating and recognized in our written submission—corporate tax rates, HST, capital tax elimination; all great things—but we have to continue to work on the competitive issue, because many of our competing jurisdictions are also offering benefits now. Energy costs in Ontario continue to be a real challenge for us, too.

So when you look at the whole basket, it's a cumulative impact of all the costs. This is going to be another major barrier that we have to be challenged to solve.

The Acting Chair (Ms. Cindy Forster): We'll move on to the official opposition. Mrs. Martow.

Mrs. Gila Martow: Thank you very much for coming in. We've been hearing a lot of deputations, and what seems clear is that people who support it support it only if it's not going to cost the employees, it's not going to cost the employers and it's not going to cost the taxpayers. So they're dreaming in Technicolor—that that's a possibility.

Do you consider the ORPP a payroll tax? Do you see this as another tax on the businesses that you represent?

Mr. Ian Howcroft: There are defined definitions of what is a tax. We hear that this is not a tax. But it's a cost. It's a payroll cost that employers are going to have to bear and individuals are going to have to bear. We would classify it as a tax, but it might not meet the technical definition of a tax. But it's a real cost. It's going to have a real bottom-line impact on businesses and operations in Ontario. Tax or cost—the results are the same for the economy.

Mrs. Gila Martow: What percentage of businesses that you represent could handle this type of increase in their payroll expenses?

Mr. Paul Clipsham: It's pretty difficult to put a number on it. In general terms, certainly the larger and more sophisticated companies could handle it, and even small companies could handle it. But what would they need to do in terms of managing those costs? They'd need to look at wage increases, existing wage rates and not investing in other things like innovation and more productive assets in order to manage that. The bigger question is, is this the most effective use of their scarce resources? And what does that do to our competitiveness? Again, it's in that basket of total costs. There are only so many resources to go around. This is a mandatory cost that takes some of that flexibility and decision-making away from the employer. That really gives us some cause for concern.

Mrs. Gila Martow: We're hearing from a lot of businesspeople that they're willing to sit down and talk about another expense on businesses when we're at the top of our game, but right now we're at the bottom of our game in the history of Ontario. We used to be the leading force economically in the country—we led Confederation—and now we're at the bottom of the barrel. That's what we're hearing over and over.

I don't know if my colleague has any comments. I think our time is running out.

The Acting Chair (Ms. Cindy Forster): You have about 20 seconds.

Mrs. Julia Munro: Thank you very much for coming. Your perspective is certainly important.

There is a great deal about this proposal that's mandatory, and I wondered if you would comment on that particular aspect.

The Acting Chair (Ms. Cindy Forster): Unfortunately, it will have to be at some other time. Thank you.

Mr. Ian Howcroft: Thank you.

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ONTARIO RESTAURANT HOTEL AND MOTEL ASSOCIATION

The Acting Chair (Ms. Cindy Forster): Our next presenter is the Ontario Restaurant Hotel and Motel Association. Would you please state your names for the official record?

Mr. Tony Elenis: Tony Elenis.

Ms. Leslie Smejkal: Leslie Smejkal.

The Acting Chair (Ms. Cindy Forster): You have five minutes.

Mr. Tony Elenis: Good afternoon. I'm the president and CEO of the Ontario Restaurant Hotel and Motel Association, ORHMA. With me is Leslie Smejkal, our vice-president of government relations. Thank you for the opportunity to speak to you about ORHMA and the Ontario Retirement Pension Plan.

ORHMA has heard from its membership, and we are very concerned about the impact that the implementation of an ORPP will have on our industry. It is not about revenue growth in the foodservice industry anymore; it's about pressures on the expense lines.

Recently, we were asked: What is a normal profit margin for this industry? Let's analyze the trends, comparisons and key expense drivers to determine if Ontario is at par. We have also included the accommodations sector in this analysis.

Recent years brought significant increases to specific cost categories that just happened to be the highest hospitality expenditures. Food commodities have skyrocketed and, with this category making up an average of 35% of total expenses, it's been a challenge. The cost from utilities continues to escalate, hammering foodservice operators in an industry that ranks first in the highest energy-intense category. Conservation programs do help, but incentives applied to demand peak times are useless as the industry operates at full throttle during the breakfast and dinner periods. And, there is the minimum wage impact—please, it's not about raising the minimum wage or not; it's about the climate of the industry.

You have graphs in front of you and I would ask you to, please, refer to them.

Exhibit 1 shows that the highest proportion of all minimum wage earners, at 39%, work in the hospitality industry. Exhibit 2 compares CPI increases to the recent minimum wage increases. Four-year increases at 50% while the CPI went up 15.4%. Please make no mistake about it: The last recession being hit with the strain of minimum wage has changed this industry forever.

Let's now view the profit performance. Exhibit 3: Ontario's hotels performed over the national average until 2003 and now continually underperform the national benchmark. Exhibit 4: The foodservice industry in 1990 performed at a 9.6% profit margin and dropped by 56% to 4.2% in 2013. That's the national average. Exhibit 5 illustrates Ontario's foodservice margins against the national average. Every province performs at a higher profit margin than Ontario in both accommodations and foodservice. The graph also shows that the variance between Ontario and the national average widened from only 0.4% in 2001 to 1.4% in 2013.

Consumer confidence and disposable income stimulate the economy more than many initiatives, including governments issuing bonds. This simple economic case can be applied to our industry. Support for profit growth in the industry will result in investment, capital improvements and job growth, benefiting the overall economy, including government revenues.

Exhibit 6 shows the correlation of the impact of foodservice and accommodations margins to Ontario's youth unemployment. While operators have introduced every trick in the book to be sustained at the low margins, the graph illustrates the impact of curtailing new hires with extreme cutbacks on part-time employment. Historically, foodservice and the accommodation industry, along with retail, has been the highest recruiter of youth.

ORHMA's conclusions: There are unintentional consequences. A 1.9% increase to an industry operating at 33% labour costs is a significant new cost to absorb.

There will be further cuts of hiring younger workers, and while the government aims for the well-being of Ontarians, there will be unintentional consequences to employee benefits. Our members have told us that this will lead to trimming health benefit plans, such as prescription drug and dental plans, as these are typically managed and accounted under one profit-and-loss-statement department line.

Please do not get us wrong; A pension plan can be good for society, and we have one already, the CPP. An additional made-in-Ontario pension plan could benefit some later on, but what costs are there today?

The Acting Chair (Ms. Cindy Forster): Thank you, Mr. Elenis.

Government members? Ms. Mangat.

Mrs. Amrit Mangat: Thank you, Chair. Thank you for the presentation, and welcome to Queen's Park today. As you understand, a significant portion of today's workers are not saving enough to maintain their standard of living. There are many factors, including low personal savings, longer lifespans and low workplace pensions.

Bill 56 is a tool which provides a framework so that we can collectively make an investment for our future. I'm sure that you understand that if we don't save enough and people don't have enough money for their retirement, they will depend on social programs, which we all have to collectively pay for.

Can you please tell me: What do you hear from your employees or communities about the undersaving problem?

Mr. Tony Elenis: First of all, as you can see from those numbers, these are very critical numbers. We're in a crisis in our industry. Every pressure on the expenses will have those unintentional consequences that I'm referring to, which means that employers will cut back more, and it will hurt those employees that the government is trying to help.

From the employees' point of view, the make-up of our industry is very much into taking the dollars on their paycheque and spending it on their necessities. There is not enough room right now to support any more than that, both for the employee and the business, at those low margins. If you look at just small business, those profit margins I've shown on the graph, they're even much less than that. You're talking about sustaining a business.

This morning I met with two independent operators running breakfast places. They've said to me, "Tony, last year's minimum wage, which was retroactive to 2010—now I close my restaurant one hour earlier every day." So what is that hurting? It's hurting the employees. It's backfiring, and it's unintentional. I realize that's not what the government is intending to do, but it has been hurting. And those numbers are from Statistics Canada. They're not made up from the industry.

Mrs. Amrit Mangat: So do you think that—

The Acting Chair (Ms. Cindy Forster): You have 30 seconds.

Mrs. Amrit Mangat: —if they save more, there will be a stable income and there will be an economic benefit of that—it will help the consumption?

Mr. Tony Elenis: If we were in a conducive, good economic climate, this would be a great initiative, and I believe that many of the business sectors would support it. But we're not in a good economic climate. We are in a very poor climate. We haven't recovered from 2007-08 yet. Just like the government has a huge deficit, our businesses are in the same predicament. If we weren't, yes, we would support it.

