

Canada Pension Plan

65 in the years 1968 and 1969 will in effect receive a reduced widow's pension in some cases, particularly if they are in the lower income brackets. As a matter of fact I think that in all cases the pension would be reduced to the widow at the age of 65 in those three years by virtue of clause 56(1)(b). Would the minister tell me if I am right?

Miss LaMarsh: Yes, Mr. Chairman, that is substantially correct.

Mr. Chatterton: In that case, Mr. Chairman, may I ask this question. Was this intended, or was there just an oversight in allowing it to stand in this way? Was there a reason for the reduction? This would have applied, even in the original proposal, as it does in Bill No. C-136, whereby the old age security benefit would have been payable at an actuarially reduced rate at an early age. This also would have applied for those years.

Miss LaMarsh: Mr. Chairman, I would like to point out to my hon. friend that this is the case only in the years 1968 and 1969. The scheme was designed to operate as it does, and there does not seem to be any way to get over this two year anomaly.

Mr. Monteith: Mr. Chairman, I would just like to know whether I am correct in my thinking on this. It was originally intended that the widow would have available, if she so wished, the actuarially reduced old age security; is that correct?

Miss LaMarsh: Yes.

Mr. Monteith: But now she does not receive that until she becomes a certain age, and there is a reducing age scale?

Miss LaMarsh: It was not intended in the first place that she would get it except on a reducing age scale.

Mr. Monteith: But it was available on an actuarially reduced basis?

Miss LaMarsh: Not initially. There was also a scaling down.

Mr. Chatterton: Mr. Chairman, I have jotted down some figures to show the reduction, and unfortunately the reduction by virtue of this clause is greatest in those areas where the pension is the least and the need is greatest. For example, where the husband's pension would be \$104 initially, the widow's pension would be reduced by only \$1.60 a month. But when you get down to the case where the husband's pension would have been \$52 a month, the reduction is from \$44.50 to \$31.20,

which is a reduction of some \$13 per month. Then when you go lower down again, in the case where the husband's pension would have been only \$26 a month, the widow's pension would drop, at age 65 for those two years, from \$38 to \$15.60, a reduction of some \$23 a month. It is true that it applies in those two years only, but in view of the fact that it hits those widows who are in greatest need I think it should be corrected.

Am I right in saying that if we added to clause 56 (1) (b) these words, "plus a flat rate benefit calculated as provided in subclause 2 of clause 54, payable only until the widow receives a pension under the Old Age Security Act", would this not remedy the situation?

Miss LaMarsh: Mr. Chairman, it should be pointed out to my hon. friend that the old age security operates upon a different basis. Hon. members will recall that it has such things as residence qualifications, and it might conceivably be, under the circumstances which my hon. friend is suggesting, that the woman never would receive an old age security pension because of such things as residence qualification. Therefore it would not be apt to make such an amendment.

Mr. Chatterton: I get the minister's point, Mr. Chairman, and that is true. But it seems to me that the people who drafted this bill are so ingenious that surely they must be able to find a means of amending this provision to bring an end to this inequity, even though it is only for two years, even if they gave the widow an option to continue the 37½ per cent plus the flat rate, so that her pension would not be reduced. Remember, at that time she will be 65 years of age and would probably be cut off from old age assistance in any case by virtue of the small pension.

I wonder whether the minister would undertake to have her staff consider an amendment that would fill this gap, either by giving the widow the option of taking the 37½ per cent plus the flat rate, or in some other way by which this inequity can be avoided. Perhaps, Mr. Chairman, the minister would agree to stand this clause in order to give her staff a chance to consider this problem.

Miss LaMarsh: I would point out, Mr. Chairman, that the widow is treated in exactly the same way as everyone else, and this also applies to old age security. While such a widow may be getting assistance in any event from shared cost programs or other-