



National Association
of Federal Retirees

Association nationale
des retraités fédéraux

Pre-Budget Consultations in Advance of the 2024 Federal Budget

Submitted by the National Association of Federal Retirees

Recommendations

The National Association of Federal Retirees is the largest national advocacy organization representing active and retired members of the federal public service, Canadian Armed Forces, Royal Canadian Mounted Police and retired federally appointed judges, as well as their partners and survivors. Federal Retirees has advocated on behalf of our members and all retirees since 1963. In collaboration with our volunteers and close to 170,000 members from coast-to-coast, we continue to advocate for good policy that improves the lives of all Canadians in their retirement, and to protect our members' hard-earned pensions and benefits.

On behalf of its members, Federal Retirees submits the following recommendations to the Finance Committee, in its study and deliberations in advance of the 2024 federal budget:

- Recommendation 1: Protect the rights of older persons, commit to implementing long-term care standards and a national seniors strategy
- Recommendation 2: Finance and implement pharmacare
- Recommendation 3: Support caregivers
- Recommendation 4: Act on equitable outcomes for veterans
- Recommendation 5: Address Phoenix and repair retirees' broken trust
- Recommendation 6: Expand PSP Investments' board to include a pensioner representative
- Recommendation 7: Address federal retiree benefits
- Recommendation 8: Act on cost-of-living issues

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Commit to long-term care standards and a national seniors strategy

Seniors are currently the fastest growing segment of Canada's population. By 2030, 9.5 million Canadians will be older than 65 years of age, representing 23 per cent of the country's population.

It is time for Ottawa to stand up for healthy aging.

[A national senior's strategy would](#) ensure older Canadians get the care they need, when and where they need it, as well as relieve the pressure on the health care system and help control the increasing costs related to an aging population.

A [National Senior's Strategy](#) must be developed with provinces and territories, with dedicated funded and accountable goals, including improving the social determinants of health, building a continuum of care closer to home, planning and sustainable financing for the health care system, and solutions to address ageism, elder abuse and social isolation.

This requires a pivot from care in institutional settings, to services in homes and communities. Canadians want to age in place, for as long as possible, which is less costly and leads to better health outcomes and quality of life.

Ensuring Canada's seniors live healthy, happy, and active lives is not just the right thing to do; helping seniors continue to contribute is good for our communities and economies, too. But longstanding inconsistencies and gaps in Canada's social policies – especially visible throughout the pandemic – are barriers.

Some of the worst pandemic outcomes in Canada occurred in long-term care, and strong federal leadership is needed to [fix older adult care](#). Thousands of Canadian families witnessed the appalling conditions and treatment in long-term care settings, permitted by governments, before and during the pandemic, and experienced tragic losses as a result. Older Canadians and their families deserve and demand better.

The new national long-term care standards have been published, but voluntary standards are not enough to improve quality of care. The 2024 federal budget must deliver on the government's commitment to improve long-term care – specifically the Safe Long-Term Care Act and national standards, with implementation, funding, and accountability and enforcement measures.

The government can show leadership for older Canadians by supporting a United Nations Convention on the Rights of Older Persons which would combat ageism, protect human rights of older persons, guide policymaking, educate and empower, and improve accountability.

Finance and implement pharmacare

Reports have shown 7.5 million citizens – one in five Canadians – did not have prescription drug insurance or had [inadequate insurance to cover their medication needs](#). Almost one in four Canadian households have difficulty affording medicines, leading some to cut back on essentials, to borrow money, or medication nonadherence. This leads to a vicious cycle of poor health outcomes, additional costs, and strains on the health-care system.

A 2022 CIHI report shows Canada [spends as much on prescription drugs as it does on physicians](#). In 2019, Canadians spent over \$34 billion on prescription medications, one of the highest per-capita expenditures among developed countries. Canada currently spends nearly four times more than it did 20 years ago. No other aspect of health care has grown as quickly,

Canada's drug prices are the third highest among Organisation for Economic Co-operation and Development (OECD) countries.

Pharmacare is the most effective way to ensure consistent, equitable, and affordable access to prescription medication and to augment purchasing power to control costs for all Canadians.

The Liberal-NDP supply and confidence agreement prioritizes the implementation of national pharmacare, and Federal Retirees expects the government to fully deliver on these commitments before the end of the agreement in 2025. Time is running out.

Federal Retirees expects the government to pass the Canada Pharmacare Act by the end 2023. Pharmacare must be based on consensus principles and assure that no one ends up with less access or coverage to medications.

Budget 2024 must include meaningful investments toward the implementation of national pharmacare, including the development of a national formulary and a bulk purchasing plan.

Support caregivers

Most older adults report a preference to age in place, and informal caregivers have an essential role to make that happen. The importance of caregivers' work needs to be understood, recognized, and financially compensated.

In 2018, Statistics Canada reported that more than seven million Canadians aged fifteen and over were caregivers. About 1.5 million Canadians over age 65 provide care for a family member or friend suffering from a chronic illness, Alzheimer's, or dementia.

Fifty-four percent of caregivers are women, and sixty-four percent of the caregivers who spend more than 20 hours a week caregiving are women. Caregiving is unpaid and those who do this work are often faced with greater financial burdens and higher levels of stress.

