

Canada Pension Plan

With the introduction of the Canada and Quebec Pension Plans in 1965, a program was begun whereby people could and would make financial provision for their retirement, and at the same time, protect themselves and their dependents or survivors in the event of severe disability or death. Aside from this primary goal, the plans have, during the first years of operation, provided provinces with a significant source of capital at very favourable interest rates.

As hon. members know, this is achieved by loans to the provinces of the amount by which the operating balance in the fund exceeds the amount required to be paid in benefits and for administration. As of March 31, 1973, for example, the total amount of investment in all provincial securities, other than Quebec, was \$5,589.6 million, bearing an average interest rate of 6.9 per cent, or roughly \$5½ billion in provincial securities.

The benefits provided by the Canada Pension Plan for contributors and their dependents include a retirement pension, a widow's pension, a disability pension, a death benefit, and a benefit for the children of deceased or disabled contributors. Because the plan, as designed, has a ten-year maturation period for retirement pensions, the maximum retirement pension will be payable in 1976 when, under current provisions, it will be approximately \$122 a month.

The Quebec Pension Plan was designed with the same benefits payable, the same maturation period and the same qualifying periods. However, the Quebec plan was substantially changed with effect from January 1, 1973, so that the maximum monthly retirement pension in 1976 will be \$133.

In 1970 the government felt that action should be taken to amend the Canada Pension Plan to have the benefits more accurately reflect the economy in which the plan was operating. Accordingly, in that year the white paper on income security for Canadians was published with several proposals for improvement in the plan including a suggested increase in the maximum pensionable earnings for contribution and benefit purposes for 1973, 1974 and 1975, the last three years of the maturation period. All the proposals were discussed with the provinces who indicated at that time that firm decisions on specific items should await an appreciation of the whole direction of national social security programs.

● (1530)

[*Translation*]

The working paper on social security in Canada released in April 1973 was the starting point for the joint federal-provincial revision of the whole social security system. It was followed late in the same month by a meeting of federal and provincial ministers of social welfare. At and following that meeting my counterparts from the provinces studied the proposed changes. It was agreed not only that a general agreement was going to be reached on some of the major issues but also that immediate steps were necessary.

Before year's end I hope to introduce in this House the legislation to enact those major amendments while at the same time ensuring compatibility with the Quebec Pension Plan.

[Mr. Lalonde.]

However, there are a number of technical amendments which should be made in the meantime and can be brought about without the assent of the provinces. It is for that reason that before the July adjournment we introduced Bill C-190 which is being considered today on second reading.

First, the government proposes a technical amendment to exclude from the plan the Hutterites and Mennonites as well as others similar groups because of the fact that their participation in the plan is incompatible with their religious beliefs. This is a measure to which we publicly committed ourselves in December 1971.

Furthermore, certain amendments to the Income Tax Act have made certain changes to the Canada Pension Plan necessary; those changes will ensure that the interest payable or refundable on overpayments or contribution deficits to the plan correspond to similar amounts paid under the new Income Tax Act.

Moreover, the transfer of the U.S. base at Goose Bay, Labrador, called for a third amendment aimed especially at ensuring retroactive protection under the Canada Pension Plan for Canadians who were employed by the government of the United States at that base and who were excluded from the plan under the present agreement.

[*English*]

In this connection, Mr. Speaker, I should like to commend the hon. member for Grand Falls-White Bay-Labrador (Mr. Rompkey) for his conscientious efforts to see such an amendment brought forward for the benefit of the civilian population on the base. His interest and support in our negotiations are warmly appreciated.

[*Translation*]

Another amendment is related to the appeal procedure and would permit the administration to pay reasonable fees to the lawyer at the second stage of the procedure when the administration brings the case before the Pension Appeals Board—third and last stage of the appeal procedure.

The last technical amendment gives the Auditor General the explicit right to audit the Canada Pension Plan Account. Until now he was doing it under the powers implicitly attributed to him by the Financial Administration Act.

[*English*]

Taking these points in order, Mr. Speaker, I would like to amplify them briefly for hon. members and explain why these amendments are necessary.

The first proposed amendment concerning the Hutterite and Mennonite communities is intended to honour a commitment made by my predecessor and the then minister of national revenue, as I said, in December, 1971. At that time they indicated that an amendment would be introduced exempting certain religious groups from coverage and any contribution to the plan. This commitment was the result of representations made to the government by the Old Order Amish, Mennonite and Hutterian sects.

The government believed then, as it does now, that the Canada Pension Plan, in its present form, places an unintended penalty on these groups for the practice of their own particular religions. This amendment is designed to