

their retirement. Canadians want to be self-reliant and they want to have a choice.

What the Government can do is encourage supplemental retirement savings. As you know, tax provisions to assist retirement savings have been expanded considerably, and according to the new Pension Benefits Standards Act I am discussing today, pension plans offered by employers will have to meet basic standards that set higher and fairer levels than was the case in the past. Consequently, many more Canadians will be eligible for such plans and will want to participate, and more Canadians and their spouses will receive better pensions from the plans to which they contribute at the present time.

[English]

I want to emphasize that this legislation sets basic standards in what is essentially a voluntary system, not a compulsory one. Employers are not compelled by this legislation to offer pension plans and employees are not compelled to join them. However, if plans do exist and they exist widely, they must meet certain standards of fairness and adequacy that are the best we can provide. Employers are free to exceed these standards and indeed many do. Unions are free to negotiate benefits and indeed many have. The system is a flexible one in which employers, employees and unions can work out specific arrangements which best suit their circumstances and their expectations.

The Government recognizes, of course, that what Canadians deem adequate today will change as society itself changes. For this reason, there may be a need in the years to come to again review this legislation. The changes being proposed now, however, reflect today's realities. They will put an end to the uncertainty of the past several years that has caused many employers to delay reforming their plans and others to delay introducing them. Employers and employees will know where they stand.

The changes being proposed to the Pension Benefits Standards Act reflect extensive consultation with the general public, with employers and labour, with women's groups and pensioners and with the pension industry. Their insights have been most valuable. The changes also reflect lengthy and close consultation with provincial Governments. In Canada this is essential because the pension system is a shared federal and provincial responsibility.

The federal pensions standards legislation applies directly to some 650 employer-sponsored plans covering 500,000 people. Indirectly, the terms of the legislation will apply to a further 500,000 federal public servants because the Government has undertaken to see, in consultation with the Public Service unions, that the Public Service pensions will generally meet these standards. Provincial legislation applies to more than 14,000 employer-sponsored plans covering some 3.5 million people.

It is important to know that for pension reform, to which we are very committed, to serve the needs of Canadians, both employers and workers, we and the provinces must enact similar pension standards. Fundamental to our efforts has been our view that Canadians, no matter where they live, should

have the same opportunities to build pensions for their old age. They must not be deterred from moving freely between provinces because of concerns about their pensions, and companies operating in more than one jurisdiction should not face needless and costly administrative burdens in having to conform to different pension standards.

In view of the importance of having a high degree of uniformity across the country, I am particularly gratified that the Ontario, Quebec and Alberta Governments are planning to implement parallel legislation concurrently with our legislation. Other provinces have indicated that they will consider similar legislation at a later date, hopefully in the very near future. This Government which has taken the lead on this matter will continue to work closely with the provinces as pension reform is translated into reality.

The changes introduced in the legislation before us are timely. Canadian society has altered dramatically in the last 20 years. Women have entered the paid labour force in unprecedented numbers. Traditional family structures and marriage patterns have changed. Career patterns are different and new working arrangements are evolving. At the same time, the Government, employers and employees alike must be concerned about the cost burden imposed by pension plans.

Both employers and employees must judge pension plans to be worth while and cost effective. They must be willing to pay for them. The cause of pension reform will be set back rather than advanced if the cost or administrative burden of plans became such that employers were discouraged from sponsoring plans and workers were discouraged from joining them. A balance is required. We believe and are proud to report that a balance has been achieved. For instance, it is estimated that for employers, the proposals in this legislation will increase the costs of average pension plans by about 8 per cent to 10 per cent. This in turn will increase payroll costs by about half of 1 per cent. We have taken very great care to avoid imposing retroactive costs.

I submit that the proposed changes are fundamental and are far reaching. They will serve Canadians well and they will be affordable.

• (1520)

I would now like to outline to the House what some of these changes are. Current pension standards on vesting, for example, specify that persons do not acquire rights to the part of their pensions contributed by their employers until they reach 45 years of age and have 10 years' service or membership in their pension plan. This is clearly a Draconian standard in today's times. Although many employer-sponsored plans have not been that rigid, the standard nonetheless has deprived many young people, and people who have left the labour force or changed jobs even after considerable time with employers, of a good part of their pension benefits. Employees now will be entitled to vested benefits two years after joining a pension plan. That is an improvement of eight years. They will then be able to leave their jobs if they wish and not jeopardize their pensions.