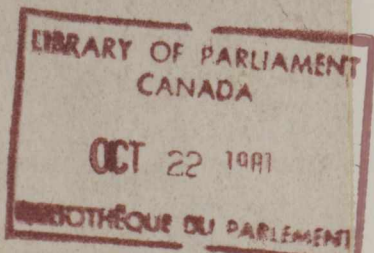




CANADA

They Served We Care

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H7
1980/83
H42
A12



**A Report to the Senate of Canada by the Standing
Senate Committee on Health, Welfare and Science**

J
103
H7
1980/83
H42
A12

Membership

The Honourable M. Lorne Russell, M.D., C.M., Chairman
The Honourable Florence B. Bird, C.E., Deputy Chairman
and
The Honourable Senators

- | | |
|---------------------|----------------------|
| Adams, Willie | McGrath, Fred S. |
| Bullish, Martha E. | Parsons, Raymond J. |
| Cottreau, Ernest G. | Phillips, Orville H. |
| Crill, David A. | Rossiter, Yvette |
| Donahoe, Richard | Sullivan, Joseph A. |
| Flynn, Jacques | Theriault, L. Norman |
| Stanley | Thompson, Andrew |

They Served We Care

*Ex Officio Members

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They Served We Care

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Membership

The Honourable M. Lorne Bonnell, M.D., C.M., *Chairman*

The Honourable Florence B. Bird, C.C., *Deputy Chairman*
and

The Honourable Senators:

Adams, Willie	McGrand, Fred A.
Bielish, Martha P.	*Perrault, Raymond J.
Cottreau, Ernest C.	Phillips, Orville H.
Croll, David A.	Rousseau, Yvette
Donahoe, Richard	Sullivan, Joseph A.
*Flynn, Jacques	Thériault, L. Norbert
Haidasz, Stanley	Thompson, Andrew
Inman, F. Elsie	Tremblay, Arthur
Lucier, Paul	Wood, Dalia
Marshall, Jack	

**Ex Officio Members*

Orders of Reference

Extract from the Minutes of Proceedings of the Senate, Tuesday, November 6, 1980:

The Honourable Senator Marshall moved, seconded by the Honourable Senator Bielish:

That the Standing Committee on Health, Welfare and Science be authorized to examine and report upon the subject-matter of the *Statute Law (Military and Civilian War Pensions, Compensation and Allowances) Amendment Act, 1980*, Chapter 19, Statutes of Canada, 1980, and any regulations that may be made thereunder.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, March 19, 1981:

With leave of the Senate,

The Honourable Senator Marshall moved, seconded by the Honourable Senator Bird:

That the Standing Committee on Health, Welfare and Science be authorized to examine and consider the Annual Report of the Department of Veterans Affairs for the fiscal year ended 31st March, 1980, tabled in the Senate on 17th March, 1981.

The question being put on the motion, it was—

Resolved in the affirmative.

Robert Fortier

Clerk of the Senate

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Recommendations

1. We recommend that under the *Pension Act*:
 - a) the proportionate pension to the spouses and dependents of deceased veterans who were in receipt of a disability pension of 47 per cent or less be paid immediately instead of being phased in over a 6½ year period as in the *Statute Law (Military and Civilian War Pensions, Compensation and Allowances) Amendment Act 1980*; and
 - b) the proportionate pension be increased to a percentage of the full pension granted to spouses of deceased veterans equal to twice the assessed degree of the deceased veteran's disability.
2. We recommend that under the *Pension Act*:
 - a) the pension at the married rate when it is greater than the widow's/widower's pension continue to be paid for a period of one year to the surviving spouse of a deceased veteran; and
 - b) the surviving spouse of a deceased veteran in receipt of an Exceptional Incapacity and/or Attendance Allowance continue to receive such allowance for a period of one year following the death of the veteran.
3. We recommend that pension increases reflect the principle of parity with the average wage of five unskilled categories of Public Servants or, the increase in the Consumer Price Index, whichever is the greater, and that this principle be entrenched in the *Pension Act*.
4. We recommend that all necessary steps be taken immediately to eliminate the unacceptable delays in processing pension applications and in pension adjudications which have accumulated since 1970 and that to this end, particular consideration be given to encouraging essential staff to continue working beyond the normal age of retirement.
5. We recommend that the residence requirement of the *War Veterans Allowance Act* and the *Civilian War Pensions and Allowances Act* be amended to permit otherwise qualified persons to benefit from the legislation while residing outside Canada.
6. We recommend that in the calculation of entitlement to a War Veterans Allowance, the annual exemption for income derived from bank deposits, bonds and dividends be raised to at least \$500.
7. We recommend that:
 - a) the Government appoint a Committee composed of officials from both the government and veterans associations to review and

