Statement – OEWG13

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Presentation of Réseau FADOQ

Réseau FADOQ is an association of more than 525,000 members aged 50 and over. The main goal of Marie-Ange Bouchard, founder of FADOQ over 50 years ago, was to reduce seniors' isolation by providing them with diverse recreational, sports, and cultural activities.

Today, another of our priorities is to press political bodies to maintain and enhance seniors' quality of life, now and in the future. We provide assistance and expertise to encourage different levels of government to make judicious choices that take into account Québec's demographic situation, namely, that Québec's population is aging faster than most Western societies.

Réseau FADOQ takes every occasion to raise awareness and make the voices of seniors heard and taken into account, especially on political issues. Although population aging is a fact, we believe that it is not useful to approach it from a pessimistic perspective.

It is essential, however, that governments seriously examine the impacts of an aging population. We at Réseau FADOQ believe that we must develop proactive and innovative solutions to move society forward on addressing population aging.

The right to health and access to health care

In Canada, access to health care is mostly free under the 1985 *Canada Health Act*. This law does not cover dental care and expenses for the purchase of medication, however, so Canadians are left to cover these significant costs themselves.

Although the law governing it is federal, health care is a provincial and territorial responsibility. In our current health care system, seniors are not being adequately cared for. Future long-term care needs have not been assessed in nearly 15 years. Quebec is currently in catch-up mode regarding the investments needed to care for and house people with severe loss of autonomy. We are observing deficiencies in the organization of medical care in residential settings, shortcomings in monitoring and quality assurance systems, insufficient staffing, and inadequate supervision of personnel.

A 2018 report indicated that living conditions in nursing homes were tantamount to abuse. The report stated that only basic needs were being met in many nursing homes, and that services such as weekly baths and oral hygiene care were frequently postponed. The shortcomings are still evident today: exhaustion of nursing staff, dilapidated facilities, and lack of staff training.

Quebec currently spends 1.3% of its GDP on long-term home care for seniors, which is well below the OECD average of 1.7%. Several countries with a social safety net similar to Quebec's are making larger investments: France, 1.9% of GDP, Denmark, 2.5%, and the Netherlands, 3.7%.

The result of this dearth of home care is the privatization of health care. Without access to adequate home care services, many seniors are forced to turn to private seniors' residences (PSRs). These private companies are growing in importance in the private rental market in Quebec. In Quebec, 18.4% of people aged 75 and over have opted to live in a private seniors residence, while in other Canadian provinces, this rate does not exceed 6.1%.

Another worrying factor is that requests for medical assistance in dying are constantly increasing in Quebec and Canada, while the delivery of palliative care services is falling short.

One might easily blame the provinces and territories for the state of health care, but the Government of Canada shares responsibility for this situation because health care funding is inadequate.

In 2018-2019, the federal transfer of health care funding (Canada Health Transfer or CHT) totaled $38.5 billion, while total spending by Canada's provinces and territories amounted to $174.5 billion. Provincial and territorial health care funding consumes 40% of provincial and territorial budgets while the Canadian government funds only 22% of these expenditures.

The impact of population aging on public health care costs must also be noted. It costs approximately $12,000 per year to care for a senior compared to $2,700 per year for the rest of the population. In Canada, over the next 10 years, 5.1 million Canadians will reach age 65. This will result in a $93 billion increase in health spending in the provinces and territories over the next decade, or 1.8% of their total spending due solely to this situation.

Since 2020, all provinces and territories have been pressing the federal government to increase health transfers. Réseau FADOQ is also calling on the federal government to begin a historic catch-up on health care funding through the Canada Health Transfer. When the *Canada Health Act* was introduced, the federal share of health care funding was 50%.

Recently, the Government of Canada made an offer to the provinces and territories. First, it proposed that the Canada Health Transfer be indexed at 5% annually, which is good news. However, the additional funding proposed by the Canadian government represents less than 20% of provincial and territorial requests.

Social inclusion

In 1982, Canada adopted the Canadian Charter of Rights and Freedoms.

Section 15 of the Charter states, "Every individual is equal before and under the law and has the right to equal protection and equal benefit of the law without discrimination and, in particular, without discrimination based on race, national or ethnic origin, color, religion, sex, age or mental or physical disability."

The Charter makes it clear that all persons in Canada—regardless of race, religion, national or ethnic origin, color, sex, age or mental or physical disability—are to be treated with equal respect, dignity and consideration. Therefore, laws and government programs must not be discriminatory.

Yet, these provisions do not ensure a total absence of age discrimination or manifestations of ageism. Older job seekers face specific challenges. Many experienced workers are victims of ageism and government programs to retain or reintegrate experienced workers into employment are rare.

Experienced workers benefit less from continuing education, and taxation hinders phased retirement. All of these things make older unemployed people more pessimistic about their job prospects. Statistics show that official unemployment and long-term unemployment rates increase with age, pointing to the mounting problems workers face as they approach the legal retirement age. What's more, these rates do not take into account individuals who leave the workforce by taking early retirement after being unable to find a job.

Financial security

In 2018, the Government of Canada announced that the Market Basket Measure (MBM) would be used as the official poverty line in Canada.

The MBM is a measure of low income that is based on the cost of a basket of goods and services required by individuals and families to meet their basic needs and achieve a modest standard of living. Wherever they live in the country, if individuals and families cannot afford to buy the market basket in their community, then they are considered to be living below the poverty line in Canada.

In 2022, MBM thresholds ranged from $20,796 to $22,382 for a single person, depending on where they live. Certain elements essential to well-being, however, are not included in the calculation of the MBM. This includes dental care, vision care, and the purchase of medications. These are significant expenses for many seniors.

In Quebec and Canada, there are three tiers of retirement benefits. The first tier is the federal Old Age Security program, the universal component of the Canadian and Quebec retirement system. Through its taxes, the federal government provides a universal pension to all seniors over 65, whether or not they worked during their working lives. The Guaranteed Income Supplement is added to this amount for those with the lowest incomes.

The second tier is the Quebec Pension Plan (or CPP in the rest of Canada), a mandatory public plan funded equally by employees and employers.

The third tier includes all sources of private income, whether from a supplemental pension plan or from personal savings accumulated during working life.

A replacement rate of 70% is generally considered to be the target retirement income. CPP and QPP replace approximately 25% of pre-retirement income. The universal plan replaces approximately 15% of pre-retirement income.

Two conclusions can be drawn from this. One, the Canadian universal plan replaces a small proportion of pre-retirement income; and, two, supplementary plans and personal savings are vitally important to ensuring a retirement income that approaches the 70% replacement rate.

Moreover, the indexation of the Old Age Security program is based on the consumer price index, meaning that this program will become less and less significant in replacing pre-retirement income. Since wages are rising faster than the CPI by about one percentage point per year, in the future, the federal program will play a reduced role in the level of income replacement.

In 2015, Canada spent 4.7% of its GDP on pensions and survivor benefits, compared to an average of 8% for OECD countries. By 2050, Canada's public pension spending is projected to be about 6.9% of GDP, compared to about 9.4% for the OECD average. This leaves room for Canada to enhance the Old Age Security program.