

*Canada Pension Plan*

because the level of each partner after splitting may be below the plan's basic exemption for a year. Retroactivity may involve administratively complex calculations since potentially very long periods may have to be recalculated.

What would be the implications for private pension plans which are complementary to the CPP? The definition of "marriage dissolution" is restricted to legally terminated marriages, which excludes people who have been deserted, are separated or are living common-law. Mr. Speaker, under the spouse's allowance provisions we ran into a similar difficulty where no recognition was given to widows, widowers, spinsters and bachelors. All hell broke loose as a result of that. We have the same sort of problem here, where although some recognition is going to be given to the work done in the home, the government has again neglected the total question. In my view, it demonstrates a callous disregard of those people who for one reason or another find themselves deserted or separated or, if they are living common-law, there is no recognition of splitting. I think we must look very closely at that question. Divorce is the remedy of the well-to-do, not the poor. Family courts remain the principal source of legal assistance for the poor. Splitting upon legal breakdown will further burden these facilities.

Administratively some procedure for informing the authorities of the breakdown will have to be developed. As well, it will have to be determined whether the courts will have the responsibility of splitting the benefits in cases where divorce occurs after benefits are already being collected by one of the partners, or if the department will handle this automatically. There is the whole question of who gets what, how much, why, and when. On the minister being advised of the need for splitting, this will all be decided by way of regulation. But this is a pretty hard pill to swallow, because it can be extremely complicated. Also, the parliamentary secretary has already expressed concern about how it would work. Another problem is the whole concept of automatic splitting upon breakdown and intrusion by the government on a person's freedom to deal with his assets as he pleases.

Let me now deal with the effects of splitting CPP pension credits on CPP benefit levels. With one-wage earner families, the future retirement pension of the wage earner would decrease, while a retirement pension would become payable to the spouse who worked at home when she or he reached the age of 65 years. However, the length of the marriage would also affect the two retirement pensions. Generally, the longer the marriage lasted, the greater would be the effects on the two retirement pensions. Those in receipt of a CPP pension at the time of breakdown would receive a lower pension after the calculation and might also have to repay past overpayments. In two-wage earner families, the effects would be similar to the one-wage earner family, but smaller in magnitude since both partners would be earning their own pension credits. The result would be an averaging.

What about CPP survivors under age 65 years? For survivors' benefits, the splitting of pension credits would provide CPP protection for the new family unit of the previously

[Mr. Alexander.]

non-working partner. At the same time, the protection of the new family unit of the working partner would be decreased. Where both spouses work outside of the home there will be little effect; the magnitude of the effect would depend upon the differences in the earnings levels and work histories of the two spouses.

● (1600)

I now touch on disability benefits. The effects are similar to those pertaining to survivor benefits, except that the magnitude might be larger since disabled contributors' pensions have a larger earnings-related component. In the case of one spouse receiving disability payments at the time of marriage breakdown, a recalculation of the amount of disability pension would be necessary in order to reflect the change in the pension credit record. This could lead to a reduction in benefits, and hence a situation of overpayment in the past. If a disability pension is potentially receivable by a spouse at home, then upon marriage breakdown the spouse at home will receive half the credits and could become eligible for the disability pension. This is possible because one need only contribute to CPP for five years in order to become eligible. This represents an inequity vis-à-vis single contributors who must work for the necessary length of time to become eligible for benefits.

I said that we must consider the implications of the drop-out provisions. First, if we impute contributions to the CPP fund during years when no contributions are made, the welfare aspects of the plan are strengthened. This, I suggest, represents a departure from the basic insurance-related philosophy of the Canada Pension Plan and is not in keeping with the original principle of the plan which was established as a contributory plan based on the number of years actually worked. According to the Minister of National Health and Welfare (Mr. Lalonde) in a brief submitted to the Standing Committee on Health, Welfare and Social Affairs on April 4, 1974, the basic orientation has been to the wage earner. Consequently, the determining of the key factors of the plan, namely, coverage, contributions and benefits, had been tied to the earnings of the participant. This was considered a fair and equitable basis for allocating costs between employees and employers. This aspect ought to be investigated, I suggest. We must determine if there has been a departure from the principles set out in 1974.

Second, I point out that the drop-out provisions do not extend coverage or protection to a woman at home if she has never worked, if she has worked only a few years, or if she has had to leave the labour force in order to care for a disabled child or parent. I shall elaborate on this point in due course. The drop-out provisions apparently do not apply to women unless they leave the labour force to take care of a disabled child or parent.

I suggest that the provisions of this part of the bill also apply to men. One could substitute "man" for "woman" wherever applicable. The drop-out clause provides a subsidy without contribution and as such is a move toward social assistance and away from the insurance intent of the Canada Pension