update those recommendations of the Woods Committee which have not been implemented and to identify, study and make recommendations about the anomalies which still exist in the treatment of veterans and their survivors;

b) the Committee study the apparent inequity to a divorced spouse who under existing legislation has no entitlement to benefits under the Pension Act and the War Veterans Allowance Act; and

c) the Committee study the apparent inequity of the way in which veterans are compensated for periods spent as prisoners of war.

Introduction

The Senate received Bill C-40, An Act to amend the Pension Act, the Compensation for Former Prisoners of War Act, the War Veterans Allowances Act and the Civilian War Pensions and Allowances Act, on 10 July 1980, just before the summer recess. Since the legislation embodied many improved benefits for veterans and their families, most parliamentarians wanted these benefits to be received as soon as possible without the delay of several months that the refusal to act quickly would have entailed. Thus, the legislation was passed by the Senate after a brief debate on its principles, without being sent to the Standing Senate Committee on Health, Welfare and Science. However, it was agreed that the subject-matter of Bill C-40 would be referred to the Committee *ex post facto* for study and report. Consequently, on 6 November 1980, the Senate authorized the Standing Committee on Health, Welfare and Science to examine and report upon the subject-matter of the *Statute Law (Military and Civilian War Pensions, Compensation and Allowances) Amendment Act, 1980*, Chapter 19, Statutes of Canada, 1980, and any regulations that might be made thereunder. On 19 March 1981 the mandate was extended to the examination and consideration of the Annual Report of the Department of Veterans Affairs for the fiscal year ended 31 March 1980.

An examination of the *Statute Law Amendment Act of 1980 (Bill C-40)* shows that it introduced a large number of changes into the two most important pieces of legislation which deal with the treatment of veterans: the *Pension Act* and the *War Veterans Allowance Act*. Some of these changes were of a minor or "housekeeping" nature; others were of vital importance both in terms of the financial commitment and the number of veterans and their family members who will be affected. Having carefully assessed the treatment of veterans under the legislation, your Committee decided that the major areas of continuing concern were: under the *Pension Act*, the scheme of proportionate pension payable to the spouses of deceased veterans, the continuation of the pension at the married rate following the death of a veteran, the system by which the pensions are indexed, and the continued existence of unacceptable delays in processing applications and in making adjudications; and, under the *War Veterans Allowance Act*, the residence requirement and the treatment of investment income. Finally, your Committee found that there are still a number of anomalies in the treatment of veterans and their families. The report which follows deals with these concerns and makes some recommendations for their solution.

Your Committee discussed and approved this Report on Tuesday, 7 July 1981. At the time, Bill C-79, an *Act to amend the Veterans' Land Act and to amend the Veterans' Benefit Act in consequence thereof*, was before the House of Commons and would *inter alia* amend the *Veterans' Land Act* to enable the spouse and dependents of a veteran to enforce their family law rights on property held under the *Veterans' Land Act* and the *Veterans' Benefit Act*. The Committee decided to make a recommendation to this effect if the legislation were not passed before the summer adjournment.

Prompt passage of the Bill on 9 July has made such a recommendation unnecessary.

Bill C-82, an Act to amend the Pension Act and the Compensation for Former Prisoners of War Act, was passed by the Senate on 10 July. It provided for the elimination of the "phasing-in" period of the proportionate pension payable to the spouses and dependents of deceased veterans. Your Committee commends the Acting Minister of Veterans' Affairs, the Honourable J. Gilles Lamontagne for introducing this amendment since the immediate payment of proportionate pensions to eligible spouses and dependents is an essential recommendation of your Committee. Our recommendation (*Recommendation 1*), however, goes substantially beyond the amendment proposed and adopted by Bill C-82. For this reason, neither the text of the Report nor the wording of *Recommendation 1* has been altered. We hope that the Acting Minister will take equally prompt action on this and our other recommendations.

