



National Association
of Federal Retirees

Association nationale
des retraités fédéraux

Pre-Budget Consultations in Advance of the 2023 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 for nearly 60 years on behalf of our members and all retirees. In collaboration with our volunteers and 165,000 members from coast-to-coast, we continue to advocate for good policy that improves the lives 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 2023 federal budget:

- Recommendation 1: Commit to long-term care standards and a national seniors strategy
- Recommendation 2: Invest in and implement pharmacare
- Recommendation 3: Support caregivers
- Recommendation 4: Action on equitable outcomes for veterans
- Recommendation 5: Resolve Phoenix issues fairly by the end of 2023
- Recommendation 6: Improve retirement security

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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, Canada will have 9.5 million Canadians older than 65 years of age which will represent 23 per cent of the country's population.

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

Making sure 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 inconsistencies and gaps in Canada's social policies – which have been especially visible throughout the pandemic – are barriers.

Some of the worst pandemic outcomes seen in Canada occurred in long-term care, and strong federal leadership is needed to [fix older adult care](#). While many may believe the pandemic is behind us, thousands of Canadian families witnessed the despicable conditions and treatment permitted by governments in long-term care settings leading up to and during the pandemic, and the tragic losses experienced as a result.

The work undertaken by the Health Standards Organization on draft national long-term care standards is commendable. The 2023 federal budget is the time for this government to deliver on its commitments, specifically the long-anticipated *Safe Long-Term Care Act* and for national long-term care standards with funding, accountability, and enforcement.

Finally, just as the federal government introduced a public health care system 50 years ago, Federal Retirees believes it is also time for Ottawa to stand up for healthy aging through a [National Seniors' Strategy](#). These must be developed with provinces and territories, with dedicated funding and accountable goals, including improving 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.

Invest in and implement pharmacare

Inflationary pressures have highlighted the need for changes to how Canada approaches prescription medication so that more Canadians can access the drugs they need.

Prior to the pandemic, about 7.5 million citizens – one in five Canadians – either 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 like food and heating, to borrow money, or to not take their medications as prescribed. This leads to a vicious cycle of poor health outcomes, additional costs, and strains on the health-care system.

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.

Furthermore, Canada's drug prices are the third highest among Organisation for Economic Co-operation and Development (OECD) countries and are approximately 25 percent above the OECD average. The price of generic drugs is 79 percent higher than the median prices in other OECD countries and more than four times higher than the best available prices.

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 confidence and supply agreement encouraged many Canadians who have waited far too long for national pharmacare. Federal Retirees is calling for meaningful investments in this budget to enable pharmacare's implementation, including passing the Canada Pharmacare Act by the end of 2023. Pharmacare must be based on the pharmacare consensus principles and assure that no one ends up with less access to or coverage for medications.

Support caregivers

Most older adults and individuals with chronic health conditions or disabilities report a preference to age in place, and informal caregivers help make that happen every day. Caregivers do not get the credit and recognition they deserve, and the importance of their work needs to be better 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 should be provided with 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 2022 budget investment of \$144 million over five years to expand the Canadian Armed Forces' health and fitness programs to be more responsive to women and gender-diverse military personnel. Better health services during service will mean better outcomes for 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.

Veteran women have long been underrepresented and underserved, and direct support options are important. Essentials include toll-free access to staff, a voice through effective and empowered advisory councils, and a return of the annual Women Veterans Forum as promised. Federal Retirees also recommends establishing an Office of Equity, an approach taken by the U.S. Department of Veterans Affairs, which also reports on health equity.

Veterans Affairs Canada took the positive step of [providing immediate coverage](#) for treatment of some mental health conditions. Federal Retirees supports the [OVO recommendations](#) to extend this access to all conditions, not only mental health, particularly given persistent backlogs and delayed decisions. The benefit should also include reservists; cover all service-related mental health conditions; reimburse for travel to mental health treatment; and extend access to veterans who reside outside Canada).

Finally, it is long past time for [veterans to have answers on government commitments on pension restrictions for some veterans and their survivors](#). Veterans have been promised it would be resolved for long enough. Budget 2023 is the time to define the issue, and ensure potential solutions are fair, equitable and support the long-term sustainability of hard-earned pensions for members and veterans of the Canadian Armed Forces and the RCMP.

Resolve Phoenix issues fairly in 2023

A 2018 survey found that 42 percent of new members of Federal Retirees (recent retirees) had suffered from a Phoenix issue in some form or another: overpayments, underpayments, unpaid severance, etc. Thousands of our members have been affected and have struggled with financial stress and uncertainty for years.

Unpaid severance remains one of the top issues affecting our members. In December 2020, the Treasury Board Secretariat indicated that there were 11,754 cases of overpayments for retired employees. In fall 2021, overpayment recoveries began to ramp up for pensioners. An access to information and privacy (ATIP) request by one of our members revealed 25,300 backlogged active termination cases as of April 2021 (the most recent data available), including 16,500 backlogged cases (open for more than 45 days past the service standard). Some of our members have been waiting for as long as six years to see their severance payments – money negotiated as part of their employment that remains unpaid.

The Association has received a flood of complaints regarding a lack of transparency in the recoveries process, the inability to properly appeal their case, repayment of overpayments from

issues arising over six years ago, and many being asked to repay gross amounts when they had received net amounts. One member said he had received \$14,000 from the government in 2017 and had set it aside, only to be told this year that he must repay \$22,000 – the gross amount.

Phoenix has hurt employees, retirees, and the government's credibility for long enough. Leaving compensation owed to employees and former employees unaddressed for so long would never be acceptable with any other employer. Federal Retirees is calling on this government to resolve Phoenix cases finally, and fairly, by the end of 2023.

Improve retirement security

With record inflation in 2022, seniors are seeing their purchasing power dwindle, particularly with substantial increases to food, transportation, and energy costs. It is especially difficult for older adults on a fixed income.

The government moved to increase OAS for seniors 75 and older, which was a welcome step, but by making the change age-based instead of needs-based, many seniors have fallen through the gap and find themselves having to return to work or finding other sources of income.

Canadians with defined contribution retirement plans saw declines in their expected investment returns as markets took severe downturns. If a member of a defined contribution plan was retiring, their pension was likely worth significantly less than it was only months ago.

Members of defined benefit plans were less affected, as these plans are less vulnerable to short-term market fluctuations. 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.