

income earned by an employee, that is, income between \$600 and \$5,000. The maximum payable in a year is \$79.20, and there is a matching contribution from the employer. Those who are self-employed pay premiums at the rate of 3.6 per cent of the income they earn between \$600 and \$5,000, provided they earn more than \$800 in any one year.

Honourable senators, I have already said that under the Canada Pension Plan pensions in 1976 will be payable at age 65. The contributions to the Canada Pension Plan are compulsory for people in the labour force between age 18 and age 65. I should add that in 1976, but not before that, will the full advantage or benefit of the Canada Pension Plan be realized. In the meantime, there will be partial benefits realized by people who retire and who have paid into the plan. In 1976, after the plan has been in existence for a ten-year period, the initial maximum pension that can be payable, based upon an income of \$5,000, will be \$104.17 per month. There is a provision for the escalation of this amount, geared to the cost of living index, and there are provisions for death and disability payments.

Honourable senators, I trust that what I have said as to the background will be helpful in the circumstances in which we meet here today. What is now proposed is an amendment to the Old Age Security Act, to provide for older citizens who are not able to take full advantage of the Canada Pension Plan, and to provide for them as far as possible a basic income which is consistent with Canadian standards, with the Canadian way of life and with the dignity of the individual.

The bill before us provides a guaranteed income supplement to pensioners who require it. The maximum supplement proposed is \$30 a month for the pensioner who needs it, whose income is inadequate, that is, below \$1,260 a year.

The \$1,260 per year is arrived at in this way. Under the Old Age Security Act, the \$75 a month comes to \$900 a year. Under this bill, the payment of \$30 a month will come to \$360 a year. Therefore, the maximum payment under this act would be the combination of those two, or \$1,260 a year. As a matter of fact, the ceiling is actually \$1,620 for a single pensioner and \$3,240 for a married couple. This arises, however, from a special provision in section 8 of the bill before us, which permits a pensioner to earn \$2 of income, but to lose not more than \$1 of the supplement. It sounds rather

complicated to say it in this way, but it is a neat expression of the fact and it can be and will be explained in the committee in more detail as honourable senators require. In any event, I will have something to say later about section 8. I should point out that pensioners only can qualify for the supplement proposed in this legislation.

In the year 1967, people will be able to obtain the pension at the age of 68. In 1970, they will be able to obtain the pension, and therefore qualify for these supplements if they are otherwise entitled to them, at the age of 65. Again, I say the purpose of this bill is to assist the older people in the community who are too old to get or to earn adequate benefits under the Canada Pension Plan.

In so far as residence is concerned, generally speaking the same rules which apply to a person who is about to qualify to become a pensioner under the Old Age Security Act apply specifically to those who desire to qualify for the supplement to be provided under this bill.

This is a transitional measure. Most people born in the year 1910 or earlier will never get the full benefit of the Canada Pension Plan or of the Quebec Pension Plan, because ten years of contributions are required to earn the full benefits under the Canada Pension Plan. On January 1, 1976 the best that those born in 1910 could do is to reach age 66 and just complete the ten years in the Canada Pension Plan, and therefore qualify for the full benefits thereafter. Most of those born before December 31, 1910, could not by 1965 get in their ten years, and they would reach pensionable age too soon to get the full benefit.

It is estimated that some 900,000 Canadians who are Old Age Security recipients will benefit to some extent under this plan, that is, they will have their incomes, supplemented under this plan to some extent. By 1970, when the pension is available at age 65, an additional 75,000 persons will be added each year to that number of 900,000. The cost of the program in 1967 will range between \$260 millions and \$280 millions. Three years hence, in 1970, the cost is expected to reach its peak of \$350 millions. Thereafter, as the older age groups drop off, the cost will naturally decrease. As I said, the benefit will be \$30 a month, which comes to 40 per cent of the old age pension. It is necessary to have the figure 40 per cent in this bill for the reason I gave earlier, namely, that the old age pension itself can escalate as the cost of living escalates.