The Acting Chair (Ms. Cindy Forster): Thank you. We'll move on to the official opposition. Mrs. Martow?

Mrs. Gila Martow: You're talking about exactly what I was going to ask you about, which is that all the indicators are that Ontario is struggling, more so even than the Canadian average, whereas before we were kind of carrying the country on our backs in a way. How do you feel when you're being told that you have to see some of your businesses close, some of your businesses fire employees, because the government wants to roll out a program like this in a poor economic climate? How does that make you feel?

Mr. Tony Elenis: I'll tell you something: I see it happening already. This is just another nail in the coffin. I've seen it happening since the minimum wage went up—that 50% over four years, in the worst years of our business generation's life. Every cost is penalizing the industry because 39% of minimum wage earners work in our industry. That's what happened there. It's not about the minimum wage; it's about: How you support the health and prosperity of a business to look back and hire more people and expand and invest more to grow the overall economy?

Mrs. Gila Martow: Yes. It's kind of like kicking a business when they're down. I really liked your graphs. I actually thought they were fantastic. What I would invite you to do is, maybe you can do some surveys of your members and how many businesses have cut hours due to the tough economic climate and the very tiny profit margins, and it wasn't because they were angry; it was because they were left with no choice.

Do you have anything to add?

1630

The Acting Chair (Ms. Cindy Forster): Ms. Munro? You've got about a minute and a half.

Mrs. Julia Munro: I appreciate you bringing the data here, because it's one of the concerns that we have raised all along, about the ability to find that 1.9%. Obviously, this demonstrates the challenge that that represents.

Our figures suggest—actually, the Ministry of Finance figures—came out with job losses. Are you also about to witness job losses if you have 1.9% coming out of the pocket of the worker and the employer?

Mr. Tony Elenis: Absolutely. As you can see, the youth unemployment, in an industry that is made up of about 35% youth, ages 15 to 24, correlates exactly with that. The national average also shows that Ontario's youth unemployment is way higher than the national benchmark again, so the two correlate. You can see the graph spiking up and down on it.

We've seen success in the last month. This is just one month after another. But the potential for hiring in our industry that works with people is totally missed.

Mrs. Julia Munro: Thank you very much.

The Acting Chair (Ms. Cindy Forster): Thank you. Ms. French: three minutes.

Ms. Jennifer K. French: Thank you very much for joining us here today. I appreciated how thorough your presentation was, not just with the graphs but the explanation. Thank you.

I had another question about your industry in terms of specifics. One of the things that you'd mentioned is that, maybe not to say historically but, along with retail, the hospitality industry has provided jobs for many youth and part-time workers. Are you finding that your demographics have changed, that it's just not youth when you're talking about your workforce?

Mr. Tony Elenis: We're finding that the hours are being cut. They're staying with what they have and managing the store with their core deployment. We have found that out, since 2008.

Ms. Jennifer K. French: That some of your workers are not just—they're staying with you longer, or not—

Mr. Tony Elenis: They are just concentrating with who they have in the core employees. All the part-time people—and youth being that category, mostly; or seasonal, I guess—have been cut back. That's something that has been said to me on the street, and the indicators are also there in the graphs.

Ms. Jennifer K. French: Certainly where I'm from, we've got youth unemployment and youth underemployment. It's not just a struggle; it's a very harsh reality, and I think we'd all like to see a better economic climate.

I do wonder, though, that if those who have a more predictable income stream in their retirement, if they're more or less likely to participate in the economy in terms of going out for dinner or staying in a bed and breakfast and taking a trip. I wonder if we have more people who have that predictable steady security in their retirement—if that may change and have a positive impact on your business.

Mr. Tony Elenis: I think if you weigh the benefits, the pros and cons, I guess, of today, it will hurt the business industry more today, and we'll never get to see that.

Ms. Jennifer K. French: I'm not arguing the impact. Actually, it would be interesting to hear your opinion on: If this is going to be something that is going to roll out, do you have recommendations on how it could most effectively be implemented?

Mr. Tony Elenis: First of all, I would like the word "volunteer," number one, and we need to have exemptions at specific age groups, at specific business prosperity thresholds. The industry cannot take it anymore. I'll be honest with you. I'm going out there and talking to many business people. I have meetings with them. We have chapters across Ontario. You're seeing the industry in a state of crisis.

The minimum wage announcement last week based on CPI, which we supported—and we did not support the retroactivity of it. It's just seeing people—does anyone care about us anymore? Does anyone care about us?

The Acting Chair (Ms. Cindy Forster): Thank you, Mr. Elenis. I have to cut you off. I apologize. Thank you for being here today.

Mr. Tony Elenis: Thank you.

HUMAN RESOURCES PROFESSIONALS ASSOCIATION

The Acting Chair (Ms. Cindy Forster): Our next delegation is the Human Resources Professionals Association. Welcome to committee. Please state your name for the record.

Mr. Scott Allinson: Scott Allinson.

The Acting Chair (Ms. Cindy Forster): You have five minutes.

Mr. Scott Allinson: Thank you. Good afternoon. My name is Scott Allinson, and I'm the vice-president of the Human Resources Professionals Association, or HRPA, as some of you know us by. I'm pleased to have this opportunity to come in front of the Standing Committee on Social Policy to speak on behalf of our members on Bill 56, the Ontario Retirement Pension Plan Act.

As some of you may know, the Human Resources Professionals Association is the professional regulatory body for HR professionals in Ontario in Ontario. It oversees more than 21,000 members in the province and it issues designations that certify knowledge and competence at three levels: the CHRP, the CHRL and the CHRE.

Last spring, HRPA surveyed members to gauge their opinion on the proposed Ontario Registered Pension Plan. Based on the limited information the government provided about the plan, 53% of our members surveyed were against the proposed plan.

Last fall, when the government introduced Bill 56, the public had more details about the ORPP. Again, HRPA decided to survey its members in January 2015 based on the new information provided on the bill.

Our current survey showed that 55% of our members surveyed, and the organizations they work for, were against the proposed ORPP when asked, and it's a slight bump up from our survey last spring by two points.

Our survey also revealed the following results on the questions that were asked of them.

Respondents to the survey questioned the need for the ORPP when their current workplace benefit plans already exist. In fact, 75% of HRPA members' organizations currently offer savings plans to their employees, and more than half of those offer a defined contribution plan.

Of those surveyed, almost half of their employers could not afford to pay up to $1,643 per employee per year, while 41% said it would force them to either cancel or invest less in their current workplace plan or look at staff cuts.

When we asked members who were employed in companies with more than 400 employees, they were asked if it would be challenging to maintain their existing plans while also incurring the cost of yet another mandatory savings plan, and 45% of those responded yes.

One of the survey questions that received an overwhelming response when asked was, "Are you concerned that it could cost ... taxpayers up to $200 million a year to create an agency to administer the ORPP?" Eighty-six per cent of respondents said yes; this was a concern to them.

When we asked what course of action the government should take, 58% said that the Ontario government should continue to lobby the federal government to raise the CPP to close the retirement gap—to have a national plan.

When we delved into the comments that were provided by members—and there was over 800-and-some-odd comments that were provided—about other proposals or models that they could provide, 42% of respondents called on the provincial government to abandon the plan and to continue negotiations with the federal government.

The next most common comment: 39% of those surveyed believed that employer and employees who are already contributing to a workplace plan where contributions are equal to or greater than that required by the ORPP should be exempt if the bill does go ahead and pass.

By not including defined contribution pension plans or group RRSPs in the definition of "comparable," the government would be significantly jeopardizing the health and viability of these plans for employers and for employees' futures across Ontario, and these options were reflected in the survey that we did of our members.

The Acting Chair (Ms. Cindy Forster): We'll move to the official opposition. Ms. Martow or Ms. Munro for three minutes.

Mrs. Julia Munro: Yes, thank you very much. Thank you for bringing this to our attention today. At the end of your presentation, do you support Bill 56 in its current form?

Mr. Scott Allinson: Our members don't, in its current form. The two words that are of major concern right now, what's leading them to not support it, are "mandatory" and the definition of what's "comparable." That's the big factor in regard to our members that responded.

1640

Mrs. Julia Munro: Yes, I certainly would agree with you that we've been given an idea of a plan. It's mandatory. But there are a lot of questions that people have raised.

Have you had a sense of how, if brought in in the current form, this would affect the sector?

