



Board of Commissioners of Public Utilities

August 16, 2018

Suzanne Brake, PhD
Seniors' Advocate

Thank you for opportunity to present to you today.

I would like to acknowledge the difficult job that the PUB must have – to ensure that rates are just and reasonable and to provide the lowest possible cost consistent with reliable service.

As the Seniors' Advocate in Newfoundland and Labrador I am responsible for ensuring that systemic issues impacting seniors are identified, reviewed and recommendations made.

Since November when I was appointed I have met with hundreds of people through phone calls, emails, letters and face to face. They have shared with me many issues of varying degrees.

These issues fall within five categories – personal care, health care, transportation, housing and finances.

A common and consistent concern is the potential increased costs of electricity.

I am here today to speak on behalf of seniors and voice their concerns.

Three Realities

1. Many seniors can barely/cannot manage their current expenses within their current income.
2. With the exception of the wealthy, many seniors will not be able to withstand any expense increases.
3. The *fear* of future expense increases is creating great angst amongst many seniors.

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NL POPULATION (50+)

(Source: Stats Canada NL Statistics Agency, Dept. of Finance, November 2017, Population Projections by Age)

Today	10 YEARS	25 YEARS
233,521 (44.4%)	250,057 (48.5%)	252,835 (49.4%)

The OSA defines a senior as age 65 and over or someone under 65 who may receive seniors services.

However, we must consider changing demographics from a long term point of view so lets start with looking at those age 50 years and older.

As you can see today in NL about 44% of the population is age 50 years or older; within 10 years is estimated to increase to 48.5% and within 25 years to 49.4%

What we are experiencing (as well as most more developed countries of the world) is population aging. Population aging is the result of people living longer, less children being born and the large number of people born between 1944 and 1966 growing older.

It is important to accept that population changes are occurring and will continue to occur for a few more decades.

NL POPULATION (65+)

(Source: Stats Canada NL Statistics Agency, Dept. of Finance, November 2017, Population Projections by Age)

Today	10 YEARS	25 YEARS
108,182 (20.6%)	138,886 (26.9%)	148,874 (29.1%)

As you can see today in NL about 21% of the population is age 65 years or older; within 10 years is estimated to increase to 27% and within 25 years to 30%. Another way to look at this is to say that almost 80% of the population is currently less than 65 years; in 10 years 73% of the population will be less than 65 and in 25 years 70% of the population will be less than 65 years.

As noted the baby boomers were born between 1946 and 1966.

The first of the baby boomers turned 65 in 2011.

The last of the baby boomers will turn 65 in 2031.

I recognize the many challenges of an aging population however while some economists and policy makers present changing demographics from a crisis perspective I believe that approaching demographic changes using a management lens is much more productive and inclusive.

INCOME

Number of Families and Median after-tax income
Table: 11-10-0190-01 (formerly CANSIM 206-0011)

	Number (age 65 +)	Median Income
Couples	30,000 (60,000 individuals)	\$41,200
Singles	22,000	\$24,000

So far, we know that the population is aging (that is we have growing numbers of older adults in our society).

So what about income.....

In NL there are 15,000 senior couples (30,000 individuals) who have income of less than \$41, 200. These seniors have income between \$27,000 to \$41,200.

There are also 11,000 single seniors who have income of less than \$24,000 a year. These seniors have income between \$17,800 to \$24,000.

Amelia's Story

Income			Expenses		
	Monthly	Annually		Monthly	Annually
OAS/GIS	\$1,364.00	\$16,368.00	Rent	\$ 367.00	\$4,404.00
CPP	13.24	158.88	Electricity	103.00	1243.00
Total	\$1,377.24	\$16,526.88	Internet/cable/phone	150.00	1,800.00
GST/Seniors Benefit/ NL Income Supplement	173.33	2,080.00	Insurance: house & car Life Insurance	75.00 38.70	900.00 464.40
Total	\$1,550.57	\$18,606.88	Dispensing fees/OTC Medications	25.00	300.00
			Gas/Maintenance car	125.00	1,500.00
			Groceries	300.00	3,600.00
			Personal items/toiletries	150.00	1,800.00
			Credit Card (Deloitte)	140.00	1,680.00
			Total	\$1,473.70	\$17,691.40

Amelia called my office when it first opened.

She needed dental care and did not have the money to pay for it.

I have spoken with her several times since then and for the purpose of today I asked her to itemize her income and expenses.

As you can see her expenses are basic. Yet, they do not take into account dental care, eye glasses or hearing aids; and gifts to grandchildren. She told me she has to carefully consider when to buy underwear and shoes.....recently she received back some money she had been overbilled for. I asked her what she used that money for and she said a new bra, a bed (used on Kijji) and paid her dental bill.

At the end of the day she has \$76 a month to address all other expenses.

Any increase in electrical costs would be detrimental to her.

THE FACTS

- Growing numbers
- Growing Concern
- Home Ownership
- Lifetime of Contribution
- Workforce Participation
- Low or mid income; fixed incomes
- Low disposable income
- Longevity

Through my consultations and outreach I have listened carefully and heard the following.....

- **Growing Numbers:** There are growing numbers of seniors. People are living longer and the baby boomers are growing older.
- **Growing Concern:** Like the general population many seniors regardless of income are very concerned about increased cost of electricity. This is causing considerable anxiety. Seniors are under the impression that their electricity may double within a few years. They are worried about today and tomorrow.
- **Home Ownership:** Most seniors in NL own their own homes. In fact, in NL 51,405 (83%) people age 65 and over own their own homes while the Canadian average is 74.6%. This means that 83% of seniors live in their own homes. Many seniors especially in rural and remote NL heat their homes though either electricity and oil, wood or propane. It is important to note that many seniors who use wood are no longer physically able to cut and transport wood therefore must pay for wood or do without. In the past the extended family filled this role but as we all know sustained out-migration has disrupted the age old patterns.
- **Lifetime of Contribution:** Seniors have contributed significantly throughout their lifetime.

