

some people have approached the government about the possibility of voluntary payments, an aspect which the government studied in depth. It will also be noted that Bill C-115 introduced on January 12, 1973 seeks to amend the Canada Pension Plan so as to permit housewives to make voluntary contributions.

As for fair treatment of farmers and other workers I would be glad to see the farmers meet this new challenge to its maximum.

Although the motion is partly worded "so as to allow farmers the option to make Canada Pension Plan contributions regardless of their net income" it is directly connected to two further basic questions: the right of people to contribute voluntarily to the Canada Pension Plan and the right of those people to determine their average earnings for the purpose of calculating their annual earnings which are the basis of the contributions to the Canada Pension Plan.

I deliberately use the word "people" in this context because it would be unfair if some provisions of the plan covered only farmers and excluded self-employed people or people whose only earnings are wages or salaries.

If farmers are allowed to pay voluntary contributions for years during which they earn no income, why should the same right not be granted to restaurant owners and other businessmen? If this right is granted to farmers and other self-employed people, what about salaried people who are unemployed all year round and get no earnings? If these groups are given the right to pay voluntary contributions, what about the housewife who left the work force for many years to devote her whole time to the very important task of raising children?

In all fairness, Mr. Speaker, if any group is given the right to pay voluntary contributions, this right should certainly be granted to all Canadians. The same considerations apply to the principle of averaging earnings in computing contributions to the Canada Pension Plan. Many self-employed and salaried people earned income that varied as much over the years as farm incomes. If we allowed farmers to establish their average earnings for the purpose of the Canada Pension Plan, we should honestly entitle all Canadians to do the same.

• (1720)

Having examined those concepts of basic justice, we can now consider the two basic principles deriving from that motion: the right to pay voluntary contributions to the Canada Pension Plan and the right to establish the average earnings for the purpose of that Plan. However, before dealing with the principle concerning voluntary contributions, it would be suitable I believe to summarize the purpose of the Canada Pension Plan and the relationship between that plan and other plans designed to ensure retired people income security. The Canada Pension Plan's first object is to provide all Canadians with retirement benefits and survivor's benefits related to earnings. The plan is especially designed so that Canadians who are unable to benefit from private plans may, during their working years, pay their contributions in order to get a retirement pension based on their earnings during those working years.

Canada Pension Plan

The plan's basic principle is that benefits and contributions should be based on annual earnings up to a certain yearly maximum.

As regards the link between the plan and other income security programs, let us not forget that the Canada Pension Plan is but one of the numerous retirement income security plans and should be considered as such. The universal old age pension plan provides for a basic income to all Canadians over 65. The guaranteed income supplement also provides an income for people over 65 who were unable to contribute to a retirement fund, either because of inadequate earnings during their working years or because there was no private pension plan to which they could contribute. The Canada Assistance Plan provides for additional assistance to people whose needs are such that old age pension and guaranteed income supplement are inadequate. It should be noted that benefits paid under these three programs are not related to the income earned by an individual during his working life. The Canada Pension Plan is one of the components of the overall retired persons income security program particularly designed to ensure pension benefits based on the income earned by an individual during his working life.

Since the Canada Pension Plan has been explicitly designed to be related to gains and considering the role it plays in the overall system of retired persons income security, allowing payment of voluntary contributions would constitute a considerable deviation, not only from the fundamental principle of the Canada Pension Plan but also from the general program of income security for older people.

As for voluntary contributions, it is important to understand that the Canada Pension Plan is not an "entirely financed" retirement savings plan. The precise formula used for determining the pensions is somewhat complicated but essentially pensions are linked to maximum income giving a right to a pension at the time of retirement by the average ratio between an individual's annual earnings and his maximum annual income giving a right to a pension. In general the projected value of the life pension under the Canada Pension Plan for an individual at the time of retirement exceeds the value of his contributions plus the compound interest. In fact, the present labour force continually subsidizes the pensions of former members of the labour force who are retired. The amount of these subsidies depends essentially on the time during which a retired person was part of the labour force and on the amount of his earnings up to the annual maximum. To allow voluntary contributions would mean authorizing people who never belonged to the labour force or did so for a short time during their active life to receive, on reaching 65 years, a pension subsidized by those who are working today. For instance, the older person whose support during life was an income derived from an inherited fortune could pay contributions and receive at 65 a pension subsidized by those who work. In other words, those who have enough revenues to pay voluntary contributions would benefit from the subsidy, whereas those with a very low income and unable to pay such contributions would not benefit from that subsidy. This would be contrary to all recognized standards of justice and to the intention of the Canada Pension Plan.