correct the situation. The communal nature of the Hutterian colonies was recognized in 1969 when it was agreed that members of the colonies were to be considered as partners in the business of farming for the purpose of the Income Tax Act. The colony members live according to the tenets and teachings of their religion in small, self-contained communities in various parts of Canada. According to their beliefs, members of the colony should not acquire interests or rights to property of any kind, and they feel that the Canada Pension Plan gives contributors such rights. Although eschewing Canada Pension Plan benefits, Hutterian colonies make their own provisions for dependent members when they are no longer capable of physically contributing to the welfare of the community as a whole. This provision is such that dependent members are maintained for the rest of their lives in the manner to which they are accustomed, at the expense of the whole community.

The Old Order Amish Mennonite sects hold similar beliefs and although members do not live in colonies, they have consistently stated that their religious convictions are such that they may not, in good conscience, accept benefits under the Canada Pension Plan. The United States government recognized their special status in 1966 and amended their social security legislation to exempt them from coverage.

Despite the fact that the members of these religious groups mentioned are prevented by conscience from accepting any benefits, they are required by law to contribute to the Canada Pension Plan, and the Department of National Revenue is required by law to collect those contributions. Under the legislation now in force, liabilities for 1972 contributions have been generated in the accounts of self-employed members of the sects and many returns have been automatically set aside for collection. In effect, the government had no choice but to apply the law as it stands now.

During the last session, there appeared to be a consensus in the House that this amendment should be given priority in order to allow these religious groups the freedom to practise their religion without any question of law-breaking. I think most hon. members will agree that the amendment is still necessary today, and even more urgent.

I understand the reservations and the serious questions raised by some members who feel that this amendment should not be put forward. The government has had to answer in its own mind questions that have been raised on this subject, dealing on the one hand with questions of freedom of religion and the respect that we have in this country for fundamental freedom and, on the other hand, the necessity of ensuring equal treatment so that all citizens of this country, as much as possible, are put in the same situation under the law. As one hon. member said last Friday, the government has felt that if we were to err we would rather err in the direction of supporting and maintaining basic freedoms rather than supporting the general principle of universality in the application of certain types of laws.

Under the terms proposed, therefore, a member of a religious sect prescribed by the Minister of National Revenue (Mr. Stanbury), may elect to be relieved of the obligation of making self-employed contributions to the plan. If the election is filed within six months of the date the new section comes into effect, the election is effective from January 1, 1972. An election filed at any later date takes effect on January 1 of the year in which it is filed—a retroactive date in both cases.

• (1540)

An election can, in the prescribed manner, be revoked with effect from January 1 of the year following the date the Minister of National Revenue receives the revocation. A person may revoke his election whenever he wishes, and for whatever reason, though once he has made a revocation, he can never again elect not to make self-employed contributions. In addition, the new law guarantees a refund of any contributions paid with respect to a period to which an election relates, though not preceding January 1, 1972, because of the effective date of the amendment. Pre-1972 contributions will eventually generate a retirement pension, or disability and/or survivor benefits, if the persons involved wish to accept them.

The second proposed amendment, dealt with in Clauses 2, 3 and 4, is more administrative in nature than the first. Before tax reform, the rate of interest payable in monies owed to the Department of National Revenue, and by the department, were specified in the Income Tax Act. For reasons of flexibility this was changed in the revised act, to the effect that the rate of interest would be decided by governor in council. The provision for interest payable in the Canada Pension Plan, however, was not changed, and thus the purpose of the present amendments is to give the plan the same degree of flexibility that is now part of the Income Tax Act. The rates of interest will, in all cases, be the same as those prescribed by governor in council under the provisions of the Income Tax Act.

Clause 5 of the present bill deals with international agreements. As hon. members will know, the United States Air Force, at its base in Goose Bay, Labrador, employed a number of local Canadian civilians on the base. These people were employees of the United States government and, as such, many of them were covered by either the U.S. Civil Service Retirement System or a private pension plan financed by the government of the United States. In 1967, an agreement was signed between Canada and the U.S.A. whereby the employment in Canada of locally engaged civilians by the government of the United States was included in pensionable employment for the purposes of the Canada Pension Plan. At the request of the United States, however, a clause was added to the agreement stating that the government of the United States was not required to contribute to the plan on behalf of those employees covered under the above U.S. pension plans, but would contribute on behalf of those not included in the U.S. plans.

As hon. members know, the United States Air Force has now relinquished its lease on the base, which reverted to the Ministry of Transport as of July 1 of this year. Negotiations leading to the transfer of control and operations included discussions of the coverage of those employees included in U.S government pension plans, and, as a result, the government of the United States reversed its position and indicated willingness to cover these employees under the Canada Pension Plan from July 1, 1972 onwards.