Caregivers require support and deserve training, peer mentoring, financial compensation, and opportunities for respite.

The federal government currently provides a combined [Canada Caregiver Credit](#), which is a non-refundable credit to individuals caring for dependent relatives with disabilities. Federal Retirees urges this government to increase the value of this tax credit by making it refundable, and to invest in tools and programs to assist informal caregivers, especially those who are 65 years and older.

Action on equitable outcomes for veterans

Federal Retirees welcomed the 2023 budget's announcement of \$156.7 million over five years and \$14.4 million ongoing to help reduce the backlogs and support service delivery across

several programs and services. However, no details were given on how the department will ensure the funds are used to work towards equitable outcomes for all veterans.

Without sound data focused on veterans' needs, governments will continue to perpetuate harm for some groups of veterans, particularly women. Government leadership, dedicated funding, strategic coordination, and collaboration across departments and sectors are urgently needed to assure equity in military and veteran research and inform better decision-making.

Federal Retirees reiterates its previous recommendations for clear sex disaggregated data on claims (including the backlog) reported more often and transparently along with a systemic review, plan, and investments to find and remove the most significant barriers to fair treatment, equitable outcomes, and fair service delivery. A report in 2022 by the Office of the Veterans Ombudsman (OVO) identified [systemic unfairness for female veterans in decision-making processes](#). Federal Retirees supports the OVO's recommendations and their prompt implementation.

Federal retirees also supports' the [OVO's recommendations](#) on the Merlo Davidson Settlement, that highlighted the unfairness in the way VAC has reduced Disability Pensions for some Merlo Davidson class action settlements.

Address Phoenix and Repair Retirees' Broken Trust

In December 2022, Federal Retirees surveyed members about the Phoenix Pay System. Nearly 70 per cent of respondents said they experienced a problem.

Issues were wide ranging – the most common reported were regular pay (46% - either underpaid or overpaid) and severance not being paid out (38%). Other issues that were reported included issues with deductions (25%) and pension calculations (21%), acting pay (21%), and group insurance (4%). Just over a quarter of respondents (27%) reported being contacted to resolve an overpayment after retirement.

Many new retirees delayed or abandoned their retirement plans and replaced those plans and dreams with stress and anxiety. Some members had to leave the public service as they dealt with issues that were already difficult (compassionate care leave, leave related to critical illness, medical retirement, etc.) and found their stress compounded by a Phoenix issue, adding financial stress during one of the most difficult times of their lives.

It's been seven years. This is unacceptable. No other Canadian employer would be allowed to be so cavalier about compensation. The damage will take a long time to heal, but the government could begin repairing that relationship by addressing these issues rapidly and compassionately.

Address federal retiree benefits

Federal retirees count on their health care benefits earned as part of their years of public service to maintain health and well-being. The Pensioners' Dental Services Plan (PDSP) has not seen enhancement since it was created in 2001, and updates are needed. It is time for the

government to formally negotiate the PDSP with the National Association of Federal Retirees and earmark funding for plan enhancements.

The renewed Public Service Health Care Plan (PSHCP) changed physiotherapy coverage, reducing the benefit for those with profound needs to support chronic conditions or disability. Working with the PSHCP Partners Committee, the government must consider a mechanism to increase the annual maximum for physiotherapy, based on medical evidence and evaluation, for this small population of higher-need plan members.

Expand PSP Investments' Board to Include Pensioner Representative

In the 2022 federal budget, the government proposed to add two seats to the PSP Investments' board of directors for representatives of organized labour. In the 2023 budget, the government reiterated its intention to consult the federal bargaining agents in determining an appropriate process for the selection of these new members.

We applaud this decision as it gives a broader voice to those who contribute to PSP Investments. However, it ignores the voice of those who have contributed to the pension plan for the longest amount of time: retirees.

The Association urges the government to expand PSP Investments' board of directors to include a pensioner representative.

Action on Cost-of-Living Issues

With record inflation in the last two years, seniors have seen their purchasing power dwindle, particularly with substantial increases to rent, groceries, utilities, and medication. Rising prices have made things especially difficult for older adults on a fixed income. Over 2 million Canadians are in receipt of the Guaranteed Income Supplement, which means that their annual income is below \$20,832.

Increasing rents have been particularly difficult for older adults who don't own their own homes. Rent increased 9.6 per cent over 2022, and Statistics Canada reported that 49 per cent of senior renters in Canada are spending more than they can afford on their housing. The consequences of eviction are particularly stark for older adults who have medical and accessibility needs.

Unstable markets created significant stress for those with defined contribution pensions, while defined benefit pension plans continue to be the best source of guaranteed income for seniors. That is because defined benefit pensions often include indexation and other measures to protect seniors from the erosion of their earnings.

Research has found that defined benefit pension plans reduce the Guaranteed Income Supplement (GIS) by \$2-3 billion each year, eliminating a substantial financial commitment from the federal government.

It's time for this government to prioritize a strong policy environment for defined benefit pensions and address inefficiencies in retirement income savings, including fees and costs. This will

ensure that Canadian seniors, today and in the future, will be well-positioned to retire with security and to continue to contribute – economically and otherwise – to the communities they have helped build.