



CARP – 2017 ONTARIO PROVINCIAL PRE-BUDGET SUBMISSIONS

Summary

CARP is asking for immediate action in four critical areas: investor protection, reductions in hydro rates, caregiver support and increased homecare funding.

Investor Protection

Recent studies have demonstrated that Canadian investors are highly vulnerable to financial losses due to overconfidence, low financial literacy, blind trust in investment advisors and the search for high yields in a low interest environment.

CARP is calling for:

- a. A best interest standard that eliminates compensation-related conflicts of interest
- b. The elimination of embedded fees
- c. Legislation to enable self-regulatory agencies to collect fines owing.

Hydro Rates

Exorbitant hydro rates are proving unmanageable for many seniors on fixed incomes.

CARP is calling for:

- a. An immediate reduction in hydro rates for low-income seniors
- b. The elimination or reduction of peak charges, at least for low-income earners
- c. A progressive rate system that rewards those who conserve power while charging more to high energy users.

Caregiver Support

Unpaid caregivers, who contribute an estimated \$25 billion worth of care annually, are not receiving fair treatment.¹ They sacrifice so much and for too long we have failed to alleviate the burden they bear. With the number of seniors expected to double over the next 15 years².

¹ Canadian Public Health Association. (Winter 2015/2016). *Caregiver Burden Takes a Toll on Mental Health*. Located online at [www.cpha.ca/en/about/digest/39-4/11.aspx]

² McMaster University Health Forum. (November 2014). *Improving Care and Support for Unpaid Caregivers in Ontario*. McMaster Health Forum Citizen Brief. Located online at [https://www.mcmasterhealthforum.org/docs/default-source/Product-Documents/citizen-briefs/support-for-unpaid-caregivers-in-ontario-cb.pdf?sfvrsn=2]



CARP – 2017 ONTARIO PROVINCIAL PRE-BUDGET SUBMISSIONS

CARP is calling for:

- a. The introduction of a caregiver means-tested allowance of \$100 per week
- b. Increased funding for respite care

Homecare Funding

Canadians want to be at home rather than in hospital wherever possible. But right now access to homecare across the province is unequal and often insufficient.

CARP is calling for:

- a. Increased funding for homecare delivery
- b. Standardized reporting to highlight deficiencies and promote equitable services for all Ontarians



CARP – 2017 ONTARIO PROVINCIAL PRE-BUDGET SUBMISSIONS

Briefing Notes

CARP is asking for immediate action in four critical areas: investor protection, reductions in hydro rates, caregiver support and increased homecare funding.

Improve Investor Protection

A. A best interest standard that eliminates compensation-related conflicts of interest by putting investor returns above advisor remuneration

Right now 93% of CARP members polled believe that their advisors are legally required to put investors' interests first. But few financial advisors are subject to a best interest or fiduciary standard. In practical terms, this means advisors can recommend investment products that pay higher returns when equally suitable and lower cost alternatives are available.

As fees are one of the single most important predictors of investment performance over time, the lack of a best interest standard is hurting retirees in their pocketbooks.

CARP is calling for all jurisdictions to adopt a best interest standard.

B. The elimination of embedded fees

Too many CARP members are unaware of the fees they pay on their investments. Although the implementation of new rules known as CRM2 will improve transparency, embedded fees must be eliminated to ensure investors are empowered to act with full information.

C. Increase investor protection by ensuring fines levied against unscrupulous financial advisors can be collected

Fines are a critical tool to deter unethical behaviour, including embezzlement, buying or selling securities without a client's permission, and recommending high-risk investments to clients who are unable to tolerate losses. But a fine that cannot be collected is meaningless.

Unfortunately, The Investment Industry Regulatory Organization of Canada ("IIROC") does not have the tools it requires to collect these fines in Ontario. Advisors who have acted inappropriately are unlikely to pay fines via an honour system – that is why IIROC is currently owed close to \$20 million in unpaid fines in Ontario alone. IIROC's success rate for collecting fines in Ontario is a mere 12%.



