

*Canada Pension Plan***INCOME TAX****IMPLEMENTATION AND AMENDMENT OF  
AGREEMENTS TO AVOID DOUBLE  
TAXATION**

**Hon. J. W. Pickersgill (for the Minister of Finance)** moved the second reading of Bill No. C-146, to implement a convention between Canada and Japan for the avoidance of double taxation with respect to income tax and to amend the existing agreement and conventions between Canada and Denmark, Finland and the Netherlands, with respect to income tax.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

**Mr. Pickersgill:** Mr. Speaker, I should like to thank the house for their co-operation in this matter.

**PENSIONS****PROVISION FOR ESTABLISHMENT OF CONTRIBUTORY PROGRAM**

The house resumed consideration in committee of Bill No. C-136, to establish a comprehensive program of old age pensions and supplementary benefits in Canada payable to and in respect of contributors—Miss LaMarsh—Mr. Lamoureux in the chair.

At six o'clock the committee took recess.

**AFTER RECESS**

The committee resumed at 8 p.m.

**The Chairman:** Shall clause 115 carry?

**Mr. Monteith:** Mr. Chairman, I believe when we rose at six o'clock we were considering clause 114.

**The Chairman:** I am sorry. I was under the impression that clause 114 had been passed. Shall clause 114 carry?

**Mr. Monteith:** I have a number of questions I should like to ask in respect of this clause, Mr. Chairman.

This clause deals with the opting out provisions of provinces subsequent to the adoption of this bill. As I understand the situation, if a province does decide at some future stage to opt out of this plan the securities which the investment fund holds on behalf of that province at that time will be delivered to the province along with any balance which is due to that province, probably in the form

[Mr. Pickersgill.]

of Dominion of Canada securities, is that correct?

**Mr. Benson:** Any balance will be returned in that form, or in cash.

**Mr. Monteith:** Any balance or securities held by the investment fund will be returned to the province, and I assume that the winding up of the financial aspect will be done on an actuarial basis so that everything owed to an opting out province will be paid to that province; is that an accurate statement?

**Mr. Benson:** That is correct, but the province opting out will in turn take over any liabilities incurred under the plan so as to protect the residents of that province.

**Mr. Monteith:** An opting out province following its cessation of participation will have no opportunity of again participating in this plan, is that correct?

**Mr. Benson:** That is correct. An amendment will be required to cover the operating conditions involved as a result of a province coming back under this act. Parliament would have to amend this act in order to take care of the situation which would develop at such a time as an opted out province requested permission to come back into participation.

**Mr. Monteith:** An amendment would be required in order to make it possible for an opted out province to again take part in this plan, is that right? I am looking into the future, Mr. Chairman, and should like to have some information in this regard. In the event that three years from now a province decided to develop its own plan and opted out of this legislation, operated its own plan for a period of ten years and then found that the circumstances were such that reparticipation in this plan was advantageous, an amendment would have to be made to the proposed act in order to allow that province to do so, is that accurate?

**Mr. Benson:** That is right. Assets and liabilities at the time of the re-entry would have to be assessed, and some agreement would have to be reached at the time of such re-entry, because it would be very difficult to include a section in this legislation which would cover all the conditions and circumstances which might prevail both at the time a province opted out of this plan and when it applied for re-entry. Certainly the conditions would not be the same when a province decided to move out of this plan as they would be at a time of re-entry.