Mr. Scott Allinson: For our members, it wouldn't affect our sectors. Like I said, our members work basically in every manufacturing sector in the province. The majority of those that answered were actually in the manufacturing sector, at almost 20%. Those companies usually have 500-plus employees, when we broke it out. They're having problems with what's going on. They're the ones you would think would be able to absorb it. Our members are saying that it's going to cause more of a headache for them in regards of: Is their employer going to get rid of the existing pension plans that they have? Are they going to cut back? Are they going to abandon it to bring this in? Is it going to mean less hiring? These are all the what-ifs, and those are the questions that haven't be answered in the sense of our members.

Mrs. Julia Munro: That's true.

I wonder, too: Does the issue come into the discussion about the fact that you're looking at a 3.8% total cost to this? Is that a factor in considering it?

Mr. Scott Allinson: I don't think, in regard to our members, the economic impact would be the factor. It's more, for our members, the administration of it, of whether or not—what's their hiring? How are they going to do their long-term planning or short-term planning for hiring? It throws everything into the mix of: What's next? If this comes in, then the other shoe is going to have to fall, and what is that going to be?

Mrs. Julia Munro: So at this point you can't say that there's any particular benefit to the organization. Is that fair?

Mr. Scott Allison: That there's no—sorry?

Mrs. Julia Munro: There's no particular benefit to your members?

Mr. Scott Allison: I wouldn't go that far. I think there is a social conscience side to the survey when we looked into it. For those that don't have the resources to do this, then there might be a legitimate need to have this. When our survey suggests that you have three-quarters of employers that already have defined benefit plans and group RRSP contribution plans that are matched at a certain percentage, that's where the problem arises. These people are already taken care of. There is a component of society that obviously isn't, and this addresses that.

Mrs. Julia Munro: Thank you very much.

The Acting Chair (Ms. Cindy Forster): Thank you. Third party, Ms. French?

Ms. Jennifer K. French: Yes. Thank you very much for coming and speaking with us today, and actually, just sort of on the point that you were just making at the end in recognizing—I don't think anyone in this room would argue that there's a savings problem or a shortfall when we're talking about RRSPs and how much room is left year after year.

It would be interesting to find out if the members who don't support this in its current form—how many of them recognize that they aren't—are they saving enough or are they not, because it does come back to that voluntary-mandatory. Many people don't want things to be mandatory because of the challenge. But the challenge: At the end of their working life, they might wish they'd done something differently. That would be an interesting survey question.

Do you see in this survey, with the members who did support this, or even those who didn't, if they saw the value in the ORPP as being a supplement because on the benefit side of things there would be stability there, as opposed to just the defined contribution model where it's—

Mr. Scott Allinson: I don't think they see it as a supplement. The reflection of it is, of working for companies, with our members that do—they do see this as a payroll tax.

I think one of the other associations talked about, "What's the definition of a payroll tax?" They would see this as an addition to a payroll tax, as a separate entity on the paycheque. I don't think they see it as a supplement. I don't think I ever came across language like that in any of the feedback that we've received.

Ms. Jennifer K. French: Certainly, comparing the contribution side, we know that there are many DC plans that have a higher rate of contribution, but we cross our fingers that the markets are going to do something great so when we retire there's that substantial benefit.

I think that it would be interesting to survey members if they have a full understanding of a predictable benefit, not just the predictable contribution. Anyway, I don't know if there's anything else you'd like to add, but thank you for coming today.

Mr. Scott Allinson: Thank you.

The Acting Chair (Ms. Cindy Forster): Government members: Ms. Lalonde, two minutes.

Mrs. Marie-France Lalonde: Thank you very much for coming today and speaking with us. I always like when people present numbers. It always fascinates me to hear your numbers, and they're great numbers. I don't know if you know my numbers; I'm just going to share some of the numbers with you.

We know that only about 34% of Ontarians are covered, currently, by a workplace pension plan. If you look at the amount of RRSPs that are not being used, I believe in 2012, we were looking at $302 billion in Ontario alone. So I understand that you're saying a CPP enhancement could potentially be a good aspect, but when I think about the downfall of doing nothing at this point, knowing these numbers and looking at the investment that we're making for, I would say, our collective future to ensure that people will retire with dignity, I'm a little bit surprised.

I'm just going to say also that there was a key finding from RBC that 39% of respondents to the survey said that they had put money away for retirement in 2014 only, and 30% said that they had not yet begun saving for their retirement. Maybe your members have the capacity of doing the retirement pension planning and all those aspects, but I guess I'm a little concerned and I would like to hear your feedback on those who don't have anything at this point. What is your suggestion for us?

Mr. Scott Allinson: Sorry, you're saying that those who don't have any access to any pension—

Mrs. Marie-France Lalonde: Yes; and that's the plan, right? We're proposing for those—

Mr. Scott Allinson: As I stated earlier, there is a social responsibility component to this bill which addresses that. Our members—there is compassion there. The numbers are cold; the numbers are hard. But when you read the comments, there is compassion and they understand that there is a segment of society that is vulnerable, that's not there and will never get to a point to have a decent retirement because of where they are in life with their job, savings, what have you.

What concerns them the most is the fact that there has to be some sort of model or solution that's not going to throw the baby out with the bathwater with defined benefits. The comparable component—that's the missing piece right now. What is the definition of "comparable"? Who will be exempt? Who will not?

They would rather have it as a national program to make it easier than to have it as a separate line—and it benefits everybody. They see that there is a need for this, but how you do it is going to be key, and that's the whole thing: What's comparable?

Mrs. Marie-France Lalonde: But I look at—

The Acting Chair (Ms. Cindy Forster): Thank you so much. Your time is up.

Mrs. Marie-France Lalonde: Thank you.

CONGRESS OF UNION RETIREES OF CANADA

The Acting Chair (Ms. Jennifer K. French): Okay. We're shifting Chairs and shifting gears. If we can have Barry Stevens come and join us. If you could please state your name for the record.

Mr. Barry Stevens: My name is Barry Stevens. I represent the Congress of Union Retirees of Canada, Toronto and York region council. I'm the president, and I don't work. I'm retired.

Interjection: Lucky you.

Mr. Barry Stevens: I am lucky. Thank you.

I'll just start. I've handed out some talking points. We've also handed out a letter that we sent to Minister Hunter. We have met with Charles Sousa's office prior to the budget being presented—before the election. We've been active on this role for a long time. The CLC has been trying to get the Canada pension raised for a long time. We're certainly glad to see this government taking the bull by the horns, as is said, and trying to do something positive for retired people.

1650

There's a tsunami of retired workers about to hit. This should have been done 15 years ago, if we had any foresight. Twelve per cent of retirees live below the poverty line.

Retirement security will make Ontario a better place to live and work. It will attract business. People want people whom they know can stay with the company and aren't going to drift away.

Some will say that retiring workers should have saved more. Tell that to single parents. Tell that to low-wage earners or to new immigrants with the problems of adapting to Canada. In fact, many people have no workplace pensions.

At a round table I attended, there were small business owners, much to my surprise, who saw this as a way of helping their employees secure retirement income, to get past it. You can't live just on CPP, OAS and GIS. For a lot of people, the average pension is only about $550 a month in CPP. Then, with all that added on—do the math—you'll see that it's not a whole lot of money.

This is an opportunity for all the parties to do the right thing for the workers of Ontario. It's not about politics. It should be non-partisan. Most retirees don't get to go on river cruises or attend theatre. They get to buy food and pay bills, and often have too much month at the end of the money.

Universality is important. In my case, CPP, along with my defined benefit pension plan from my electricians' union, means that I have more than enough money. Although I have applied for OAS, I don't take it because it just gets clawed back, and I don't quality for GIS. I'm one of the lucky ones. Most people aren't.

The health accord—and this is something that's going to add onto the impetus of why this is necessary at this time. With the federal health accord not being signed and being pushed back to the provinces, this only magnifies the need for retirement funds. Many retirees now, when they go to the doctor, get the prescription and can't afford to get it filled. They don't get the drugs that sustain their life, and they die sooner. Austerity kills, and that's the whole thing.

The fact of the matter is that people who are retired and working at precarious employment don't depend on a defined contribution pension plan. My RSPs lost 10% in the last four months, from October into the end of January—a 10% loss. That could happen to anybody. The market could fall flat, and your defined contribution plan isn't going to be worth the paper it's printed on at that point. You would lose money. If you're losing money when you're up to retirement, now you're maybe having to work, hoping that it will turn around and recover and you stay in the workplace longer than your health should permit, and you don't live in retirement with dignity.

