

Canada Pension Plan

Mr. Benson: With respect to this, Mr. Chairman, I would like to indicate to the hon. member that basically this is a social insurance plan. Usually social insurance plans call for a maximum amount of contribution and benefits derived therefrom. I might point out that in the United States the maximum earnings on which one can contribute is \$4,800. Any lessening of this principle and allowing people to contribute on amounts beyond the \$5,000 level would tend to favour those in our society in the higher income brackets, particularly those who could do so in the first 10 years. In this way they might tend to receive higher benefits from the plan than they would have normally received under the present provisions of the plan.

Mr. Olson: Mr. Chairman, I want to make it abundantly clear that the range would certainly be between a minimum and a maximum wherein one could make an option. We certainly would not expect a provision which would permit a person to contract to pay any more than 3.6 per cent times \$5,000—or in other words \$180 a year—to the plan. I want it made clear that I am not suggesting that anyone should have the opportunity of contributing more than \$180 in any one year.

Mr. Benson: Mr. Chairman, if we were to allow some people in particular years to contribute beyond the stated percentage of his income, the plan would no longer remain an earnings related pension plan. This plan is intended to be related to the earnings of an individual in a particular year. His benefits are designed to be paid out on this basis. If people wish to contribute to pension plans beyond the level permitted under the social insurance scheme which is known as the Canada pension plan, there is opportunity for them to make additional contributions to private pension plans and reap the benefits which exist there. But within this particular plan is the intention to relate it to earnings. A limit is provided. The range of contributions are adjusted upward as our earnings index increases. The benefits are also adjusted upwards as our cost of living index increases, and thus the pension increases.

Mr. Chatterton: Mr. Chairman, is it not also true that in the United States, in respect of high income brackets, the percentage which is applied to average earnings is less, while in respect to high income brackets in West Germany they are completely excluded? The proposal made by the hon. member for Medicine Hat would be contrary to the best interests of the people of Canada.

[Mr. Olson.]

Mr. Benson: Mr. Chairman, what the hon. member has said is correct.

Another relevant point in this regard, when considering the United States plan, is the fact that they have no flat rate benefit such as our old age security plan, so that in Canada we have to combine the two in considering the rates and benefits of the Canada pension plan and the old age security plan.

Mr. Barnett: Mr. Chairman, it does appear to me that there is some point to what the hon. member for Medicine Hat has suggested which has escaped the understanding of the Minister of National Revenue. As far as I am concerned I am quite willing to have this plan discussed within terms of reference of an earnings related plan. I think it is fair to say that by and large this plan is being geared to the normal earnings of people in reasonably static or stable levels of incomes or salaries; in other words, people who are employed at so much per hour, so much per week or so much per month. The point the hon. member for Medicine Hat is trying to emphasize is that there are certain quite large groups of working people in our society whose incomes are not necessarily derived in that fashion. The hon. member for Medicine Hat referred to farmers, but I suggest that another group in this same category is fishermen. Through no fault of theirs, nor as a result of their efforts or lack thereof, but rather because of the category of their occupation, their earnings fluctuate very drastically from one year to another. If we have a particularly good run of salmon, halibut or herring off the west coast of British Columbia, the fishermen will receive incomes perhaps even double the incomes received in poor years.

I do not know much about the details of the operation of the provisions of the Income Tax Act in this regard, but I am sure the Minister of National Revenue is acquainted with the arrangements that have been developed to permit the averaging out of the taxable incomes of these groups over a period of years. It is that kind of framework the hon. member for Medicine Hat suggests would be desirable. He is attempting to put forward some arrangement which would permit certain groups of workers, whose incomes come in spurts, rises and drops, to make contributions on the basis of their averaged out incomes over a period of years. I am inclined to agree with the hon. member for Medicine Hat, that as the bill is now drafted there is no flexibility to meet the requirements of these particular groups.