

Senator Carter: Yes.

The Chairman: Shall clause 3 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 4 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 5 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 6 carry?

Senator Martin: This is the clause that repeats the protection in the Canada Pension Plan, dealing with the index?

Dr. Willard: Yes. Where the basis of the consumer price index is changed this is to ensure it is provided for in this legislation.

The Chairman: Shall clause 6 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 7 carry?

Dr. Willard: Mr. Chairman, Senator Carter was asking about clause 7. This clause recognizes that some people who were not entitled to a guaranteed income supplement for January to March, 1972, under the old ceilings may now become eligible under the new ceilings. Rather than require them to submit their 1970 income statements to cover that three-month period and their 1971 income statements for the subsequent 12 months, they are authorized to submit the 1971 statement for the determination of the April, 1972, benefit, and to have this amount used as their benefit for the first three months in that year as well. In other words, they can use their 1971 income instead of their 1970 income for those three months. This will simplify it for them.

Senator Carter: Thank you.

The Chairman: Shall clause 7 carry?

Hon. Senators: Carried.

The Chairman: Shall the bill carry?

Senator Thompson: Mr. Chairman, could I just ask one question? I do not know what it comes under. I am thinking of the reciprocity agreement. As I understand it, you have a reciprocity agreement with several countries concerning pensions. Do you have one with Germany? If so, how would that affect this pension?

Dr. Willard: Yes, we have entered into an agreement with West Germany, and that agreement is very much in our favour. It has not required us to change any of our Canadian legislation, and this legislation will not in any way affect it. What that agreement has really done, is to take care of the difficulty where, under the German legislation, they cannot pay pensions to West Germans who come to Canada unless they remain as German citizens. The only way in which that rule can be waived, if they become Canadian citizens, is through having a reciprocal agreement with the country concerned—in this case, Canada;

and under these circumstances, then, they can pay pensions from the German pension plans to which the Germans who have come to Canada have contributed and built up credits, they can pay pensions to them even when they become Canadian citizens.

Senator Thompson: In other words, it is portable?

Dr. Willard: Yes, they have made their pensions portable. They are satisfied with the portability of pensions which we have under the Canada Pension Plan, which is completely portable; and under the old age security provisions, which have certain residence requirements concerning portability. The change in the residence rule here makes it a little more liberal than it is now and, therefore, Germany will not have any objection to it.

Senator Thompson: Is there any other country with which we have an agreement?

Dr. Willard: Yes, we had an exchange of letters with the United Kingdom government and there again they considered our legislation to be satisfactory; but in order to make changes in their legislation whereby they could provide more favourable treatment under their legislation, they wanted to have this exchange of letters; so, again, it was not necessary to make any changes in our legislation.

Senator Carter: Could I ask a supplementary on that? A West German national who reaches 65 years of age and has become a Canadian citizen can get her West German or German pension as well as this, as well as this one here, as well as the old age pension?

Dr. Willard: That is correct, yes, provided of course they meet the residence requirement under this bill.

Senator Carter: Yes; but that counts as income for the guaranteed supplement?

Mr. Blais: Mr. Chairman and honourable senators, any foreign pension earned or contributed to in a foreign country is considered as income in terms of our legislation here in Canada. There are some exceptions. For example, anybody who has suffered under the Nazi regime during the war and who was given a pension in terms of compensation for the suffering that he underwent, that kind of pension under the income tax law is not considered income for taxable purposes.

Dr. Willard: Mr. Chairman, the rule to follow is that whatever is done with respect to income under income tax applies with regard to the income supplement, because we use it as the basis for the income test.

The Chairman: I have a vested interest in Mexico. Do we have any arrangement with Mexico?

Dr. Willard: Mr. Chairman, we have no arrangement with Mexico.

The Chairman: So my daughter will not qualify. Shall the bill carry?

Hon. Senators: Agreed.

The Chairman: Carried.