Those are just a few of the points. I'll take some questions. I'm just making a short presentation.

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

Mr. Barry Stevens: How much time?

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

Mr. Barry Stevens: Oh, that's perfect. Then we'll just go right to questions, if anybody has any.

The Chair (Mr. Peter Tabuns): Okay. If that's the case, then we'll go to Jennifer French, third party.

Ms. Jennifer K. French: Thank you very much, Mr. Chair. Nice to see you, and thank you very much for joining us today.

Mr. Barry Stevens: Thank you for having me.

Ms. Jennifer K. French: Also, it's nice to be reminded of the personal face of this, and thank you for sharing some of the realities faced by your members and retirees.

When you talk about universality, as we know, currently Bill 56 is setting forth exemptions based on plan comparability. I'd like for you to maybe talk about if you have any members who have been members of good, solid pension plans but perhaps their experience isn't a stable or a solid payout. I guess what I mean by that is those who might have been part-time workers or a short time in the plan. Even though the plan is comparable, is their lifestyle comparable to those of others?

Mr. Barry Stevens: Let me tell you about my union, which was the IBEW here in Toronto, the electricians' union 353 up at Lawrence and Victoria Park. Even though I have a pension and I worked there for 45 years, both in the field and in the office—those 45 years for me were great, but we have people come from other countries, people who come to the union at a later date, at maybe 50 years old. We have a defined benefit pension plan, but they only get to pay into it for 15 years—maybe 20, if they want to work until 70. But the owners don't want you working past a certain age. You do slow down, and time is money when you're making a living. Not everybody within any union retires with the same amount of pension. It all depends on when you come into that organization. Many unions now, as you know, are being forced to take defined contributions, which doesn't give that retirement security.

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

Ms. Jennifer K. French: You still had a minute, if you wanted to keep going.

Mr. Barry Stevens: I'll keep it short.

Ms. Jennifer K. French: I see that you're calling for universality, for more people to be involved. Do you have concerns about who might be exempted based on the concept of a comparable plan?

Mr. Barry Stevens: The thing about universality is that when everybody pays in, for those who go over the threshold, you can claw it back, so there's nobody getting a free ride or extra money they don't need. But it allows people in their circumstances, as in changing jobs—maybe from a job that paid $30 an hour because you were working in a unionized plant and they decided to move down to Chicago or Illinois or something at minimum wage and you're left holding the bag, as happened to some London workers. Now they're forced to work for less. Universality keeps them in the market at a fair price.

The Chair (Mr. Peter Tabuns): Mr. Stevens, I'm sorry to say that you've run out of time with Ms. French. Barry, it's good to see you.

Mr. Barry Stevens: Thank you.

The Chair (Mr. Peter Tabuns): We'll go next to the government. Mr. Anderson.

Mr. Granville Anderson: Thank you, Mr. Stevens, for taking time out of your retirement to be here with us this afternoon. You touch on a very good point. Seeing that you're from a union environment, I would have assumed you had a defined pension plan. Why I never really thought of is that, although you do have a defined pension plan, the amount that you get depends on the amount of service you provided.

Mr. Barry Stevens: Absolutely.

Mr. Granville Anderson: So it makes sense to have an enhancement, which the federal government refused to do, and we decided to have a pension plan to supplement people like that. Could you elaborate to us and explain to us what people are living on and if there is enough in CPP for people to live on currently?

Mr. Barry Stevens: I'll tell you—and I won't mention their name, but a friend of mine in the labour movement, who was very much an activist in her own union with UNITE, the hotel employees' union, when she told me—they don't get a huge retirement. They have a retirement plan at the hotels for the chambermaids and the people who cook and all that sort of thing. Depending on what their income is, they have a pension plan, but it's not rich. It's not a high-paying job. There are lots of unionized jobs, even, that aren't necessarily high-paying. What the workers are fighting for are benefits or conditions, things like that. Money isn't always the prime factor for workers to do that. So you have people at all levels within the economy, and that's why universality is important. Everybody has to get that fair share.

We've lobbied, through the CLC and including CURC—

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

Mr. Barry Stevens: Through CURC, we've lobbied to increase CPP. It's not happening. So guess what? Your government, the government now—you are the main party, the sitting party—has come up and said, "Okay, we're going to do this. We agree with that." But we do have disagreements as far as: We want it universal and we want it to be all-inclusive.

Mr. Granville Anderson: Okay. My next question would be: What about the younger generation? What impact would this pension plan have on them upon retirement? I know it's too late for the older people who have retired.

Mr. Barry Stevens: The thing is, it's not about the people who are retired; it's about the people who are going to be coming onto retirement. I won't get any of this money. I'm already retired. But I think what it does—we have to make sure that in the future, particularly with the precarious jobs we have now, where employment is not always secure, even for people with—

The Chair (Mr. Peter Tabuns): Mr. Stevens, I'm going to have to move you on because your time is finished with the government.

1700

Mr. Barry Stevens: Sorry.

The Chair (Mr. Peter Tabuns): No, don't worry. Clocks go quickly. Ms. Martow.

Mrs. Gila Martow: Thank you so much for coming in. First, I just want to ask you how you would compare the retirees you were speaking about, who are basically living close to the poverty line or below it, to the working poor, who you were also talking about—single parents who are struggling, immigrants who are struggling, young families who are struggling. Do you see a comparison between the struggles of both of them?

Mr. Barry Stevens: I think those struggles exist, and certainly we want to help those people. But the way to help them in the long term is to apply—look, if we don't do something for them now that secures them in their retirement, they're already either close to the poverty line or living on the poverty line.

Mrs. Gila Martow: Yes, but if they're already living at the poverty line, do you see that as helpful to take away 2% of their salary? We had another presenter who said that many of his members in the hospitality industry cut the hours of their employees by an hour a day because the minimum wage went up.

We're not living in a vacuum here, and there are consequences. What we're hearing from so many of the businesses is that if the economy is booming, they can absorb this, but if the economy is not booming, which it isn't, if energy rates are one of the highest in North America, which they are, and for a lot of businesses that's a big cost, if the minimum wage was raised, which it was, then to slap this on top is a nail in the coffin. I'm wondering what you are expecting businesses to do to cope with what many consider a new tax. How do you expect them to cope?

Mr. Barry Stevens: It's funny you mention the restaurant industry, and the fellow who talked about that. At my round table there was a fellow from the restaurant industry, and he saw this as an opportunity to give to his workers, because he couldn't run the pension plan himself; he wasn't a large guy, but now they would have more—

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

Mr. Barry Stevens: One of the things around that was that he also said, "I pay my employees a little more." He said, "I pay them more so they'll stay." You can't expect people on minimum wage to think that they're needed. They're not. They're exploited. That's what minimum wage does. If people really want to keep people working in an industry, pay them a fair wage and allow them to get a pension plan. The fact of the matter is—

Interjections.

Mr. Barry Stevens: If I could just talk about the tax thing for a minute: It's not a tax. It's actually an investment and it's good social policy. The other thing about it is that every business in Ontario will be treated the same way—

Mrs. Gila Martow: It will be 40 years until we see the results of this, so it's basically on the backs of this generation of workers for future generations. That's what ends up happening.

Mr. Barry Stevens: I would disagree with that.

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

Mrs. Gila Martow: Sure.

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

Mrs. Gila Martow: Thank you for coming.

ONTARIO CONVENIENCE STORES ASSOCIATION

The Chair (Mr. Peter Tabuns): Our next presenter, then, is the Ontario Convenience Stores Association: Mr. Dave Bryans. Mr. Bryans, you have five minutes to speak, there are nine minutes of questions, and I'll warn you as you run out of time. If you'd introduce yourself for Hansard.

Mr. Dave Bryans: Sure. I'm Dave Bryans. I'm the chief executive officer for the Ontario Convenience

Stores Association. I want to thank the committee members for the opportunity to present a small business perspective on the proposed Ontario Retirement Pension Plan.

I've had the privilege, over my last 12 years of being the CEO of the Ontario Convenience Stores Association, of meeting many of you in different committees. You may have seen the convenience stores weigh in publicly on a number of issues in the last little while that affect our industry, including beverage alcohol, contraband tobacco, over-regulation or red tape, and others.

