

*Pension Benefits Standards Act, 1985*

many more workers. However, we have to use this debate not only for the purposes of this Bill but as an educational tool to explain to Canadians the difference between public and private pension plans. Fundamental to that explanation must be the acceptance by the people of Canada that there is a role to be played in pension planning by Government, by the individual and their employers.

In years past, when one was advocating a pension system, it was based on the premise that Old Age Security would cover 25 per cent of the average industrial wage. The public pension system, known as the Canada Pension Plan outside of Quebec where it is called the Quebec Pension Plan, would cover an additional 25 per cent. In other words, at age 65 Canadian workers would be guaranteed at least 50 per cent of the average industrial wage. It was up to the individual to supplement that through personal savings or a private pension plan. In effect, they would then be able to live in retirement with the standard of living they were accustomed to before they reached the age of retirement. That triad of Government, business and the individual has served Canadians relatively well.

One of the major concerns which led to the creation of the all-Party task force on pension reform was that in the latter part of the 1970s and the early part of the 1980s some 54 per cent of OAS recipients also qualified for the guaranteed Income Supplement. That was considerably higher than most other OECD countries. For that reason the task force was asked to investigate why pension benefits for retired Canadians was so much different than in Europe. I must say that in the North American context, which we must take into consideration because our major trading partner is the U.S., our neighbour to the south has a worse track record than we do regarding private pension plans. The caveat I want to place on that is that Canadians are much more familiar with the RRSP as a vehicle whereby the average Canadian can plan his retirement income. That is an important consideration when one looks at a snapshot view of the pension system in our country. The point I am making is that the triad I referred to earlier was intended to serve Canadians reasonably well.

● (1540)

The trends that are now impacting on Canadian society had a great deal to do with the type of recommendations that the task force made to the Government of the day, which were accepted by the Government at that time, and have now been accepted by the present Government. I think that speaks well for the committee members on that task force on pension reform. I know, as I think Members opposite know, that when a report of a parliamentary task group is accepted by two different stripes of political philosophy in Government, the task force has done a reasonable job of deciphering the actual needs of the Canadian public with regard to pension systems.

I talked about what kind of trend lines had a degree of impact on the recommendations that the all-Party task force made. The most important one was the assumption of the change in work patterns. Previous to the 1960s when the

Canada Pension Plan was first being thought of, the premise was that most Canadians would enter the workforce at age 18 and exit at age 65. As a result, the maximum pension under the Canada Pension Plan, before the introduction of the changes that will come into effect in the spring of 1986, was based on the premise that one would be in the workforce for 47 years. People now recognize that the odds of young people, who are taking post-secondary education, entering the workforce at age 18 and staying in the workforce in the same place until age 65 are very remote. Due to the way in which the economy is unravelling and due to the post-industrial age, it is evident that young people will have to be retrained several times during their working careers to develop different life skills in order to have a meaningful job in our society.

As a result, we suggested that the system will have to be much more flexible than it was in the past to accommodate that emerging work pattern. That was one of the major reasons which led to our recommendation to make the maximum pension under the public pension plan system payable upon 35 years in the workforce as opposed to 47.

The fact that young people are going to have to go in and out of the workforce in order to be retrained led us to make the recommendations that we did with regard to the need for earlier vesting of pension plans and a more portable pension plan system. I am pleased that the Government has accepted the idea of a two-year vesting period. The locking in of the Registered Retirement Savings Plan can create a vehicle for better portability of the pension system. Therefore, the emerging work patterns had a significant impact on the recommendations of the task force and that is what is being reflected in the legislation before us.

Another major trend that had an impact on the legislation was the emerging family patterns in the country. Only one in every five marriages in the country reflect what we think of as the traditional family structure which existed one generation ago, that of the male being the worker and the wife staying home and raising children. Only 20 per cent of Canadian families now reflect that situation. I read in an article yesterday that that kind of family structure is only represented by 7 per cent of the American population.

One can see that this emerging family pattern had severe impact on the way in which the legislation was drawn up. That was one of the major factors that led to the number of changes in Canadian pensions that affect women. That is to say, upon marriage breakdown pension assets should be divisible, survivors' benefits should be increased, and upon remarriage they should not lose their entitlement to a pension. I see that the Government has accepted those premises in the legislation before us.

In addition, one of the major trend lines that also had an effect on the legislation before us is the concern that all Members of the committee had about the ability of the next generation to sustain the burden of intergenerational pension income. That is a very complicated way of saying that we have some concern about the next generation of Canadians being