Contribution from Canadian Pensioners

Concerns to the U.N. Committee on Economic, Social and Cultural Rights

Socio Economic Inequalities

A.. Growing economic gap between the income level of older seniors and the rest of the population

Statistics Canada has reported that the inflation rate for seniors is higher than it is for the non-senior population. This reflects the way they spend different proportions of their budgets on items than do other households. What is significant about this is that ": How far seniors stray from the broader consumer price index is important because the CPI is used to index old-age pensions." [1] Older households spent more of their income on personal consumption and income tax in 2003 than in 1982. As a result, their savings fell from 13 cents per dollar to 4 cents. They also spent more on health in 2003 than in 1982.

Richard Shillington in a study done for the CD Howe Institute documented "how programs intended to raise the living standards of the less well- off elderly end up subjecting their recipients to very high effective marginal tax rates—sometimes over 100 percent. Clawbacks—such as the 50 percent reduction rate that applies to Guaranteed Income Supplement (GIS) benefits and to various provincial top-ups to the GIS—can reduce seniors' incomes by a full dollar for every dollar of income they receive from their retirement savings. For seniors who receive dividend income, each dollar of income from retirement savings can trigger a clawback exceeding one dollar. Even for seniors outside the range of 100 percent clawbacks, the stacking of income taxes on top of GIS reduction rates typically produces effective tax rates that are higher in retirement than they were during working life. For many of these people, saving in a pension plan or RRSP is a mistake." [2]Despite news stories about this situation and debates in the Parliament, this situation continues

Those receiving all of their income from government transfers spent most of their consumption dollar on shelter and food. As households age, their economic situation changes. In both 1982 and 2003, three-quarters of households in the 55-to-64 group had employment earnings, accounting for more than 70% of their income. For those in the 75-plus group, government transfers and pensions became more prevalent; these accounted for 59% of income in 1982 and 80% in 2003[3].Therefore, seniors who are dependent on the Federal old age pensions, Old Age Security (OAS) and GIS and Provincial income supplements are automatically falling behind in terms of income levels. It is important to note that workplace defined pension plans are disappearing and thus future generations of seniors will be even more dependent on government/income tax funded pensions and supports. The National Advisory Council on Aging has pointed out in their recent Report *Aging in Poverty in Canada* 2005 (part of their continuing study of seniors on the Margins) that proportionally fewer immigrants, and particularly visible minority immigrants contribute to a private pension plan.(p 13)

It is well documented in Statistics Canada reports that single unattached older persons, over 80, and particularly single unattached older women, are most likely to fall into poverty (living below the Low Income Cut-Off(LICO). There are a significant percentage of seniors (19%) who are living just above the LICO and are thus ineligible for income-tested government programs. Further more, The National Advisory Council on Aging noted that studies have shown that the gap between seniors' incomes and those of other Canadians has been growing since the 1990s. This has primarily occurred as the Canada Pension Plan (CPP) and Quebec Pension Plan (QPP) have matured and eligible seniors have received those benefits. Thus the gap now reflects other factors such as gender, living alone,

1.The Daily, May 17, 2005, Statistics Canada

[2] CD Howe Institute Communique, September 30, 1999.

[3] Statistics Canada Labour Review

marriage breakdown, marginal work force employment, disability etc. Government plans such as OAS, GIS and Provincial supplemental plans are all subject to high tax clawbacks as noted above.

B. **Younger seniors (aged 60-64) and eligibility for social assistance**

Younger seniors, those between the ages of 60-64 are increasingly in trouble if they have lost their employment. In Ontario, for example, prior to 1995, these workers would have been deemed to be unemployable and thus eligible for the Ontario Disabilities Support Program – giving them a monthly income of $958 up to the age of 65 when they would become eligible for Federal and Provincial Programs of income support for the elderly. When the Harris government came to power in 1995, they changed the law so that people were now considered employable right up until the age of 65. This meant that people over 60 with no income, had to go on the Ontario Works program support and live on $520 per month, right up until their 65th birthday. And this is how the law still stands today. [4]This is clearly unfair and is forcing these unemployable workers to live in deep poverty.

C. Housing

UN Principles for Older Persons: "6.Older persons should be able to reside at home for as long as possible."

All Canadians with low income are vulnerable to shortages of affordable, safe and secure housing. With governments moving out of the financing of social housing in the 1990s, seniors were among those low income Canadians caught in the lack of access to such housing. Those on government pensions and income support programs which are increased below the cost of inflation are particularly vulnerable.

For example: In Toronto, Ontario, in 2003 there were 12600 seniors on the waiting list for social housing. There were approximately 400 seniors living in shelters. The waiting list for "rent geared to income" housing for seniors is 10 to 12 years. The withdrawal, in recent years, of federal and provincial financial support for social housing, coupled with the continuing rise in general rents, low vacancy rates, growing numbers of evictions of low income tenants have all contributed to the financial hardship of seniors.