We've also been pleased to be a partner with the government where we've been aligned. In particular, the OCSA was proud to lend a supportive voice when the government's Healthy Kids Panel or Strategy was launched, and we sat on that panel, and when the new Ontario minimum wage program was introduced, we were part of that, and we supported the government.

Our industry recognizes that maintaining a constructive relationship with government is vital not only to our industry's needs but also to help the government maintain a healthy sector that contributes over $13 billion annually to the economy. We employ over 69,000 people and we generate for the government $2.5 billion in lottery revenues alone in the province of Ontario.

Today I'm here on behalf of the 7,500 chain and independent Ontario convenience stores to caution government on the effects the proposed ORPP will have on small business. In doing so, I need to only describe how razor-thin the margins are for these small business operators and how our businesses continue to lose market share in what is becoming a very unlevel playing field.

The main traffic generators for the c-store continue to be tobacco and lottery products. These items have margins of 11% and 6.5% respectively, on average, while most retail channels operate on margins of 50% or above. This is a challenge that our members have had to deal with forever. In addition to being in low-margin categories, both tobacco and lottery sales are in a steady decline. Some would say tobacco is a sunset category for our channel.

As this will not be changing in the foreseeable future, our owners will continue to try and do more with less. Our concern is that the addition of another operating cost is likely to be a tipping point for this industry. Assigning a 1.9% salary tax—and I call it a tax only because this is how it will be perceived and received by our membership—on small business operators will result in store closures, a slowdown in hiring and, ultimately, job losses.

Many employees of convenience stores are students. Many, including myself, supported ourselves in the early years. These are the people trying to work to make a better life for themselves by pursuing education. The ORPP will make it harder for them to save the money they need for tuition, living and food expenses. C-stores will stop or slow hiring of these young people. The result will be an increase in youth unemployment, increases to student debt levels, and potentially lower enrolment in Ontario universities.

Let's talk about the c-store operators for a minute. Many of these people are new Canadians, trying to integrate themselves into our society while creating a modest means to support their families. I've spoken to a few MPPs and staff at Queen's Park here who have admitted that their parents were c-store operators when they first came to this province. These are the people trying to build a better life for their kids so that they can take advantage of the great society we have to offer. Another cost to running their business will force these hard-working families to work even longer hours themselves, taking them away from families and reducing their qualities of life.

I also fear that it may be the last straw for many of our c-store operators, who have seen their margins eroded by a steady schedule of regulations and taxes. With more operators being forced to close their businesses, these folks and their families will wind up on social assistance programs that will end up costing the government a great deal more.

While I respect the decision to tackle the pension problem, I implore this committee to use this opportunity to consider the small business sector in this province.

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

Mr. Dave Bryans: Specifically, I would encourage this government to explore thresholds that would allow c-stores to continue to operate and hire, as they have been. In doing so, you will also be allowing young people to put everything they make into education, and ultimately getting higher-paying jobs where retirement savings will accumulate a lot faster for them.

My members understand the importance of saving for retirement and agree that the government has a role in helping people do that. My only advice is that this be done in a way that it does not sacrifice one of Ontario's largest employers: the small business convenience stores.

In closing, I ask the committee to review all costs to small businesses and give Ontario's small business tax breaks to offset any future pension costs. As well, may I recommend to move the threshold from $3,500 to $20,000, allowing our channel to maintain part-time workers and students.

I thank you for your time.

The Chair (Mr. Peter Tabuns): Thank you, Mr. Bryans. We go to the government. Ms. McGarry.

Mrs. Kathryn McGarry: Thank you, Chair.

Thank you very much for coming in, for your presentation today, and thanks for partnering with government. When there are issues that are important to all Ontarians that affect certainly the convenience store operators, I know that everyone appreciates the feedback that your organization is able to give out.

It's a very important subject to all Ontarians. Certainly a lot of the issues that we're seeing with those folks that have not been able to save for their retirement, who haven't got enough funds to retire on right now, do affect everything. It does affect us as a society, because those who aren't able to sustain themselves or care for themselves end up on social programs that we all end up paying into. I think that that's an important point to make. It's incumbent upon all of us to look after those who end up in a place where they don't have enough retirement funds.

I know that our government has done a lot of consultation, and I know that in order to offset some of the issues that business is facing, one of the things that they have decided to do is to introduce the ORPP in 2017, at a time when the federal government is expected to reduce EI premiums. That should help offset some of the costs.

I also wanted to point out, too, that in phasing in and implementing the ORPP, the large employers will be enrolling first and contribution rates will be phased in over two years so that it gives businesses, especially small businesses and family-owned stores, time to accommodate.

1710

I do want to point out again that 60% of Ontarians working today have no workplace pension plans—

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

Mrs. Kathryn McGarry: So when you're looking at the cost to society, it really is an issue, but it would also affect the convenience stores. My question would be: How would decreased consumption among a large group of seniors who haven't saved enough impact economically on Ontario convenience stores? Or put another way, how might a secure retirement for Ontarians economically benefit Ontario's convenience stores?

Mr. Dave Bryans: Interesting question, and I thank you for all your points and thank you for the considerations. I know that in those meetings I've heard that. But the bottom line is, it will cost jobs, and that's what my message is today. I can't forecast what seniors are going to do with their pension; thank you to the federal government for reducing UIC. But my whole point to everybody today is and will always be that if you set it at $3,500 it will cost part-time workers their jobs. Students will not be working in our channel; our members will work longer.

The Chair (Mr. Peter Tabuns): Mr. Bryans, I apologize. Your time is up. We'll go to the official opposition. Ms. Munro?

Mrs. Julia Munro: Thank you very much for coming here today. You talked about some of the issues around Bill 56, so I would just ask you: Do you support Bill 56?

Mr. Dave Bryans: Let's put it this way: I support the direction it's going; I'm just asking to make some adjustments to it. I believe people should have pensions in Ontario, I believe my children should and I believe new Canadians should. But I also believe that at the $3,500 threshold you're going to cost a lot of young people their jobs, including summer students. That's a sad statement I have to make on behalf of our members, because most of them are new Canadians and they'll just work, instead of 12 hours, 13 hours, and they will let those people go.

There is a lot of good merit in having a long-term pension; I'm not opposing that, but I'm saying that there have to be some changes made to it.

Mrs. Julia Munro: Given Ontario's economy, do you think it's the right time to introduce this?

Mr. Dave Bryans: In our business, it's never the right time to introduce anything that's costing us more money because we can't seem to correct all of the small-margin issues we have. At this time, no, but if it's going forward in 2017, as has been explained by the member, as long as we can make some adjustments, you can be pretty sure I'll be standing and supporting everyone in this room.

Mrs. Julia Munro: Can the businesses afford a 3.8% increase to their bottom line?

Mr. Dave Bryans: No. Lottery is 6.5%, our biggest traffic generator, and now you have to give 3.8% of that up. I have a feeling some of them are going to have to close and those terminals removed.

Mrs. Julia Munro: Very important.

Mr. Dave Bryans: Yes, very simple. I'm not a mathematician, but I can tell you that we're working on very thin margins. Any other costs—the last minimum wage I supported did cost us a lot of money at one time, but now it's predictable.

Mrs. Julia Munro: Okay. Thank you.

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

Mrs. Gila Martow: I just wanted to ask if you would support this if it was just voluntary instead of saying, "At a higher salary; $20,000," because then I worry that if you have it at $20,000—if somebody is making $19,000, they'll just never make over $20,000. They'll keep them under $20,000 rather than have to invest in generations ahead.

Mr. Dave Bryans: That's a hard answer for me because I think a lot of our employees don't make $20,000 and I don't think many of them ever will because we are on a bigger part-time basis. I think the families that run the stores might relish the opportunity to contribute.

Mrs. Gila Martow: Yes, okay.

Mr. Dave Bryans: There is no magic wand to this. All I'm saying is that something should happen, but let's make sure we have a proper discussion, and I appreciate that.

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

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

Thank you for joining us here today at Queen's Park. Also, as you reminded us in your letter, we appreciate you having been involved in various consultation processes. It's important to bring all of the voices to the table.

I certainly remember growing up in a neighbourhood that had a convenience store. I spent every penny that I had there, back when pennies were things you could spend—simpler times.

I can only imagine how challenging it is to do business on a regular basis. I think we appreciate that there will be a change and a challenge. But as you said, people are trying to do more with less. I think we see that across the spectrum: that those who are trying to do more with less, as they're facing retirement or as they're in their working years—it's challenging across the board. That's a challenge for the government, to find ways to make it easier for all of us all the time.

