

Pension Plan that Indians would remain outside the ambit of the plan for the purpose of benefit in respect of income earned on a reserve. This was not a conscious decision taken by the government alone; there were consultations with the various Indian organizations. It was determined that since the moneys were to be collected by the Department of National Revenue, the Indians paid no tax on income earned on an Indian reserve and therefore had no direct contact with the department on that matter; and since the Indians had come to no definite conclusion at that time, the decision was taken to eliminate from payment into the Canada Pension Plan fund contributions based on income earned on Indian reserves.

That situation is now in a phase of flux; the Indians are now beginning to re-examine their payments into various funds of this nature. I have received from band administrators in my constituency requests as to the possibility of having the act amended or the regulations changed to permit Indians in some cases, where they determine to make such contributions, to pay into the Canada Pension Plan fund the same as anybody else; that is, on income earned on a reserve. This problem is a glaring anomaly in the way in which the system has evolved over the past few years.

The matter specifically raised by the hon. member for Moose Jaw has been dealt with somewhat extensively in the proceedings of the advisory board which, as members know, deals with both the federal and provincial governments. The hon. member for Assiniboia (Mr. Knight) said that he thought there was in the fund a considerable amount of money now, without there having to be any increase in the amount payable by those who now pay into it. In point of fact, the Canada Pension Plan as passed by the House of Commons is distinct from the plan that was originally proposed to the House of Commons by the government. The consequence is that the plan we now have is largely designed to finance the ongoing activities of the provincial governments and to provide a pension plan for those who have paid into it.

The Canada Pension Plan as currently set up by legislation is based upon those who are now in the labour force providing a portion of that pension regardless of the amount which people have paid into it in the past. In essence, the current labour force is perpetually subsidizing the pension of members of the labour force who are now retired and collecting pensions.

Mr. Knowles (Winnipeg North Centre): Only because the provinces and municipalities want cheap money.

Mr. Reid: The hon. member for Winnipeg North Centre (Mr. Knowles) says it is only because the provinces and municipalities want cheap money. I think that is a very legitimate point. However, I remind the hon. member that during the debate when the Canada Pension Plan was being set up the government made tremendous change to the original plan in order to accomplish this very end. It is an integral part of the Canada Pension Plan to provide the provinces with this kind of cheap money.

Since that principle was accepted by the House of Commons at that time and it was a minority House of Commons—we ended up with the situation where the Canada Pension Plan at the present time is not self-funding. It is

National Housing Act

basically used to do two things—I agree with the hon. member for Winnipeg North Centre that in some respects they are mutually exclusive—that is, to provide a source of funds to the municipalities and the provinces as well as to pay pensions to those who have paid into the plan. In order to make it work, a portion of the moneys which people in the work force pay into the Canada Pension Plan subsidizes the pensions of those who are retired and are now collecting benefits.

The amount of this subsidy depends, essentially, upon the degree of labour force attachment that a pensioner had during his working life and upon his level of contribution up to the yearly maximum. This principle is embedded in the pension plan. However, over the past few years there have been a number of projections as to when the Canada Pension Plan will run into difficulty because of the way in which the funds are administered by the provinces and the commitment of the fund to provide pensions for persons now in the labour force. The expectation is that some time in the 1980s the amount of money paid into the fund by those in the labour force will be insufficient to meet the obligations which the fund will have contracted.

With regard to the proposition put forward by the hon. member for Moose Jaw, providing for increases to permit people to average their incomes has been discussed by the advisory committee, particularly during its last meeting from September 29 to October 1, 1972. The matter was extensively discussed at that time. I have before me the minutes of that meeting. It goes into some detail, with pros and cons in respect of the matter.

I see it is six o'clock, Mr. Speaker.

The Acting Speaker (Mr. Laniel): Order, please. The hour appointed for the consideration of private members' business having expired, I do now leave the chair until eight o'clock.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

NATIONAL HOUSING ACT

PROVISIONS RESPECTING NEIGHBOURHOOD
IMPROVEMENT, REHABILITATION, OWNERSHIP, NEW
COMMUNITIES, ETC.

The House resumed consideration of the motion of Mr. Basford that Bill C-133, to amend the National Housing Act, be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, before five o'clock I was encouraging the minister by telling him about the projects and services which he and