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Old age security – possibility of international reciprocity

Over a half a million Canadian residents may eventually gain access to social benefits they have acquired overseas under a bill to amend the Old Age Security Act (OAS) which received second reading in the House of Commons on February 8.

Health and Welfare minister Marc Lalonde, who introduced Bill C-35, explained how the proposed amendments could improve the old age security program:

* * * *

I should stress that the proposed amendments will not alter three essential ingredients in the old age security program. Firstly, it is universal and non-contributory, based exclusively on residence in Canada; secondly, the pensions it provides become payable at age 65 at the earliest; and thirdly, it is the building block of the Canadian retirement income system.

The amending legislation improves the program in three important ways. Firstly, it authorizes the inclusion of the OAS program in reciprocal agreements, which is not now the case; secondly, it proposes one single eligibility criterion instead of the three current ones; and thirdly, it establishes partial pensions, which do not exist at present. In order that the retirement plans of current residents of this country not be jeopardized by the amending legislation, Bill C-35 further provides for a transition period of 40 years before the same, single eligibility requirement applies to everyone.

Portable pensions possible

I should like, first of all, to comment on the OAS proposals and the reciprocal agreements. The amendments would authorize inclusion of the old age security program in international agreements which would make benefits portable to and from countries with which Canada may negotiate agreements. Such agreements, would directly benefit a large number of immigrants to this country, especially those who have chosen to retire in Canada to be near their children and grandchildren, many of whom find their foreign pensions frozen at the level at which they were on the day they left their country of origin, and eroded by inflation and devaluation. The central purpose of

reciprocal international agreements is to protect migrants who spend portions of their working lives in more than one country. Such people cannot always meet the minimum eligibility requirements of the mandatory social security programs to which they have contributed.

Such countries as France, Italy, the United Kingdom and the United States, from which a large number of Canadian immigrants have come in recent years, have expressed interest in having reciprocal social security agreements with us and in preliminary discussions among officials have formulated proposals involving varying combinations of Canadian programs. Until now Canada has had no adequate response to such proposals since OAS, the building block of our retirement income system, could not be taken to the bargaining table.

The great majority of social security benefits of other countries are tied to participation in the labour force and, in a few cases, to periods of residence in the country concerned. The amount of individual pensions payable by such countries is usually a function of the number of years of contributions or residence which the applicant has accumulated at the time he or she reaches pensionable age.

In addition, most countries place explicit restrictions on the payment of social security benefits outside their national boundaries. Some pay their benefits only to beneficiaries having accumulated a certain minimum period of contributions or residence. Others do not pay them abroad to anyone, or restrict such payments to their own nationals, or do not pay adjustments in their benefits unless they have a social security agreement with the country to which their beneficiaries migrate.

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