However, I would actually like your input, while we've got you, on the phase-in and implementation part of this. While it's not inherent in this bill, we know that that's proposed. What are your thoughts on that?

Mr. Dave Bryans: The further out the better for us, no question, because it would allow us to adjust. Small businesses—I don't know how many will be left. As an example, in Ontario, we've lost 10% of all convenience stores over the last two years; about 1,000 have now closed. If you compare that to the United States, a very robust economy that seems to be doing well, last year they had 1.4% growth in total convenience stores in the United States. We're in dire straits here.

The longer and the further out, the better, and again, look at some exceptions that allow us to continue the employment of those young people. I had my first job experience, and many of your friends probably did, in a local convenience store.

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

Ms. Jennifer K. French: And as we've said, it seems, especially as we're in an uncertain, challenging economy, that it's never the right time to start a program, but there's no time like the present to start a positive initiative.

But you've given some thoughts on some of the design details, and so many of them have yet to be determined. We don't know what this will look like—we can guess—but you were talking about the thresholds, and you had an opinion on that, if you'd like to expand on that.

Mr. Dave Bryans: Most people would make somewhere between $7,000 and $20,000 working in the convenience sector part-time. If you were to put that at the $3,500 level like CPP—I'll just use that as an example—you'd probably eliminate a lot of jobs, because we would not hire those students. We just couldn't afford to pay 4%—2% to them and 2% to the fund—and families will make their own decisions.

The Chair (Mr. Peter Tabuns): I'm sorry to say that we've run out of time. We're going to have to go to the next speaker.

Mr. Dave Bryans: That's okay. Thanks, everyone.

PORTFOLIO MANAGEMENT ASSOCIATION OF CANADA

The Chair (Mr. Peter Tabuns): The Portfolio Management Association of Canada: Katie Walmsley. Ms. Walmsley, as you may have heard, you have five minutes to speak and nine minutes of questions, and I'll let you know when you're getting close to the end of the time. If you'd introduce yourself for Hansard.

Ms. Katie Walmsley: I will. Good afternoon. My name is Katie Walmsley, and I'm the president of the Portfolio Management Association of Canada. Joining me today is Tom Johnston, a former vice-chair of our board and also a former CEO of a large pension asset manager.

PMAC is comprised of over 200 firms that are primarily the major managers of assets for pension plans, both DC and DB, across Canada. Our comments today will focus on two key points: feedback on the current ORPP design and recommendations that the government basically focus their efforts on Bill 57, the PRPP, as the primary solution.

I'll start with ORPP. We strongly urge that the government consider expanding the definition of a comparable work plan to include defined contribution plans and group RRSPs.

Some stats on DC plans: 47.9% of all registered plans in Ontario in 2013 were DC plans. A Towers Watson global asset management study revealed that, in a 10-year period, DC plans have had an annual compound growth rate of 7%, compared to 4% for DB plans, and many DC plans have a mandatory contribution rate well in excess of the 1.9% contemplated by the ORPP.

If DC plans are not included, we believe that there are going to be many detrimental consequences for many employers in Ontario. I'll focus on two of these. The first is Ontario-only employers. They're going to need to conduct a thorough analysis if they have a DC plan, in terms of the additional layer of costs and whether they continue the DC plan or abandon them altogether. From the employee perspective, there is less choice with the DB plan, as the ORPP contemplates, versus a DC plan.

Multiple-province employers have the added complexity of dealing with the fact that they try to equalize benefits across Canada, and they're going to need to make a decision of whether they continue their DC plan, abandon it altogether or do some type of equalizing formula.

Other design issues, which I think other submissions have included: We suggest that there be further analysis on the strain on businesses and the public addition of the payroll deduction, particularly on low-income earners. We also believe that the introduction of the ORPP is going to tilt the balance of responsibility from individual savings to government, which is a concern.

In summary, it's PMAC's view that DC plans should be included in the comparable work plan definition, and at the very least, those plans that have the equal or more contribution rate of 1.9% should be considered a comparable plan.

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The second point I wanted to make today is suggesting that the government shift their focus to the PRPP as the primary solution. Why PRPPs? As I'm sure you're well aware, there has been a lot of conflicting research published in terms of how much of an under saving issue there is and different statistics on how big of a problem this is. If there's a common ground in these studies, I believe it's that there are specific segments of the population for which there is an undersaving issue. We believe the PRPP provides a more targeted solution to address that segment of the population, as opposed to the blanket solution ORPP provides.

There has been vast progress and national momentum with PRPPs. The majority of provinces have either passed or are on their way to passing legislation to see this new low-cost workplace saving plan adopted. If the government is concerned with uptake of PRPPs, I think there are two options. One is, it could be considered mandatory for employers that don't have some type of savings option.

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

Ms. Katie Walmsley: Thank you—and secondly, if the mandatory option is not considered desirable, introducing some type of tax incentives to encourage employers and employees to participate in a PRPP plan, which we've detailed in our written submission that I believe you've received.

In terms of time to implement, there's already well-developed infrastructure set up for PRPPs, which would make the time to implement and to start solving this problem much quicker.

Some concluding comments: We urge the government to reconsider the ORPP proposal and shift its focus to PRPPs as a lower-cost solution with flexible savings options that could be targeting Ontario residents where there are inadequate savings. We fear the ORPP is going to shift the responsibility too much towards the employer at a time when there are so many positive developments in financial literacy programs that have really moved Canadians forward in terms of taking personal responsibility.

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

We go first to the official opposition. Ms. Munro.

Mrs. Julia Munro: I appreciate your comments on the two issues that you've brought forward here today. The first question I would ask you: In the current form—since that's what we're looking at—do you support Bill 56?

Ms. Katie Walmsley: Not in its current form—our main criticism being the definition of comparable work plan excluding DC and group RRSP plans.

Mrs. Julia Munro: Is part of your concern the fact that this money that would be in the defined contribution category is privately managed? Is that the case at this point?

Ms. Katie Walmsley: No. Our membership manages money for CPP, for defined benefit pension plans, defined contribution plans, personal RRSPs, so we're sort of neutral in that respect.

Our main concern, I think, with ORPP is the fact that there's already Canadian growth and worldwide growth in DC plans that are in some respects comparable and a larger level of benefits than an ORPP would provide.

I don't know if, Tom, you want to add anything.

Mr. Tom Johnston: I would just add that with 47% of plans in Ontario as DCs, representing about 400,000 people—and that's a statistic from the consultation paper—against a universe of three million people that you'd like to bring into the ORPP, there's going to be a huge amount of upheaval.

DC plans, the Towers Watson study has shown, do work. There are some well-designed plans with very thoughtful target-date investment solutions.

We think that it's an unnecessary implication when there are plans that are working well. If there are individuals without plans, that's an area we can look at. But to roll back all the DC plans, you're going to have people potentially closing them down, selling assets. There will be all sorts of issues with FSCO filings and CRA, with pension adjustment revenues, and more importantly, the time to build up a new infrastructure. You can achieve the policy objectives through a PRPP.

Mrs. Julia Munro: Yes, I appreciate—

Mr. Tom Johnston: One other thing I guess I would note is that the paper does a very good job of trying to define the three pillars. Obviously, again, the GIS, OAS and the GAINS is pillar 1—

The Chair (Mr. Peter Tabuns): Sir, I'm sorry to say this, but you're out of time on this round of questioning. We go to Ms. French, the third party.

Ms. Jennifer K. French: Thank you very much for coming and presenting to us today at Queen's Park.

One of the things that you said most recently, that you can fulfill the policy objectives with the PRPPs: I wonder if PRPPs are going to be able to fulfill sort of the humanitarian side of it—maybe that's the wrong word, but the savings objectives and the stability objectives.

I know we have actually in the last couple of days, at hearings, talked about the pooled options. Of course, we know that with a regular pension, that's part of the appeal, the pooled nature of it, acknowledging PRPPs and group RSPs—that that might be a step in the right direction in terms of pooling assets and growth. I would certainly have concerns, though, that—do you not see a benefit to having the pool grow by having obligatory contributions by employers, whereas with the PRPPs it's on the backs of the employees only to contribute to these plans?