Seniors with some chronic disabilities are in need of supportive housing – housing which provides the help they need to be able to function in society while being able to retain their independence. This housing is in desperately short supply as provincial governments have tended to rely on the private for profit sector to build such units putting them beyond the reach of low income seniors. These privately run institutions tend not to be properly regulated or inspected. Seniors are put at risk with no one in government apparently caring.

Canada does not have a national Housing Strategy. Currently there is not enough affordable or supportive housing available to seniors that would allow them to stay in their own homes as long as possible, rather than be institutionalized. Most seniors would prefer to stay in their own home, with appropriate services. Frequently their health deteriorates when moved from familiar surroundings. Health and Housing are inter-related needs.

D. Health Care

[4] Take Our Seniors off Welfare Campaign, Fall 2005

UN :Principles for Older persons: “11.Older persons should have access to health care to help them to maintain or regain the optimum level of physical, mental and emotional well-being and to prevent or delay the onset of illness.”

1. Hospital/ Institutional Care

Seniors are increasingly seen as a burden to society and thus seniors and their needs are increasingly pushed to the back of the line in terms of services, responsiveness and appropriate levels of care. The publicly financed and run health care systems have focused increasingly on the acute care patient and their needs with far less effort and funding going to those with chronic needs. In some provinces long term care beds have been closed and seniors requiring such accommodation have had to move away from their families and social support networks. Hospitals have tended to view seniors as “bed blockers” and, despite the regulations, are forcing them out of hospital into the first available chronic or long term care bed wherever it maybe located – again, depriving the senior of access to family and their own community support network.

Geriatric services are in desperately short supply across the country and medical schools are not given the financial support needed to attract new students and to provide new services. Furthermore, the funding of geriatric specialists is so low that new medical students are not prepared to enter a field which lacks economic and structural support.

Prescription drugs have become an increasing burden to seniors as provincially funded programs are all charging seniors “co-payments”. This has meant that many are required to balance the need for medications against the need for rent, food and utilities. There is a prevailing myth in society that seniors are “well off” and that a few hundred dollars in co-payments is not a significant burden. Statistics Canada data show this is not the case – as we have shown above.

2. Home Care

As the delivery of the health cure system in hospitals has changed to pushing patients out of hospital “quicker and sicker” this has impacted the provision of home care. Dr. Jane Aronson in her paper *Silenced Complaints, Suppressed Expectations: The Cumulative Impacts Of Home Care Rationing, 2004* carefully documented the severe impact this has had on seniors wanting to remain at home and living with chronic or disability needs. This is a longitudinal study of a limited number of people living in Ontario and whose needs became marginal in respect to the priorities of the provincially mandated organizations responsible for providing for their care needs. (Community Care Access Centres) The seniors were lucky if they received one bath a week; they ere lucky if the care giver/worker was the same person from one week to the next; they were lucky if the care giver/worker understood their needs or had the time to meet them. The workers tended to be new immigrants to the country, were under paid and not well trained. They tended to move on to other work when the opportunity presented itself. Thus the recipient of care could not count on consistency of worker support or quality of worker support let alone the amount of support. Nothing is being done to change this situation at this time.

In home care, for- profit providers of service have taken over and the level of wages for those workers have tended to drop. This has driven out many of the not- for- profit agencies that were community based and committed to provide quality and consistency of service. One should note that the majority of chronic care recipients tend to be female, the workers are female and the pay levels are low for those workers.

Seniors do not want to be institutionalized, they want to remain in their own homes and community for as long as they can. The loss of home care has put many at risk of losing their independence and

being moved into institutions against their will. Sometimes this may be necessary, but unfortunately, Canada has a poor record among the OECD countries for the over institutionalization of its elderly.

3. Pharmacare

There is no national plan for the financial coverage of the cost of prescription drugs for seniors. The amount of coverage and list of drugs varies with each provincial plan. In provinces that require co-payments many seniors find the charges excessive. Seniors frequently find that drugs that have been prescribed for them by their physician are not covered by their provincial plan and must be paid for by the senior. Someone who has an adverse reaction to the drug listed on their provincial plan for their condition may find that the variant that is safe for them is not listed and is unaffordable.

In their 2003 Report, The Daily Bread Food Bank in Toronto noted that 40% of seniors relying on food banks because of insufficient income to pay for rent, other necessities and food, had difficulty paying for their required prescription drugs. 27% of these seniors chose not to take the drugs because they could not afford them. (Persons 60 years or older comprised 10% of the food bank users that year.)

4. Dental Care

There is no national dental care program. Many private dental care plans have a cut-off age of 65 leaving poorer seniors unable to have this care at a stage of life that it becomes more and more essential for good digestion and hence good health.

Publicly funded dental clinics have been reduced in some provinces and often preventive care is non-existent.

5. Long Term Care

The National Advisory Council on Aging recommends that accommodation rates for residents of Long Term Care establishments not exceed current market prices for similar room and board services in local communities. Standards need to be developed with guarantees that Long Term Care establishments provide positive support and comfortable services for their elderly residents regardless of the income level of the resident.