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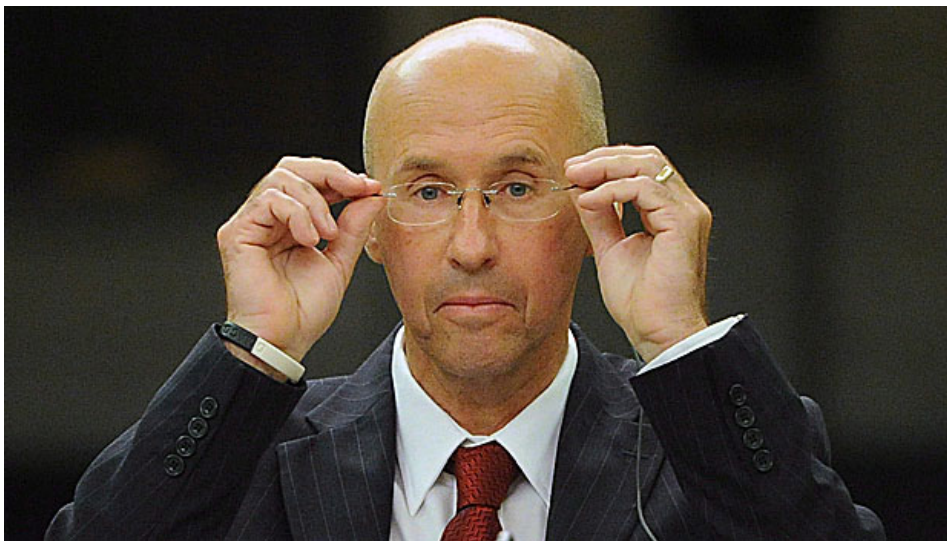
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Old Age Security affordable without changes, watchdog says

Parliamentary Budget Officer says no need to raise OAS eligibility age to 67 from 65

By Laura Payton, CBC News Posted: May 17, 2012 3:01 PM ET | Last Updated: May 17, 2012 3:44 PM ET



Canada can afford its Old Age Security system without making younger Canadians wait an extra two years to receive benefits, Parliamentary Budget Officer Kevin Page said in a report Thursday. (Sean Kilpatrick/Canadian Press)

Canada can afford its Old Age Security system without making younger Canadians wait an extra two years to receive benefits, Parliamentary Budget Officer Kevin Page insisted in a report Thursday.

Page first reported that on Jan. 12, 2011, but is repeating his assertion in a new report. Page wrote the report in response to questions from MPs on the House finance committee.

The Conservative government's move last December to limit the increase in health transfer payments to the provinces starting in 2016 — increasing the amount of money the federal government transfers every year but tying the increase to nominal GDP, which is projected to be lower than the current six per cent increases — means there's more room for spending or tax cuts, Page says.

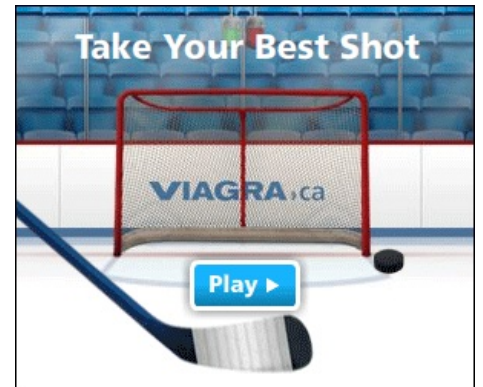
"The updated analysis indicated that as a result of the change to the [Canada Health Transfer]... the federal fiscal structure was sustainable and had sufficient room to absorb the cost pressures arising from the Old Age Security (OAS) program," Page's report says.

Prime Minister Stephen Harper, Finance Minister Jim Flaherty and Human Resources Minister Diane Finley have all argued that the eligibility age for OAS has to be increased to 67 years old from 65. That change is set to happen gradually, starting in 2023.

Page, however, says the government will be able to afford OAS for everyone starting at age 65.

"While there may be other policy rationales for changing the OAS program, PBO's analysis indicates that the program itself is financially

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Securing an estimate on the Old Age Security change

by Laura Payton May 18, 2012 6:21 PM

The headline may look like five-day old news, but it's taken that long to get confirmation of a number Finance Minister Jim Flaherty referred to earlier this week.

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sustainable over the long term within the government's current fiscal structure, given projected demographic and economic trends."

Tories won't say how much change will save

It's not clear how much the government expects it will save through the change to OAS. Earlier this week, Flaherty said he'd heard it would be between \$10 to 12 billion, but his officials and Finley's officials wouldn't confirm that estimate. He denied the estimate the next day, saying he'd heard it in the media. One of his officials supplied the number to a reporter during a March 29 budget briefing.

Interim Liberal Leader Bob Rae said he's still waiting to hear how the change will affect the government's bottom line.

"We still have this contradiction with regard to Old Age Security and the Guaranteed Income Supplement," Rae said in question period.

"How can they say that there's a fiscal crisis with respect to the affordability of the plan and yet not have any idea what the return to the taxpayer is going to be?"

Heritage Minister James Moore, who answered questions in Harper's absence Thursday, also avoided giving an estimate.

"What we are saving is a system of retirement for all Canadians [for] those who depend on OAS today and those who will depend on it tomorrow," Moore said.

Page said he hasn't yet updated his analysis to include the budget cuts announced in the 2012 federal budget.

"Incorporating this forecast would further improve the government's fiscal room to reduce revenue [cut taxes], increase program spending or some combination of both while maintaining fiscal sustainability."

The provinces and territories will have to make up the funding themselves, he said, noting, "the provincial-territorial long-term fiscal situation has deteriorated."

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The House

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May 18, 2012 11:52 PM

This week on The House, Evan Solomon asks British Columbia Premier Christy Clark for her take on federal NDP leader Tom Mulcair's suggestion that the current way of developing the oil sands is hurting the manufacturing sector, and the overall Canadian economy. Then, Environment and Sustainable Development Commissioner Scott Vaughan explains why Canada will miss its greenhouse gas emission targets, and outlines his concerns with the government's proposed environmental assessment changes.

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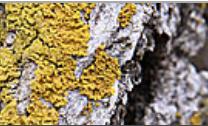






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