

MA CST-2

Department or Agency	(a) 1976	(b) 1974
DSS		1
ENR		1
STC	1	1

⁽¹⁾ SOURCE: Master Output Support File, Supply and Services Canada. April 30, 1974 and April 30, 1976 conditions.

NOTE: See also Footnotes 1 to 8 and appendix attached to Question No. 2,651 answered this day.

[English]

Mr. Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[Translation]

CANADA PENSION PLAN

AMENDMENT TO EXTEND DEFINITIONS

Hon. Marc Lalonde (Minister of National Health and Welfare) moved that Bill C-49, to amend the Canada Pension Plan, be read the third time and do pass.

He said: Mr. Speaker, in speaking to Bill C-49, I want to thank all hon. members who participated in the debate on second reading and in the discussions of the Standing Committee on Health, Welfare and Social Affairs.

As I have noted on several occasions, the two major amendments contained in Bill C-49, represent a historical change to the CPP, one of Canada's largest social security programs, by taking a major step towards recognizing the work of a spouse in the home.

The provision to split CPP pension credits on marriage dissolution will provide protection for the spouse who works in the home when it is most needed. The special child-rearing drop-out will protect the CPP benefits earned by persons who leave the labour force to raise young children. These amendments go a long way towards the objectives of providing recognition and financial security under the CPP for spouses who work at home while retaining the compulsory, contributory, earnings related characteristics of the CPP. I must remind the House that these amendments have been approved, indeed proposed, by the Canada Pension Plan Advisory Committee and the Advisory Council on the Status of Women. Moreover, the proposals, except the second one, have been endorsed by the provinces. The second proposal has been approved by nine

Canada Pension Plan

of the provinces, the only exception being the Ontario government.

In the deliberations of the committee a week or so ago, a question was raised as to whether the special CPP child-rearing drop-out would maintain equity between groups of beneficiaries. It was suggested that the provision would constitute a subsidy to parents who are relatively well off financially since only in these families could the mother, or father, afford to drop out of the labour force to raise young children. However, it is not at all that clear-cut, since so many factors determine whether or not a person leaves the labour force to raise young children. For example, single mothers who are unable to find work would benefit from this provision, as would parents of large families where the cost of providing alternative care for the children prevents the mother from returning to paid employment.

Other factors which enter into the decision of whether to work in or outside of the home are job opportunities, availability of day care facilities, career aspirations, personal convictions as to the preferred method of child-rearing and so on. As you can see, Mr. Speaker, it is not possible to identify any specific group of contributors who would benefit from the special child-rearing drop-out provision. Consequently, it cannot be said that the provision would lead to subsidies for any particular income class.

[English]

Another question raised in committee related to the provision of the CPP coverage for family workers. Under the current provisions, a spouse who is employed by his or her spouse in a family business cannot contribute to the CPP. Some members suggested that income splitting between the two spouses should be permitted in these situations so as to allow both spouses to contribute to the CPP.

First, I should note that this matter relates to part I of the CPP which falls under the jurisdiction of the Minister of National Revenue. Since the Department of National Revenue was assigned the responsibility for collecting CPP contributions, the provisions in the CPP which deal with coverage and contributions were of necessity tied to the Income Tax Act. Under that act, where one spouse is working for the other in an unincorporated family business, all the income is declared by one spouse and only one spouse contributes to the CPP. This, as hon. members know, is necessary under a system of progressive tax rates to prevent such couples from dividing income to pay less income tax; otherwise these couples would enjoy a very special advantage over other married couples, as well as single persons.

Similarly, to allow both spouses working in an unincorporated family business to contribute to the CPP would be to confer a very special advantage to a very specific group of persons. As well, it could be viewed as tantamount to permitting voluntary CPP contributions for a particular group of persons since there would likely be a strong element of personal discretion involved in "assigning" earnings to each of the two spouses. Such a provision would also be considered as inequitable vis-à-vis all one-wage-earner couples where the