Mr. Tom Johnston: It's a good question that you raise. I guess it ultimately comes down, philosophically, to who has the responsibility to look after their retirement. In the broadest scheme of things, we have about $1.6 trillion in pensions in Canada. We have about $1.4 trillion in group RSPs and TFSAs that are growing by $70 billion a year with new contributions. But beyond that—and this is the point I was going to make before; it was not in the paper—there are pillar 4 and pillar 5 assets. So there is another $2.1 trillion of unregistered savings—

The Chair (Mr. Peter Tabuns): You have one million left—one million? One minute left.

Mr. Tom Johnston: —and another $3.6 trillion in non-financial assets, in terms of housing. I respect the question, but it really does come down to that.

There is a contention that if individuals save and utilize the savings plans that are available federally and they contribute, themselves, into a pooling vehicle, they will be able to meet retirement needs.

I would urge all the members of the provincial Parliament to read, and you probably have already, a really great paper put out by McKinsey; it has been done over a number of years. It has essentially looked at all of these pillars—not just pillars 1, 2 and 3, but 4 and 5—and it has basically concluded that 83%, or four out of five Canadians, are—

Ms. Jennifer K. French: Is that the one that they can maintain their current—

Mr. Tom Johnston: Can maintain their consumption level.

The Chair (Mr. Peter Tabuns): I'm sorry to say that your time is up and we have to go to the government for questions. Mr. Dhillon.

Mr. Vic Dhillon: Thank you very much. Your organization represents portfolio managers whose task it is to manage the money of people who I'm presuming are in a better income bracket and who know, or have a better knowledge of, the financial tools available to them: RSPs, TFSAs etc. But we know that the average worker for whom this bill is intended is not saving enough. There are billions of dollars in unused RRSP space.

Would you not agree that it's the government's moral obligation to take action to ensure that when these people retire, we have a plan in place for them to have reasonable financial retirement accommodation?

Ms. Katie Walmsley: I'll just clarify again who our membership is. Our membership manages money for pension plans, non-profit foundations and private individuals on every spectrum, including mutual funds. So we really are covering the full population, including managers of CPP.

In terms of the options available—and in our detailed paper we submitted a number of solutions which we think could also help achieve the government's objective. We believe the government does have a responsibility to ensure that Canadians have a certain minimum level of savings, be it from the T1, 2 or 3—

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

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Ms. Katie Walmsley: But I think some of that can be on a voluntary basis; some of that can be through more individual choice. We support PRPP because it does provide more individual choice. There are a number of other recommendations we suggest in terms of financial literacy programs and encouraging financial planning.

When I reviewed your consultation paper, some of the basic facts in there in terms of how much income Canadians need to retire—I'm sure there's a portion of the population that isn't aware of that and hasn't done that basic exercise—that kind of focus on education and literacy and the shared responsibility between government programs and individuals' responsibility.

Mr. Vic Dhillon: In your review, you mentioned the comparable work plan. I just wanted to state on the record that that was discussed only in the consultation process, and that is—

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

Thank you very much for your presentation today.

MS. DONNA MARX

The Chair (Mr. Peter Tabuns): We go to our next presenter: Donna Marx. Donna, can you speak up so I can hear that the connection is live?

Ms. Donna Marx: Yes. Donna.

The Chair (Mr. Peter Tabuns): You're there? Great.

Ms. Donna Marx: Yes.

The Chair (Mr. Peter Tabuns): Donna, you'll have five minutes to speak, and then there will be nine minutes of questions rotated through the parties. If you'd just state your name for Hansard, we'll go from there.

Ms. Donna Marx: Donna Marx. Wonderful.

Art Eggleton came to Guelph, and I heard what he said—no doubt you have too; he certainly studied this—and our friend Ryan Meili, I believe, who's an adviser expert at EvidenceNetwork.ca, a family physician in Saskatoon and founder of Upstream: Institute for a Healthy Society. I recommend that, certainly.

I started out with Canada Savings Bonds as a young person, but my husband got real sick on Port Colborne nickel oxide and died young with brain aneurysms. My second husband fell—I only found out recently—back in 1975: 55 feet.

There weren't provisions for widows and orphans at all. If you did go to the tribunal at 2 Bloor, there were three people on the tribunal—Jesus had 12. It was quite something to deal with them twice. Frank Adam Electric out of Burlington said, "Widows get nothing." So it creates real hardship.

I was working and going to university. If you're in public housing, you can get moved out very quickly if you're given your notice. It happened four times, and I left the apartments and townhouses in better shape than the day I moved in.

If you have dishonest employers—and I'm not going to say who, but they were paying a dime an hour. You can sell real estate without a licence for buildings that haven't been lived in because you don't have to title-search the deed. The employer would come in: "I sold it." So did a girl from Alberta. I didn't know what he was doing. It took me a few years to figure it out, but he'd take the order in, write it up, and we didn't even get our little 1% commission. There's no one to report these things to, so some people have real hardship.

My parents had been in business four times and profit-shared with people, and put all the ductwork in churches at Calvary United in Kitchener and so forth. My dad had a brain injury from a fire in South Porcupine in 1940. Then something terrible happened in 1978. I'm not going to go into it; a son was injured.

Some of us are supporting other people for years and years who have had nervous breakdowns, or even an abandoned grandchild. I'm so glad you were able to look after pension money for people down the road, but there's no leverage—for instance, if a person has a hardship fund, there isn't even $300 for people to move anymore. I was with social workers out of Waterloo and Orangeville recently, and there isn't even an emergency stipend for people who are the have-nots to move.

I want to get into business in entrepreneurial and innovative things, and I will, because I'm going to press forward till I succeed. I like to give back. But even then, it's very hard doing innovative things and entrepreneurial things. At an innovation centre, a chap might say, like when you're talking to Dragons' Den, "What is it?" I said, "I can't tell you unless I have a lawyer here, signatures and witnesses and things."

People aren't really listening. They're very, very often taking a step forward when they really shouldn't be at that particular time. I hope, with important things like health, because that has to do with our income—and if a person has an accident or an ouchie like I had because in Guelph we don't have an infrastructure, and somehow we don't have bylaws so you have wasps in the apple trees—got badly bitten. All our pavement is broken, including at the Homewood Health Centre, and nobody ever fixes it.

The Chair (Mr. Peter Tabuns): Ms. Marx, you have one minute left.

Ms. Donna Marx: So there's a lot of hardship. There has got to be some kind of hardship fund for the have-nots who are not using it in the wrong way.

Thanks very much. God bless you all, and happy Easter.

The Chair (Mr. Peter Tabuns): Thank you very much. We'll go to questions. The first question is to Ms. French, third party.

Ms. Jennifer K. French: Donna, thank you very much.

Ms. Donna Marx: Thank you. God bless you, and happy Easter.

The Chair (Mr. Peter Tabuns): Government, do you have any questions?

Donna, are you on the line? I don't think I have questions from the government. Do I have questions from the opposition?

Mrs. Gila Martow: Just happy Easter, and we wish her well.

The Chair (Mr. Peter Tabuns): Thank you very much, Donna. We appreciate your taking the time.

Ms. Donna Marx: Thank you so much. Bless you.

INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS

The Chair (Mr. Peter Tabuns): We'll go to our next presenter: the International Association of Machinists and Aerospace Workers; Louis Erlichman. Have a seat, Mr. Erlichman.

Mr. Erlichman, you have five minutes and then nine minutes of questions. I'll warn you when you're running out of time.

Mr. Louis Erlichman: Thank you for the opportunity to appear on behalf of the machinists' union, which represents over 10,000 members in Ontario.

I'm going to go right to the gist, I hope. It looks like I'm the last person you're listening to today.

The Chair (Mr. Peter Tabuns): You are.

Mr. Louis Erlichman: So you'll probably be happy if I am quick.

We've already made various representations on the ORPP to the government in various places.

This ORPP is happening because the federal government stood in the way of expansion of the CPP, for which there has been a strong provincial consensus. So it's kind of a second-best solution from the Ontario government, I guess from the government's point of view. Until we have a better federal government to deal with, the ORPP will have to do. For that reason, it's very important that the ORPP as closely as possible mirror the CPP so that when we do get improvements in the CPP, which we expect, it will be easier and possible to directly roll the ORPP into the CPP expansion.

Unfortunately, when the government introduced not this particular legislation but the ORPP concept in the budget last year, they included an opt-out provision for so-called comparable plans, which is fundamentally incompatible with the CPP model, which is essentially a universal mandatory plan. This is highly problematic.

First, there's no such thing as a comparable employer-based plan to social security. No private employer can match a public benefit for coverage, for security, for indexing or for costs. Social security is something the government does better.

