programs are not good enough for the present, much less sufficient to give us pride, and provide comfort for the aged, for the future.

The Canada pension plan was devised for the present and for the future. Very shortly after it comes into operation it will begin to pay pensions, modest at first, but building over a 10-year period of transition. We could not meet social needs by stretching out the period of transition appreciably beyond 10 years, as some have suggested.

The way in which this parliament is asked to provide modestly adequate pensions, available as widely as possible through the aegis of the Canada pension plan, is before the house in the terms of the resolution. Briefly, and avoiding detail as far as possible because it is outside the scope of debate on the resolution, the Canada pension plan provides a modest but adequate retirement pension related to the income earned over the contributor's working life. It is a two-part scheme integrating the new pension with the existing universal flat-rate old age security pension.

In order to ensure a constant dollar value at retirement, the ceiling on pensionable earnings will rise as average wages rise. This of course will mean an increased flow of contributions, at the same percentage rate, and an increased amount payable for benefits.

The Canada pension plan calls for compulsory participation by employees and for voluntary participation by the self employed. It is open to all whom we can administratively cover, within participating provinces. The employee will pay annually 1 per cent of the first $4,500 of his pensionable earnings. That contribution will be matched by his employer. This initial low rate will continue in force for 15 years, followed by a gradual increase over the years. Foreseeably the rate will rise to 2 per cent, but that is 50 years away.

To translate this into understandable terms, John Jones, an employee, making $2,500 per year will pay $25 a year; his employer will pay the same. His brother Tom, who is self employed, will pay $50 annually. No one can pay more than $90 a year and those are only the self employed at the top level of $4,500 per year of pensionable earnings.

What then will the pensioner receive and when? He or she may decide to begin to draw the pension at age 70, or if retired, at any time after age 65. Initially, commencing 1st January, 1966, retired persons of 69 or over may draw pensions if retired. A year later the age will be lowered to 68, and so on until in 1970 any retired person 65 or over may draw his or her pension. The amount of this pension will be made up of two parts, but paid in one cheque. The earnings-related part will be 20 per cent of average pensionable earnings. This will remain constant at whatever age, from 65 on, the pension is drawn.

The other portion of the pension, the flat rate old age security portion, may be drawn at the sum of $51 per month at age 65. It will be somewhat larger for each month that it is postponed, up to the age of 70 when, of course, it will be $75. This is in order to encourage those who wish to, and can, to keep working beyond 65.

While at the resolution stage we are dealing with principle, for greater clarity, I shall cite the example of an employee who has had pensionable earnings of $3,600 per year. He pays $3 a month for his pension. If after the transition stage (of 10 years in which full benefits build up) he retires at age 65, he receives $111 per month or, if he works to age 70, $135 per month for the rest of his life. His wife, although never a contributor, may of course receive her own flat rate pension of between $51 per month at age 65, or $75 per month if she waits until she is 70. It goes without saying that if she herself has been a contributor during her own working years, she will be entitled to her personal income-related pension.

Provision is made for benefits for the widow or widower, age 65 or over, of a deceased pensioner.

These pensions are not intended to be the sole provision for an individual's retirement. There is ample scope, over and above a plan of this scale, for private pension schemes and personal savings and investment. Indeed the effect of such legislation has been in other countries to encourage individuals, who could afford it, to make additional provision for their own future.

This plan is, by its nature, portable throughout participating provinces. Canada-wide portability will also be ensured. The bill does not deal with, nor can this government constitutionally deal with, private existing contractual relationship for pensions between employers and employees. That lies within provincial competence. The spirit of such legislation as that enacted in Ontario and announced in Manitoba is good, we think, providing for portability of private plans.

I do not propose, Mr. Chairman, to deal at length with the financial provisions of this bill. The parliamentary secretary to the Minister of Finance will deal with this in his turn.

However, I would like to refer briefly to the financial and other ways in which the plan proposed in this resolution differs from that of the resolution I moved last July.