

Then further on the next page the minister said:

Shortly after I tabled the working paper of the federal government, I met with provincial ministers of welfare, and I conferred with them again two weeks ago on the reforms that should be made in the Canada Pension Plan. In the intervening period, federal and provincial welfare officials met on numerous occasions, and had jointly prepared a number of detailed studies to assist the ministers of welfare at their October meeting.

In addition, during this interval, I consulted with members of the Canada Pension Plan advisory committee, and representatives of labour and business organizations. The results of these extensive studies and consultations with the provinces and private organizations can be found in the communiqué which the provincial ministers of welfare and I issued on October 11, 1973, with respect to the agreements we had reached on the Canada Pension Plan and the Quebec Pension Plan.

● (2120)

The minister is to be congratulated for this kind of consultation with the provinces and other interested bodies. However, there is one fundamental question I should like to pursue which I cannot find answered by the minister. This is a question I feel must be answered if we are to debate intelligently the present and subsequent amendments to the Canada Pension Plan; and this question must be answered not only as it relates to the Canada Pension Plan, which had its inception in January of 1967, but also as it relates to the working paper on social security in Canada introduced earlier this year by the Minister of National Health and Welfare (Mr. Lalonde).

In the model social security system which was outlined by the minister in his orange paper he made reference to a social insurance strategy in which the Canada Pension Plan received top priority. I think the question that should be asked at this time, and that has to be answered is, will the Canada Pension Plan retain the features of a social insurance plan similar to workmen's compensation plans, or will it take on additional features more in keeping with a welfare plan or income supplementation plan?

If I may review for a moment the provisions of Bill C-224, which has been adequately described and outlined by the minister, I would reiterate that this proposal to amend the Canada Pension Plan will remove the 2 per cent limit that is presently imposed on annual pension increases, these increases being based on the consumer price index. This, of course, has been complemented by a retroactive clause which will allow for cost of living adjustments dating back to the year 1967 when recipients first started receiving benefits.

It is also my understanding that this catch-up clause will mean increases of at least 8 per cent for people receiving benefits since 1972, and a maximum increase of 20 per cent for those who have been receiving benefits since 1967. We agree with these proposals. The second provision in the bill is the escalation of pensionable earnings to \$6,600 in 1974, and \$7,400 in 1975.

To adequately assess the proposed legislation as it relates to the Canada Pension Plan and the orange paper on social security, I would like to place in perspective some of the background as I understand it. The act establishing the Canada Pension Plan was proclaimed into force on May 5, 1965, with collection of contributions commencing in January, 1966. In January, 1967, the first

Canada Pension Plan (No. 2)

retirement pensions were paid, with disability pensions commencing in February, 1970.

Of course, the plan is universally applicable and portable throughout Canada, with benefits payable to beneficiaries whether or not they live in Canada. Participation requires a person to be between the ages of 18 and 70 and earning more than \$600 a year, with employees contributing at a rate of 1.8 per cent of the contributory earnings and with a matching contribution by their employers, while self-employed persons contribute at the rate of 3.6 per cent.

Benefits from the plan are of three types: first, retirement pensions; secondly, survivors' benefits consisting of a widow's pension, a disabled widower's pension and orphan benefits; and, thirdly, disability benefits consisting of pensions for disabled contributors and benefits for their dependent children.

It is important to recall, in summarizing, that the Canada Pension Plan was introduced as a contributory social insurance program for members of the Canadian labour force with three basic objectives: first, to guarantee an income-related pension to every member of the labour force; to provide basic social insurance to each labour force member and direct dependents in the event of death or total disability; and to provide a source of capital to the provinces.

Whether by design or accident, the Canadian people have interpreted the Canada Pension Plan as a pure social insurance program, when in reality it contains important provisions such as non-earnings related benefits, giving it many of the characteristics of a welfare plan. This fundamental problem is poorly understood by the Canadian people, and the problem is compounded by the complexity of the plan and the restraint on the part of the government to clearly define the role of the Canada Pension Plan within the context of over-all income security policy.

Let me illustrate this if I may. When the guaranteed income supplement payments began in 1967, the same year in which the Canada Pension Plan commenced, the guaranteed income supplement was initially intended as a temporary program to be phased out when the Canada Pension Plan matured in 1976. With the 1970 white paper on income security, the government proposed to establish the guaranteed income supplement as a permanent program, to continue universal old age security payments and to amend the Canada Pension Plan. The proposed Canada Pension Plan amendments at that time were to eliminate two problems as defined by the white paper: first of all, gaps remaining in the income security system, particularly for widows and disabled people; and, secondly, the problem in relation to the fact that Canada Pension Plan contributions and benefits had not kept pace with the growth in average Canadian wages.

Without giving illustrations or figures, the suggested changes to the Canada Pension Plan were intended to substantially increase widows' and disability benefits and to increase retirement benefits through selective increases in the earnings ceilings. Clearly, these changes placed emphasis on the welfare aspect of the plan. It is perfectly true that the minister in presenting the orange paper on social security indicated it was a working paper. Perhaps I