CARP – 2017 ONTARIO PROVINCIAL PRE-BUDGET SUBMISSIONS

Ontario is lagging behind other provinces in this respect. Alberta and Quebec have already provided mechanisms for IIROC to collect fines. These provinces have collection rates roughly three times those in Ontario. Ontario should immediately pass legislation allowing IIROC to have the tools it needs to collect fines levied.

Restore Sanity to Hydro Rates

Ontarians pay more for Hydro than individuals in any other province. Hydro rates in Ontario have doubled over the past 10 years, despite an overall inflation rate of less than 2%. In fact, in the last year alone, hydro rates rose more than 15%. In 2015, approximately 60,000 residential customers were disconnected from hydro, albeit many for brief periods.

While rising electricity prices are problematic for many Ontarians, they are especially burdensome to those on fixed incomes. Over 72% of CARP members report being on a fixed income, and over 36% of our members have told us they simply cannot afford current hydro rates.

CARP calls upon the Provincial Government to take immediate steps to reduce hydro rates for seniors on fixed incomes who cannot afford to pay the current rates. The Provincial Government should explore a marginalized hydro rate similar to taxation – where the rate increases incrementally based on overall hydro usage. The current system of increased rates on-peak, when many retirees are home during the day, adversely impacts seniors.

Support Caregivers

A. Introduce a means-tested caregiver allowance

In Canada, only Nova Scotia provides direct compensation for informal caregivers. Other countries, like the United Kingdom and Australia, are doing much better. There is good reason to implement a monthly payment for informal caregivers. While expansion of the EI compassionate care benefits will benefit caregivers, it will only help those who require relatively short periods off work to provide care.

Many caregivers leave their jobs or reduce their hours. 10% of caregivers report having to leave the labour market due to the care they are providing. 15% have to reduce the hours they work. 70% of informal caregivers report providing out-of-pocket financial assistance to the individuals in their care. In fact, in 2006, Canadian caregivers spent an average of



CARP – 2017 ONTARIO PROVINCIAL PRE-BUDGET SUBMISSIONS

\$12.6 million on care-related, out-of-pocket expenditures.³ The reality is that informal caregivers make significant financial sacrifices. Canada benefits from this sacrifice to the tune of \$25 billion in saved healthcare costs. A modest, yet meaningful, financial payment to informal caregivers is deserved.

CARP calls upon the Ontario Provincial Government to implement a caregiver benefit, similar to that in place in Nova Scotia, at a minimum of \$400 per month for low-income caregivers providing at least 20 hours of assistance each week.

B. Increase Funding for Respite Care and Expand the Options Available for Respite

Many caregivers, particularly those who support loved ones with dementia, end up dying before the person receiving the care. The significant toll on caregivers can be reduced by ensuring quality respite care is available.

Respite care funding should focus on desired outcomes rather than pre-selected inputs. The goal of respite is to provide relief and rejuvenation to those providing unpaid care. There are many different ways to achieve that outcome – a break from care, support in caregiving in the home, education and training, etc.

CARP calls for increases in both the amount of respite care funding and in the variety of respite options available.

Increase Homecare Funding

Access to homecare is essential for Canadians to age in their communities safely, comfortably and independently. Unfortunately, many seniors spend long periods waiting for homecare due to insufficient coordination, substandard management and inadequate funding. The Federal Government has promised \$3 billion in federal health transfers that are earmarked for the provinces. An increase in funding is much needed, but an increase alone will not solve the problem. Ontario needs to ensure that the dollars are spent more efficiently so that we can ensure people can age at home for as long as possible.

³ Torjman, Sherri. (May 2015). *Policies in Support of Caregivers, 2012*. Statistics Canada Analytical Paper – Spotlight on Canadians: Results from the General Social Survey. Located online at [<http://www.statcan.gc.ca/pub/89-652-x/89-652-x2013001-eng.pdf>]