The Committee wishes to acknowledge its gratitude for assistance given in the course of the study and the preparation of its report by the Clerk of the Committee, Mr. Patrick Savoie and by Mr. Henri-Georges Belleau and Mr. Grant Purves of the Research Branch of the Library of Parliament.

M. Lorne Bonnell, M.D.
Chairman

The Pension Act

1. The *Pension Act* has been amended since its inception on 7 July 1919 to keep it up-to-date with changes in the social and economic conditions of veterans. There are, however, a number of areas of concern which have not commanded much attention in the past but which are important today because the majority of veterans are now reaching an age where disabilities and the decreasing capacity to cope with them due to the passage of time, are a serious and growing burden. This burden to a large extent is shared by the veterans' spouses. These spouses have loyally and conscientiously taken care of the incapacitated veterans for a great many years, giving them the affection, security and support they need and enabling them to stay in their own homes instead of in institutions. Although there are a number of spouses who are the husbands of disabled veterans most of them are aging women.

2. Since men do not live as long as women and disabled people tend to have a shorter than average life span there is, yearly, a large number of veterans who die and leave widows behind them. Your Committee is concerned about these women. Since widowers as well as the widows of war veterans were equal partners in marriage, we believe that they have also served and that Canada should care for them. The most important of our concerns are:

The Payment of Proportionate Pensions to Spouses

3. The new legislation allows the spouse of a deceased veteran, who was in receipt of a disability pension of 47 per cent and less, a pension equal to one-half the amount of this disability pension. Similar benefits were extended to the spouses of former prisoners of war who were receiving or were entitled to receive Prisoner of War Compensation at the time of their deaths.

4. Your Committee is satisfied with the spirit and positive philosophy of the legislation, but we cannot agree with the decision to "phase-in" these benefits over a six and one-half year period and to set a spouse's pension at one-half the deceased veteran's disability pension.

5. It appears, on the basis of testimony before the Committee, that about 20,000 or 75 per cent of the estimated number of eligible spouses, most of whom are women, will not qualify for benefits until 1984 or later. Many widows of both World War I and World War II pensioners are now in their late seventies or mid-eighties. Obviously, taking mortality rates into account, many will not live to enjoy the benefits. It is also probable that a great number of widows will not gain much additional income from a proportionate pension at current levels. If they are receiving an allowance under the *War Veterans Allowance Act*, this may be reduced by part or all of the amount of the proportionate pension because the allowance is income-tested.⁽¹⁾

6. The proportionate pension paid is only equal to half of the deceased veteran's disability pension if this disability pension was assessed at 47 per cent or less at the time of death. Widows of pensioners whose disability was assessed at 48 per cent or more, however, qualify for the full spouse's pension of \$608.60. There is as a result a large and unjust difference in the treatment of widows receiving the maximum award and those entitled to the proportionate pension. For many years, veterans' associations have urged that the government adopt a proportionate pension based on the relationship between twice the degree of the veteran's disability and the full spouse's pension. This proposal has received the support of the Standing Committee on Veterans Affairs of the House of Commons which on 10 June 1975 unanimously recommended that:

"When, at the time of death of the prisoner [pensioner?] he was, or would have been in receipt of a pension assessed at 47% or less, pension be paid to the widow in double proportion to the assessed degree of the pensioner's disability as it relates to the basic pension granted for widows.

"At the present time a full widow's pension is paid when the pensioner's death was attributable to or incurred during wartime military service, or in the case of peacetime forces if it arose out of or was directly connected with service, or when the pensioner's disability was assessed at 48% or more at the time of death. The effect of this would be that because 100% widow's pension is payable when the disability pensioner was paid at the 50% rate, a double proportion would be payable if his disability was assessed at a lesser rate, so that, for example, the widow of a 40% pensioner would be awarded 80% of the normal widow's pension."⁽²⁾

The difference in benefits to eligible spouses, as of 1 January 1981, can be illustrated as follows:

Pension Payable to Spouse of Deceased Veteran

Degree of deceased veteran's disability and size of his/her disability pension as percent of the full disability pension	Pension paid to spouse under existing legislation	Pension payable at double the rate of disability as per cent of full spouse's pension	Difference
45% (\$456.44)	\$228.22	\$547.74	\$319.52
40% (\$405.74)	\$202.87	\$486.88	\$284.01

Figures taken from Canada, Senate, Standing Senate Committee on Health, Welfare and Science, *Proceedings*, 1st Session, 32nd Parliament, 17 March 1981, 4:6.

