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STUDY ON THE FINANCIAL IMPLICATIONS AND REGIONAL CONSIDERATIONS OF THE AGING POPULATION

**NINETEENTH REPORT OF NATIONAL FINANCE COMMITTEE
AND REQUEST FOR GOVERNMENT RESPONSE ADOPTED**

Speech by:

The Honourable Diane Bellemare

Wednesday, April 25, 2018

THE SENATE

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[Translation]

STUDY ON THE FINANCIAL IMPLICATIONS AND REGIONAL CONSIDERATIONS OF THE AGING POPULATION

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RESPONSE ADOPTED

Hon. Diane Bellemare (Legislative Deputy to the Government Representative in the Senate): Esteemed colleagues, I rise today to tell you that I am ready to adopt the 19th report of the Standing Senate Committee on National Finance. I am speaking on my own behalf, not in my capacity as Legislative Deputy. I requested adjournment of the debate in my name because I am quite familiar with the subject of this study. I also wanted to take the time to read it closely before supporting it.

[English]

Let me start by thanking the committee for this concise report which is nevertheless full of significant information. In my view, the committee has been able to identify several financial issues related to the aging of the population and has put forward useful recommendations that deserve to be taken into account by the government.

The committee intends to continue its study of the financial and regional implications of the aging of the population.

[Translation]

I am sure you all know that the aging of the population is linked to two separate demographic phenomena.

The first is the baby boom that Canada and some of the provinces experienced after the Second World War. The baby boomer cohort, which includes a number of us, was something of an issue for governments in Canada when its members entered the labour force in the late 1960s. The boomers are now taking their leave and retiring en masse, which is creating labour shortages in several sectors of the economy.

The second issue relates to the aging of the workforce in general. With life expectancy increasing and the size of families shrinking since the 1950s, an aging workforce is inevitable. Every province and every developed country is experiencing this. As the finance committee report notes, and I quote:

. . . the median age in Canada will continue to increase: it went from 24.1 years in 1923 to 40.2 years in 2013, and is expected to be between 41.7 and 46.5 years in 2063.

It should also be noted that according to the calculations by the Institut de la statistique du Québec, based on Statistics Canada data, the average rate of natural increase of the working age

population — those aged between 15 and 65 — has been negative for Atlantic Canada since 2012. Simply put, the working age population in the Atlantic provinces is on the decline, in terms of absolute value. This is not the case in the other provinces, but the trend indicates that it could soon happen in Quebec.

These two phenomena combined have an impact on government spending, especially when it comes to health care and pension benefits. They can also have an impact on government revenues. If there is a decline in the working age population and workforce because of the aging population and productivity does not increase accordingly, national revenue and government revenue sources could diminish, unless of course we create robots to take the place of workers.

We therefore need to take this phenomenon seriously. As the committee's report points out, and I quote:

It is not the first time that the Senate has studied population aging. However, the Honourable Sharon Carstairs, who chaired the Special Committee on Aging from 2006 to 2009, explained that “little has changed” and that “we are woefully unprepared to deal with our aging society.”

[English]

Honourable colleagues, I would like to draw your attention now to the report's recommendations. Even though Senator Mockler has thoroughly explained the substance of the committee's recommendations, I would like to raise them once again with you:

RECOMMENDATION 1: That the Government of Canada develop, in collaboration with its provincial, territorial and Indigenous partners, a national seniors strategy in order to control spending growth while ensuring appropriate and accessible care.

RECOMMENDATION 2: That the Government of Canada continue to work with its provincial, territorial and Indigenous partners to put measures in place to enable seniors to remain at home while having access to support services, including those provided by caregivers.

RECOMMENDATION 3: That the Government of Canada, in collaboration with its provincial, territorial and Indigenous partners, put measures in place to increase labour force participation of underrepresented groups and to better match labour demand with labour supply in order to mitigate the negative impact of population aging on the economy and on the labour market.

RECOMMENDATION 4: That the Government of Canada consider the possibility of including demographic considerations when calculating federal transfers to ensure that all regions of the country have the resources to fulfill their responsibilities with respect to their aging populations.

Colleagues, have you noticed that three of these recommendations have something in common? Three of the four recommendations require the participation and collaboration of “provincial, territorial and Indigenous partners.” This is not insignificant. This may be why Sharon Carstairs said to the committee that nothing has changed since the Senate has done a committee report in the past.

[*Translation*]

Three of the four recommendations require the participation and collaboration of provincial, territorial and Indigenous partners. This is not insignificant.

The constitutional division of powers and responsibilities is a Canadian reality that we must deal with when it comes to sharing solutions to common, Canada-wide problems. Whether we are talking about labour programs, pension plans, the age of retirement or health-related issues, problem solving is a complex political exercise in Canada.

In other words, the issue of federal and provincial relations is a constant challenge in Canada that we can neither ignore nor underestimate. This is a question that is integral to the solution for many challenges Canadians are facing.

[*English*]

The issue of federal and provincial relations is a constant challenge in Canada that we can neither ignore nor underestimate. This is a question that is integral to the solution for many challenges that Canadians are facing.

[*Translation*]

I'm sure none of this is new to you. Furthermore, I feel certain that the Senate has a contribution to make in this area, because of its composition and constitutional mandate. An analysis of how other federations operate could be very useful for Canada. For example, Australia seems to be successfully carrying out workforce training and infrastructure initiatives involving all levels of government. Even the members of the European Union are collaborating on issues like labour and many others that concern multiple countries with very different realities.

I therefore invite you to consider the issue of federal-provincial relations, which could become the focus of a committee study or special study. In the meantime, I move that we adopt the report of the Standing Senate Committee on National Finance. Thank you.
