

*Canada Pension Plan*

there is no Canadian Pension Plan contribution made at that time. In the year or years when the farmer has a taxable income, usually that income has been very high and he pays tax at a high rate. Of course, he pays Canada Pension Plan contributions at the maximum rate in those years.

By the process of averaging, it quite frequently turns out that the taxpayer is taxable in each of the five years and, on the averaging form, the tax for each of the five years is based on the rates in existence for that particular taxation year. This results in a refund of tax. However, there is no provision under the regulations or the act whereby the taxpayer is allowed to make a Canada Pension contribution for the three or four years in which he was not initially taxable, but in which, under the averaging provision, he becomes taxable. As a consequence, many farmers over the years have been making Canada Pension contributions in maximum amounts in those years when they were taxable and no contributions in the years when they had no taxable income, despite the fact that their average annual income would require them to make contributions. This has had a drastic effect on the amount of Canada Pension Plan for which the farmer will be eligible on retirement.

The Canada Pension Plan was adopted in the 1964-65 session of parliament, and my understanding is that the purpose of the act was and is to provide an actuarially sound plan for citizens of Canada. Most employees in Canada who are working today for wages and salaries have been making regular contributions over the years to this plan and will, on retirement, be eligible for the maximum, or near maximum, benefit under the plan. In addition, the large majority of employees on salaries and wages participate in private pension plans contributed to by both the employee and the employer. This will give them a monthly pension on retirement in addition to the Canada Pension Plan benefits.

It might be argued that a farmer is entitled to provide for his old age by contributing to a registered retirement savings plan on his own, and that he is entitled to deduct the amount of the contributions, within limits, from his income in order to determine the amount of tax payable. I would suggest, however, that the farmer is in a very unusual situation in that, in those years when he has no net income he does not have the necessary cash to take advantage of the registered retirement pension plan scheme and, therefore, his contributions are of an erratic nature. This does not permit him to provide a stabilized retirement plan. It should be pointed out as well that a farmer, as well as other self-employed persons, contributes double to the Canada Pension Plan what a person on wages or salary contributes, because as the plan exists at the present time an employee pays one-half of the necessary contributions while his employer pays the other half.

• (1710)

There are two means of solving the problem; one would be for a farmer who averages his income to make contributions to the Canada Pension Plan based on his average net income for each year. This would be a retroactive payment and could be adjusted by charging, in addition to the amount calculated, interest for the period from the time when he should have made the contribution to the

[Mr. Neil.]

date of making same at the rates that the plan investments are earning during the period. The result, however, of basing the contribution on the average net income would mean that a farmer would not necessarily be able to make the maximum contribution.

The more reasonable, and I would suggest acceptable method, would be to allow a farmer, regardless of his net income, to elect to pay at his discretion, any portion of or the maximum amount allowed under the act as a contribution in any year. The effect of this would be that the farmer would be able on retirement, to receive Canada Pension Plan benefits at the maximum rate. If as has been stated in previous debates, the Canada Pension Plan is actuarially sound, then I would submit that the farmer is not being subsidized by the Canadian taxpayer, but in effect is on his own, participating in a pension plan which will enable him to live in dignity upon retirement.

Mr. Speaker, we have been moving over the years towards a welfare state, and this has caused me a great deal of anxiety and concern. Our great country was built on the concept of free enterprise and hard work. The right of an individual through ambition and initiative to provide not only for his old age but to make provision for his wife and family is a basic right. Once this initiative and ambition is destroyed—and I am suggesting to you, Mr. Speaker, that this is what is happening—we will end up in a situation where there will be a slowing down of our economy, for if the state is to take care of a person from the cradle to the grave, and if there is a penalty for initiative and hard work, we will destroy the very thing upon which our great country was built. I am not suggesting that welfare schemes are not necessary; they are necessary, but only for the aged and for the physically handicapped and as a temporary measure for those who are unable to find employment. It is the responsibility of government to develop policies and institute programs which will enable all able-bodied persons to be gainfully employed, to encourage our citizens and to teach them that the work ethic is important.

The farmer of Canada does not want something for nothing. He wants to be able to take care of himself and his family on his own initiative. By allowing a farmer to elect to make contributions to the Canada Pension Plan regardless of his net income—and this applies, I would suggest, equally to all other self-employed persons, although I have not included them in my motion—he is making a contribution to an actuarially sound plan and providing a pension of his own which will assist him in his twilight years, which should be years of comfort, satisfaction and enjoyment. Mr. Speaker, I would ask this House to give full support to my motion.

[Translation]

**Mr. Léopold Corriveau (Parliamentary Secretary to Minister of Agriculture):** Mr. Speaker, it is my pleasure to rise on the motion of the hon. member for Moose Jaw (Mr. Neil). This motion is not new since several official representations have been made in the past to the government in this connection by agricultural associations. The Canada Pension Plan advisory board has examined a proposition of this nature at the time of its semi-annual meeting, at the beginning of October 1972, and will study it again when it will meet in April or May 1973. Moreover,