Governments also provide assistance with respect to employers sponsored pension plans, which cover roughly one-half of Canada's work force, by allowing the employee and employer each to deduct up to $3,500 per year in contributions from taxable income. Finally, for those who do not belong to an employee pension, a deduction of up to $5,500 per year is allowed for contributions to a Registered Retirement Savings Plan.

During the last six years the federal Government has provided three major forums for Canadians of all ages to express their views concerning problems in the pension system and to suggest ways in which it could be improved. These forums were the Special Senate Committee on Retirement Age Policies in 1978, The National Pensions Conference in 1981 and the Special Parliamentary Committee on Pension Reform in 1983. In addition, the National Conference on Aging was staged in 1983 to examine and provide advice in respect of the many interrelated problems of aging, including retirement income.

I am happy to be able to inform the House that Canada's seniors responded enthusiastically in all of these forums. In addition, many briefs and letters were sent to various Ministers of the federal Government describing the retirement income problems faced by senior citizens and proposing a wide variety of solutions. In short, the participation of our older citizens in defining and solving our pension problems has been extensive and was invaluable in helping to reach the significant degree of consensus which has been achieved in respect of reforming our current system.

Major reforms now appear to be at hand but I would remind you that not all of the recommendations received were held in abeyance pending development of a comprehensive package of reforms. For example, many of the briefs and letters from seniors, organizations, as well as individuals, pointed to the inadequacy of income guarantees for those with little or no private income, particularly those living alone.

• (1805)

The federal Government responded to these recommendations by twice increasing the amount of the Guaranteed Income Supplement, in 1979 by $20 per month per household and in 1980 by $35 per month per household over and above regular indexing. In addition, two more increases in GIS are now scheduled as part of the pension reform package announced in the recent Budget of the Minister of Finance (Mr. Lalonde). On July 1 this year, GIS for singles and one-pensioner couples is to be increased by $25 per month. A second $25 increase will take effect on December 1, 1984.

More than 750,000 pensioners, three-quarters of whom are women, are expected to benefit from these increases. These increases plus regular cost-of-living increases in July, October and January are expected to raise the OAS-GIS income guarantee for singles and one-pensioner families from its current level of $533.61 per month to more than $600 per month by January 1, 1985.

Another important change to GIS will provide for additional benefits for pensioners who qualify for only a partial Old Age Security pension in order to guarantee them the same minimum income as other elderly Canadians. Initially some 3,000 pensioners will benefit from this change, nearly all of whom immigrated to Canada as adults. By 1990 about 25,000 pensioners will be receiving these additional GIS benefits.

Many of the problems which were identified during the pension debate were related to the inadequacy of the benefits which women by and large were receiving from the system. Moreover, while most of the problems in respect of inadequate benefits related to employee pension plan, several CPP shortcomings which adversely affected women were also identified. I am pleased to say that the Budget presented on February 15, 1984 proposed a number of changes which will result in women being treated more fairly under GPP in the future. In particular, survivor benefits will no longer be terminated upon remarriage, and credit splitting, currently available in the case of divorce, will also become automatic when the younger spouse reaches age 65.

The Budget also announced the Government's intention to begin discussions with the provinces this year on other CPP changes, including the provisions of a homemaker's pension, an increase in the drop-out period and greater flexibility in the age of retirement. However, as I mentioned earlier, the most serious problems in the retirement income system are seen by most to be in the private pension plan. In particular, private plans cover only about one-half of the labour force, leaving most of the remainder with inadequate arrangements to ensure that they have enough income in retirement. Private pensions are seldom adjusted fully to reflect increases in the cost of living, so their purchasing power usually declines dramatically during periods of inflation. Often it requires ten years or more of service before a worker who leaves a job prior to retirement can become eligible for a deferred pension. The spouses of plan members often are left with no benefits at all in the event that they become widowed or divorced.

The Budget proposes a number of changes to private pension plans in respect of these problems. To meet the widespread concern that coverage by employer-sponsored pension plans is inadequate, plan membership will be made compulsory for full-time and part-time employees where pension plans exist for a particular occupational group. Regular part-time employees may no longer be excluded because of their part-time status. In addition, I am confident that many of the smaller employers who do not currently sponsor pension plans will take advantage of the opportunity to make direct contributions on behalf of their employees to the new Registered Pension Accounts.

With respect to the declining purchasing power of pensions, proposed amendments to pension legislation will ensure substantial protection against inflation for employees under federal jurisdiction by requiring pensions-in-pay and deferred benefits to be adjusted annually by at least 60 per cent of the CPI increases.