

Both the current OAS legislation and Bill C-35 have a restriction of the first type I have mentioned, that is to say, the requirement that the beneficiary must have lived in Canada for a minimum of ten years after age 18 to receive the pension of Canada, or 20 years before it can be exported. In much the same manner as Canada would want to protect the benefits which as many as half a million of its current residents have acquired abroad, so would other countries wish to provide, through reciprocal agreements, for the easing of restrictions which Canada places on its own benefits, such as the 20-year rule for export of the OAS pension.

Even if the current OAS program could be taken to the bargaining table, it would be unusable in reciprocal agreements because of the "all or nothing" principle embodied in it and the different weight which attaches to the same number of years of residence in Canada. In contrast, the corresponding programs of other countries yield benefits which are prorated to periods of contributions or residence.

Under international social security agreements of the standard type, the restriction which governments place on the payment of their benefits outside national boundaries is overcome by adding together periods of contributions or residence in each of the contracting states to determine eligibility under the programs of one or both countries. Once eligibility is established, each party to the agreement calculates, under its own rules, its share of the composite benefit payable and pays it direct to the beneficiary. By such techniques, contracting states can make social security benefits portable across their boundaries and thereby protect the social security credits of their residents who work in the other country for part of their lives.

Canada/U.S. citizens

International agreements also provide for the removal of duplicate coverage. Honourable members will be familiar with the difficulties experienced by Canadian residents working in the United States and, conversely, with the situation of United States citizens working in Canada. For the time being, most people in this situation have to contribute both to the Canada Pension Plan and to the United States social

security scheme. A reciprocal agreement with the United States Government would resolve such anomalies.

Negotiations necessary

I would caution all honourable members that Bill C-35, while it authorizes inclusion of the old age security program in international agreements, will not, in and of itself, give automatic access by residents of Canada to the social security credits acquired in foreign countries. It takes two to negotiate. The precise terms which other countries will be prepared to offer under agreements, and the details of what they will require of Canada in return, will of course become known only when negotiations begin.

For its part, the Government of Canada will be prepared to enter into formal negotiations with other interested governments as soon as Bill C-35 becomes law and we can take the OAS program to the bargaining table. I might note in passing that international agreements on social security exclude all income-tested programs. The guaranteed income supplement will therefore never be part of international agreements.

Eligibility requirement

Secondly, I should like to say a few words about the single eligibility requirement which is found in the proposed bill. Forty years hence, the same, single eligibility requirement will apply to every resident of Canada: the OAS pension will be acquired a year at a time, through residence in Canada after age 18, over a maximum 40-year period. Partial pensions will be available for those with less than 40 years' residence based on one-fortieth of a full pension for each year of residence based on one-fortieth of a full pension for each year of residence in Canada. A minimum ten years of residence will be required for any pension to be payable in Canada, and a minimum 20 years for it to be payable outside the country.

At present, residents of Canada can qualify for their old age pension at age 65 in one of three ways. First, by living here for a full 40 years after age 18. This produces a pension for which you can apply from anywhere in the world and which is payable anywhere in the world. Secondly, one can qualify by living here without interrup-

tion for the ten years immediately preceding application for the pension, normally from age 55 to age 65. This produces a pension payable in Canada for which you must apply from Canada and which becomes exportable after the pensioner has completed 20 years of residence here.

Finally, if an applicant has been absent from the country during the ten years preceding application for the pension, he or she can make up each year of absence by three years of residence between ages 18 and 54. This produces a pension payable in Canada only, unless the applicant can meet the 20-year export rule. The point to bear in mind, however, is that in order to qualify under this "three for one" provision the applicant must live in Canada for a full year before applying for the pension.

Unfortunately, the application of these eligibility criteria frequently results in inequitable treatment of beneficiaries. Let us take the case of someone who was born in Canada, lived and worked here and, say for health reasons, left the country at age 55. The 37 years of residence in Canada after age 18 which such a person had completed would not entitle the applicant to anything unless he or she were to re-establish residence in Canada for a full year before applying for the pension. On the other hand, a non-Canadian, say, again, for health reasons, can choose to come to Canada at age 55, live here until age 65, claim and get a full pension.

It will be clear from the foregoing that the current eligibility criteria, combined with the "all or nothing" principle, can favour applicants having had as little as ten years association with Canada over others who spent most of their working lives here. The amendments which the Government has put forward will resolve this anomaly by giving each year of residence in Canada exactly the same value for OAS purposes and by establishing partial pensions. After the transition period, 40 years will draw a full forty-fortieths pension. Twenty years will be worth half as much as a full pension, and ten years a quarter as much.

In preparing the amendments which are now before us, one of the Government's concerns was to ensure that no one currently in receipt of the pension, or in the process of building up their entitlement to it, would be affected by