The scale of pensions now proposed is 20 per cent of earnings. What we suggested last July was not one scale but a range of benefits dependent upon when the pension began. The pension would have varied from 20 per cent at age 65 to 30 per cent at age 70.

Since the average age at which people retire is about 67½, the average pension, under that proposal, would have been about 25 per cent of earnings. What is now proposed is smaller by one fifth. On average, people will get one fifth less than we previously proposed and, of course, the long term contribution rate required will be correspondingly less.

In the government's view, a plan providing for a range of benefits between 20 per cent and 30 per cent would have had important merits. However, our consultations with the provinces revealed a widespread fear that the original proposal was on a scale which would substantially lessen the incentive for people to save through private pension plans. We recognize that pensions are a field of common jurisdiction for Canada and the provinces, and we therefore felt it to be our duty, as the fruit of genuine consultation, to seek a middle ground between our views and the various views of the provinces. The proposals we now make are the result of that search. I believe they are proposals which will be shown, on careful scrutiny, to be the most generally acceptable.

The other major change in the plan relates to its financial reserves. Any pension plan, public or private, yields substantial reserves in its early years. Eventually, when it reaches maturity, any plan—again, this is true whether it be public or private—becomes in effect pay as you go. That is to say, the income equals the outgo except to the extent to which the plan is growing because the number of new contributors entering exceeds the number who are retiring.

Even with its low, 1 per cent contribution rate, the Canada pension plan will yield substantial reserves for many years. In our July proposal, however, we suggested that much of these reserves—over and above what was needed as a contingencies fund—should be earmarked for a special purpose. That was to absorb the cost of improving the flat rate old age security benefits, and especially the temporary additional cost of making such benefits available before age 70.

That proposal could only have worked if the plan had come into operation in every province. Once the government of Quebec indicated its intention to exercise the right—which, as our legislation will recognize, is the right of any province—to set up a pension plan of its own, we realized our proposed plan could not operate where there was to be a similar, comprehensive provincial plan.

Clearly, that situation made it undesirable to establish any sort of financial link between the new plan and the flat rate federal pension. Therefore the reserves generated under the plan as now proposed will be available for investment in federal and provincial securities. This means that the improvement of old age security will be financed from the old age security fund as now constituted. The offsetting advantage is that, because of the reserves and the interest they earn, the long term cost of the Canada pension plan itself will be lower.

An hon. member, a week or so ago, requested that an up to date white paper, setting forth the scheme of the bill as revised, might again be provided to all hon. members. I am happy to say that a white paper has been prepared and will now be made available in both official languages. I particularly invite hon. members to compare its provisions with those of the July 1963 white paper. It will be seen that the changes, though important in some respects, do not substantially affect the benefits that the plan will make available to the people of Canada.

It is, I believe, generally known that it is the government's intention at the appropriate stage in the proceedings in this chamber to move to refer the bill to a special committee comprised of members of this house and to couple with it an invitation to hon. members of the other place, in order that a joint committee of both houses may explore in detail the provision of the legislation. Such a committee, it is expected, would be anxious to call before it many witnesses to complete the public scrutiny which this plan has undergone now for nearly a year.

At the federal-provincial conference held in Ottawa in November last, the Prime Minister laid down what the government considers the eight essentials for a federal contributory pension plan.

They are:

1. That it be as near universal as administratively practicable, but with provision for voluntary participation.

2. That it apply up to an average level of earnings.

3. That it should in combination with the flat rate benefit, provide pensions which are modestly adequate for those who cannot make other provision for their retirement.

4. That it leave scope for further provision by those who can make it; to this end, keep the disturbance of private plans to the minimum practicable.