Second, any kind of opt-out provision you put in adds whole extra levels of complexity and cost to the ORPP administration. A problem already in terms of the ORPP, because the federal government is being unco-operative, is that it's going to be an expensive thing to set up. It will not be able to fit into the CRA and various other mechanisms that are used for the CPP. This adds a whole other level of complexity if you have the opt-out.

The opt-out has the potential to undermine funding because you have the possibility of negative selection: The more expensive people opt in and the less expensive people opt out, which is problematic if you're trying to do your actuarial calculations in the long run.

Basically, the opt-out is a very bad idea. It may very well undermine CPP expansion. If it was supposed to be a gateway to CPP expansion, it may operate in the wrong way.

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I guess the objections raised, and reasons for the opt-out, are that there are these other workplace plans. In 1966, when the CPP was introduced, employers and workers adjusted. They integrated plans. In some cases, they shut plans down, which was unfortunate, but they integrated plans. There will be an opt-in timetable to do that.

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

Mr. Louis Erlichman: Basically, a universal, mandatory plan levels out the playing field. It covers all the workers. We've got a situation now where we have more and more workers, over longer and longer periods of time—sometimes an entire career—in contingent employment, and it's going to be really problematic to figure out how you might work them into a scheme that has opt-outs with employers and everything else. It's actually a better deal for small employers, who really have no hope of setting up any kind of useful plan on their own.

Basically, I think, in terms of Bill 56, our recommendation would be that you delete references to the comparable plan and the opt-out for a comparable plan. They're in a couple of places, which you probably know better than I do. That's my presentation. Thank you.

The Chair (Mr. Peter Tabuns): Okay. Thank you very much. First question goes to the government: Ms. McGarry.

Mrs. Kathryn McGarry: Thank you very much for coming in for your presentation today.

I represent the riding of Cambridge. We actually have a very large aerospace manufacturing sector in Cambridge, so these are the kinds of companies that have them. Com Dev, Héroux-Devtek, and a number of other different companies make up our manufacturing sector. So I appreciate your comments today.

I think you've been in the room long enough to hear that there is concern that 60% of Ontarians are not able to save for retirement. Many of the small companies and small business employers are not able to provide an employee pension plan in their own business. So this is a way that ensures that all of us are collectively ensuring that our family members and our employees and retirees are able to retire with dignity at the end of their work life. It also means that it sort of relieves some of the pressures that will be on our social programs if people have not put enough aside.

I know that you were talking about the CPP and how the ORPP is going to match up. Certainly, I just wanted to confirm with you that the Ontario Retirement Pension Plan is certainly modelled after, and will mirror, the way that the Canada Pension Plan has rolled out.

I also did want to point out, certainly, that our government's preferred approach is the CPP enhancement, but the government is moving forward with the Ontario Retirement Pension Plan because the federal government shut down all discussion regarding enhancing the CPP.

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

Mrs. Kathryn McGarry: I just wanted to ask you: In your sector, what trends are you seeing in the labour market when it comes to retirement security and what impact does it have on employees and employers now and in the future?

Mr. Louis Erlichman: Most of our members are members of workplace plans—in some cases, quite good workplace plans—so you could argue that the opt-out might be useful for them here. Frankly, they don't need it. They don't need the opt-out. The same way as they get good value out of the Canada Pension Plan, they would get good value out of a universal ORPP.

Employers are under pressure—it's difficult to maintain decent workplace plans. At Air Canada, we have gone, for new hires, from a defined benefit plan to a target benefit plan. It's difficult to maintain them. So we very much are in favour of a mandatory universal public benefit expansion.

The Chair (Mr. Peter Tabuns): Mr. Erlichman, you've run out of time.

To the official opposition: Ms. Martow?

Mrs. Gila Martow: You go first.

The Chair (Mr. Peter Tabuns): Oh, Ms. Munro first.

Mrs. Julia Munro: You just mentioned the fact that your membership doesn't actually need this piece of legislation, in terms of—

Mr. Louis Erlichman: No, actually, I'm sorry. What I meant to say was, they don't need an opt-out. At Air Canada or wherever, where they have a decent pension plan, they can integrate into an expanded ORPP, as they could to an expanded Canada Pension Plan.

Mrs. Gila Martow: Right. Would you say that the existing plans they have are, in general, better than this plan that's being proposed? Which way would workers have a better pension?

Mr. Louis Erlichman: Well, there's a problem. As I said, there's really no comparable plan. There's nothing. We are the largest union at Air Canada. Air Canada has a good pension plan. They don't have the security that a public pension—ORPP or CPP—would provide. They don't have the indexing that ORPP or CPP would provide. So even in those very good plans, there really isn't comparability. We have problems holding onto them, frankly. Unionized workers in this country, in Ontario, are the exception. The majority of unionized workers are on pension plans. A very large majority of non-unionized workers are not in pension plans. Frankly, non-unionized workers who are not senior executives don't have pension plans.

Mrs. Gila Martow: Well, what we're hearing—maybe you could tell me if you agree or not—is that the majority of people are saving for their retirement or have a pension plan, and, actually, a lot of the pension plans that people have are better than this pension plan, and their company has no intention of keeping both plans, so they're going to be trading a better pension plan for a lesser pension plan with lower contributions.

There are a lot of self-employed people that this will not apply to. There's that big segment of the population that we're not addressing.

Mr. Louis Erlichman: The problem with self-employed—

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

Mr. Louis Erlichman: —the federal government has basically refused to co-operate here. The self-employed are covered under the Canada Pension Plan, but this current federal government has refused to co-operate to allow the self-employed to be covered under the ORPP. That is certainly a problem, and that's nothing, presumably, that this current government here can do anything about.

Mrs. Gila Martow: I can't speak on behalf of my counterparts in the federal government.

I've been here for a year now—I was an optometrist with quite a bit of staff, managing a clinic—and every single portfolio that I've had the pleasure of looking through has been completely mismanaged. From the gas plants to eHealth—I implemented e-health in my clinic, and I can tell you that it's not rocket science, so—

The Chair (Mr. Peter Tabuns): Excuse me, Ms. Martow, you are out of time, as much as I like the line you were taking.

Laughter.

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

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

Interjection: I wish I could laugh too.

Ms. Jennifer K. French: Well, I was just going to say that I don't think that scandal and mismanagement is a laughing matter.

I will move on to this piece. I'm pleased to have you here.

I appreciate what you're saying: that as we move forward with the design, this should be a mandatory and universal plan. Just so I'm clear: Your recommendation was to remove the exemption clause or the option.

Interestingly, we've been hearing from various businesses as well as from labour and from those with solid pension plans arguing for the same thing: that people shouldn't be exempt. Some of the business community is recognizing that it puts them at a disadvantage. Some are exempt and some aren't. It's interesting that their voices are heading in the same direction there.

As you said, there really is no comparable plan, but even those plans that are the most solid or would provide the most significant benefit to full-time employees who've been in the plan for a long time—can you maybe speak about individual situations and if it's important for them to be included?

Mr. Louis Erlichman: I guess when you talk about getting into this comparable plan issue, it's about an employer having a comparable plan. It doesn't mean that everybody who works for that employer is in fact in that comparable plan and earning a comparable benefit. There are a lot of employers that have different plans to cover different people in different ways. Leaving aside the whole complexity question, people are going to fall through the gaps if you do allow this thing to happen.

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

Mr. Louis Erlichman: The law allows up to two years for a member, for an employee to—an employer can keep an employee from commencing participation in a pension plan for up to two years. An employer may have what's deemed a comparable plan, but actually people working there are not participating, are not earning a benefit from the comparable plan. Leaving aside complexity issues, there are all kinds of gaps. You don't have the universality that you have in a universal plan like the CPP.

Ms. Jennifer K. French: As you said about complexity and logistically tracking people through their various careers and whatnot—it sounds challenging, but is there also going to be a cost associated with exempting, or some plans being exempt and others not?

Mr. Louis Erlichman: Obviously, just the gaps—the regulators from across the country are meeting here in Toronto this week, and they're complaining about—I mean, they don't have the resources to do what they do right now, let alone trying to add on something like this.

The Chair (Mr. Peter Tabuns): Thank you, Mr. Erlichman. We've come to the end of the time.

Colleagues, those are all the presenters for the day. This committee stands adjourned until 2 p.m. next Monday, March 30, 2015.

The committee adjourned at 1750.

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