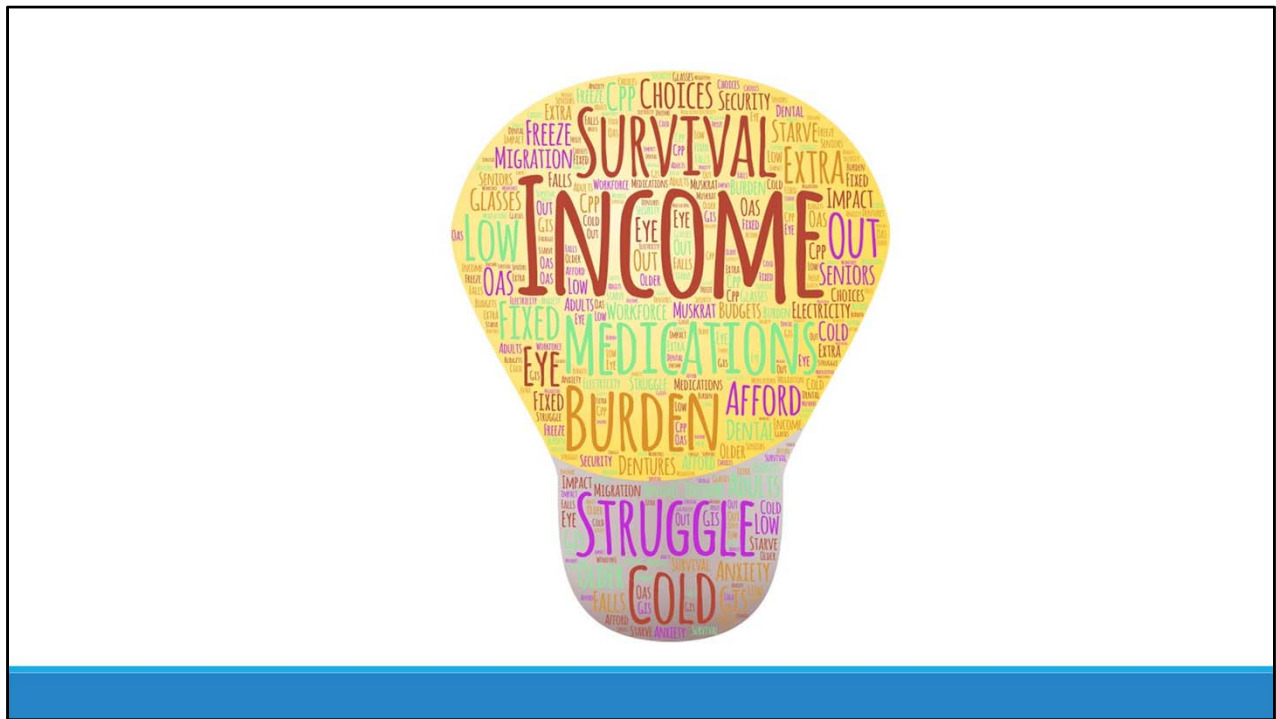
They made their way through the depression, WWII, supported children and youth as they went through life, and provided the infrastructure we now benefit from. With increasing evidence of seniors struggling with debt it has emerged that they now continue to support children. In essence, seniors feel they have done their bit and at this stage of life need support to ensure they can age in place.

- **Workforce Participation:** Seniors continue to contribute both through direct taxation and unpaid volunteerism and caregiving. While, there are increasing numbers of seniors who are continuing to work longer or are starting new careers, many seniors are physically or emotionally unable to continue to participate in the paid workforce. In addition, seniors who do continue to participate in paid work often see their pensions negatively affected.

- **Low or mid income; fixed incomes.** As noted earlier, many seniors are living in low or mid income. In addition, most seniors have fixed incomes and did not factor in increased costs of heating.

- **Low disposable income:** Many seniors do not have disposable income to pay for energy efficient adaptations such as heat pumps, light bulbs, and appliances. While it is easy to say that they can borrow money, there is a great cultural difference as most seniors take great pride in being debt free.

- **Longevity:** While longevity is a great accomplishment it must also be noted that it also means that the benefits of energy adaptations may not be realized in some seniors lifetimes. In addition, seniors support paying for electricity used today at today's price as they may not be here tomorrow!



- In conclusion, it is well known that very basic of human needs include food, water, warmth and rest yet seniors have consistently expressed concern about their financial ability to provide for the physiological need of warmth.
- Understanding the process from energy generation to transmission to delivery in our homes, as well as the roles of Nalcor and NL Power and Fortis and NL Hydro and the Department of Natural Resources and the PUB is challenging for most people in the population including myself. But, seniors do appreciate that there are many elements which affect the cost of electricity including the extraordinary cost of Muskrat Falls, as well as the expectation of shareholders to receive greater dividends to be consistent with other energy companies throughout the world.
- In fact, seniors do not object to paying their share in hard times. They have always stepped up to the plate.
- But seniors support paying for electricity as they use it and at a reasonable cost. They are now at the later stages of their life and require their income to be used for today's expenses.
- Seniors are now asking the PUB to recognize the extraordinary burden which will be

placed on many seniors if the cost of electricity is increased significantly. They simply cannot absorb this cost.

- We must take into consideration the vulnerability of people as they grow older and ensure that humanistic values are not lost in the pursuit to balance books.
- I thank you for your time and this opportunity to share with you what I have been hearing from seniors throughout our province.

CONTACT INFORMATION

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