

The Budget—Mr. Lalonde

IMPROVING PENSIONS FOR CANADIANS

First, I will deal with pensions. Pensions are the principal lifeline Canadians have to economic security in their retirement years. There are ways we can strengthen that lifeline.

We have had a constructive debate in this country for many years about the best way to build better pensions for Canadians. The government issued a Green Paper in December 1982. This paper was the subject of extensive review by the Parliamentary Task Force on Pension Reform, which reported at the end of last year.

Today, I want to propose actions in five important areas of pension reform.

First, too many retired Canadians are now receiving pensions that are insufficient to allow them to live in comfort and dignity. I refer to those single senior citizens who are now receiving the Guaranteed Income Supplement.

This government will never turn its back on those who spent their working lives helping to build this country, and who now need help themselves. In the Throne Speech, the government made a commitment to introduce legislation to increase the GIS for single pensioners. My colleague, the Minister of National Health and Welfare, will soon be introducing legislation to increase the maximum payment to this group of pensioners by \$50 a month. The payment will increase by \$25 a month on July 1 of this year and another \$25 a month on December 1. This raises the guaranteed income for elderly single individuals to more than 60 per cent of the amount paid to couples, as recommended by many business, labour and women's groups.

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[English]

When the GIS is combined with the universal old age pension, single pensioners will be assured of a monthly minimum income of \$600, or \$7,200 a year. About 750,000 single senior citizens, three-quarters of whom are women, will benefit from the increase. The additional government support will amount to \$460 million in a full year. This \$50 increase is in addition to the \$35 which this government introduced on July 1, 1980. As a result of these increases introduced by this Government during the last four years, those elderly Canadians in greatest need will receive next year additional assistance of more than \$1 billion over and above what they would have received had we not made the changes we have in the last four years. Provision will also be made to see that persons receiving partial old age pension, most of whom are Canadian immigrants, have Guaranteed Income Supplement benefits sufficient to give them the same minimum income as other pensioners. About 3,000 pensioners will benefit in the coming year. The number will rise to about 25,000 by the end of the 1980s.

We have honoured our commitment to help those in greatest need.

I expect that provincial governments will not take advantage of this significant increase in benefits to senior citizens by reducing their own payments or increasing their charges on them.

Second, I intend to introduce legislation at an early date which will significantly improve minimum standards for all private pension plans under federal jurisdiction. This represents about one million Canadian workers. I shall table a paper providing details of these proposals.

The changes I am proposing will provide protection against inflation for future pensions.

They will assist mobility by ensuring that employees acquire rights to their pension benefits after two years' service instead of ten, and are allowed to take their benefits with them if they move to another job.

The changes will also broaden pension coverage for full-time and part-time workers, many of whom are women.

Indeed, they will also assist women in a number of other ways: first, by requiring pension plans to provide survivor benefits and ensuring that these benefits will not end if an individual remarries; second, by requiring the pension earned to be split between spouses in the case of marriage breakdown; and third, by ensuring that women and men retiring under identical circumstances receive equal pensions.

There will also be new provisions to assure the disclosure of information and to provide for worker representation on pension advisory committees.

Time will be needed for private plans to adjust to this new regime. I am proposing that these measures take effect no later than January 1, 1987. I will seek an earlier implementation date if that is possible. I expect provincial governments to adopt similar measures in their jurisdictions.

Third, with respect to the Canada Pension Plan, my colleague, the Minister of National Health and Welfare, will soon be bringing forward several specific amendments to strengthen the CPP and improve the benefits to women that the CPP provides.

These include automatic splitting of pension benefits upon marriage breakdown or when the younger spouse reaches 65, the continuation of survivor benefits on remarriage, and the raising of pensionable earnings to the average industrial wage by January 1987. Agreement of provincial governments to implement these measures will be sought as soon as possible.

A number of more extensive changes in the CPP will be discussed with the provinces beginning this summer. Among them are the introduction of a homemaker's pension in the CPP, improved survivor and disability benefits, the qualifying age for entitlements and the financing of CPP benefits.

Fourth, I propose to introduce a major reform of the income tax system in order to improve tax assistance for retirement saving. I shall table a discussion paper with this budget that sets out details.

It has become clear over time that a number of aspects of the tax treatment of pension savings are unfair and inflexible.