

Canada Pension Plan (No. 2)

North Centre (Mr. Knowles), and the hon. member for Rimouski (Mr. Allard), all expressed their support for Bill C-224.

I follow the hon. member for Winnipeg North (Mr. Orlikow) in speaking on the bill. I regret that I did not hear part of his speech, but near the end of his remarks he appeared to object to the fact that the Canada Pension Plan does not provide an adequate retirement pension for everyone. He mentioned the poor, the working poor, the unemployed, and so on. I suggest that the Canada Pension Plan is not intended at this time to provide an adequate pension for everyone. It is simply a social insurance plan to which people contribute. Its purpose is to provide a measure of retirement security for the working people of this country.

The speaker who preceded the hon. member for Winnipeg North, the hon. member for Fraser Valley West (Mr. Rose), made an informative and interesting speech on this subject. It was as well, a witty speech, as his speeches sometimes are. In his remarks, with which I did not entirely agree, he took exception to the fact that the plan is a supplementary plan and is not in itself enough to provide for the retirement income security that most Canadians require. That may be quite true at present. The whole point of the amendments included in Bill C-224 is that this particular situation is to be remedied. What the bill provides for is this: when the plan reaches its full potential under the original legislation, the benefits paid, plus the increases provided in the present amendments, will be such that by the end of this decade a workman could receive a pension of \$250 a month. The approximately \$90 provided at present is clearly inadequate.

It is thought that the pension payable by the end of the decade, which is to be added to the ordinary old age security pension, should be a substantial factor in providing retirement income security. In many cases that income will be sufficient. Even if we ignore further escalations, what will be the result? Take, for example, a couple receiving \$210 in old age pension, or \$105 each. If you add the \$250 that will be available, their total income will be \$460 a month, or about \$5,500 per year. We must agree that this would be a very substantial income. In some cases it would be enough, as at that time of life many of the expenses of the couple would be lower, their children having been educated and their general expenses having decreased as they grew older.

The hon. member for Fraser Valley West objected to the word "supplementary" being asked in connection with the Canada Pension Plan. Apparently his objection arises from the fact that this word appears in the first line of the initial legislation; there was reference there to "supplementary income." The act as first passed was to provide an income that would be supplementary to the old age pension. I point out, however, that it does not refer to any supplementary pension.

There is another aspect of the speech of the hon. member for Fraser Valley West with which I do not totally agree. He contends that the kind of plan we are talking about is not clear. If I remember correctly, he said it is unclear whether this is a welfare plan, a social insurance plan or something in between. I say that all this will become extremely clear if one reads the words of the

[Mr. Smith (Northumberland-Miramichi).]

original Canada Pension Plan Act of 1964-65. It is strictly a social insurance plan. It is, and must be, financed totally by contributions and no charge whatever is to be made against the consolidated revenue fund of the country. This includes the administration of the plan, the clerical help and everything else. It is financed, as we know, by contributions from employees which are matched by contributions of employers, as well as by contributions from certain self-employed people.

As well, the funds earn interest; they are invested when not required immediately for the payment of benefits. The provinces profit from the availability of these funds. By law they are lent to the provinces. The proportion which contributions from an included province bear to the total fund determines the size of the loans made from the fund. This was pointed out clearly by the hon. member for Winnipeg North Centre who on a point of order raised objections to the legislation. What he meant, of course, was that there are no public funds, or funds out of consolidated revenue used in connection with benefits paid under the plan.

● (1610)

I also notice that there appears to be some confusion about the nature of the plan. Several of the speakers I heard did not clearly distinguish it from some of the other plans in effect in Canada, income-support plans such as family allowances, old age pension, supplementary allowances, and so on. In recent weeks and months we have passed legislation to enable the escalation of benefits under such plans. I think it is even more important that we do so now in connection with a social insurance plan such as we are presently considering.

A number of speakers have advocated the lowering of the age at which pensions should be payable. Various increases in the rate of pension have also been proposed. However, we must remember that if we were to carry out these proposals the whole concept of the plan would need to be changed. At least, the amount of the contributions would have to be greatly increased. These questions would then arise: How much should we, as a parliament, order a workman to pay into a savings plan? How much should we be prepared to legislate that employers or self-employed people must pay into such a plan?

The legislation prescribes that under penalty of fine or imprisonment employees must contribute a certain proportion of their salaries. Similarly, we order employers to contribute a like amount. So when we talk about lowering the age at which pensions are payable, we are bound to take these other factors into consideration. The money which some 500,000 people presently receive is derived from funds which were paid in under certain conditions, and those who benefit are entitled to benefit. If the age of eligibility were lowered and a flood of new recipients came in to collect benefits under the plan, there would be no solution except to decrease the amount of benefit payable, that is, if we are to follow faithfully the original legislation which clearly states that benefits must be related to contributions.

The plan holds in trust the money paid by contributors, and we cannot change the rules to the disadvantage of those who have already made contributions on the basis of