7. The government estimated that about 1,500 widows and 600 children would become eligible on 1 October 1980, with 26,000 widows and 10,000 dependent children receiving the new benefits by the time the legislation became fully effective. This estimate turned out to be inaccurate. The number of applicants and enquiries concerning eligibility for awards for

the first two groupings, that is 1 October 1980 and 1 June 1981, has been half the estimated total number.⁽³⁾

8. This may be due to a feeling by some widows that the pension is a form of welfare or charity, rather than theirs by right, and they are too proud to ask for it. Others may not be aware that they are eligible in spite of efforts by the Department of Veterans Affairs, the Legion and other veterans' associations to inform potential recipients and to contact the spouses of pensioners who died before the effective date of the legislation.

9. Your Committee is aware that the financial resources of the Department of Veterans Affairs are limited, but we feel that these widows and children should have a high priority since the cost of paying the proportionate pensions has proven to be less than estimated and since the number of recipients is diminishing yearly through death.

10. The concern of your Committee was partially relieved when the Acting Minister of Veterans Affairs, the Honourable J. Gilles Lamontagne, assured us that the Department is aware of the injustice involved in at least the phasing-in of the proportionate pension to spouses of deceased veterans and that efforts are being made by the Department to eliminate the phasing-in and to have the pensions paid immediately.⁽⁴⁾

11. It is the considered opinion of your Committee that justice and compassion demand immediate action in this matter, and therefore

1. We recommend that under the *Pension Act*:

- a) the proportionate pension to the spouses and dependents of deceased veterans who were in receipt of a disability pension of 47 per cent or less be paid immediately instead of being phased in over a 6½ year period as in the *Statute Law (Military and Civilian War Pensions, Compensation and Allowances) Amendment Act 1980*; and**
- b) the proportionate pension be increased to a percentage of the full pension granted to spouses of deceased veterans equal to twice the assessed degree of the deceased veteran's disability.**

Continuation of Pension at Married Rate to the Spouse of a Deceased Pensioner

12. Soon after the inception of the *Pension Act* on 7 July 1919, veterans' associations began to request that a pension be continued at the married rate, where such is greater than the widow's pension, for a reasonable length of time, in order to enable the widow and children to adjust to a reduced income. At that time the pension was discontinued on the day following a pensioner's death. In 1954 the *Pension Act* was amended to provide that on the death of a disability pensioner who was in receipt of a pension for his wife and child, the pension would be continued to the last day of the month in which death occurred. In 1980, the Act was amended to provide that any pension or allowance awarded ceases to be payable on the

first day of the month following the month of the death of the person to whom, or in respect of whom, any allowance is paid.

13. The present practice still creates severe hardship for the widow of a 100 per cent pensioner, and even greater financial hardship if the pensioner is in receipt of the Exceptional Incapacity and/or Attendance Allowance.

14. Let us take the case of a pensioner with a 100 per cent invalidity with bilateral below-the-knee amputation who is married. The following is the pension at the married rate:⁽⁵⁾

Pension under Schedule A of the <i>Pension Act</i>	\$1,014.33
Exceptional Incapacity Allowance	143.19
Attendance Allowance	268.48
Total	<u>\$1,426.00</u>

15. As shown by the above calculations the total monthly pension received by a married pensioner is \$1,426.00. When he or she dies, the pension on the month immediately following death is reduced to the "widow's" rate, that is to \$608.60 per month. This reduction usually requires the widow to make a drastic, immediate change in her way of living at a time when she is suffering from shock, grief, intense fatigue and disorientation due to loneliness, insecurity and anxiety about her future. For an elderly woman the loss of a husband is a serious traumatic experience. For most people at any age it would be financially difficult and mentally disturbing to be suddenly deprived of \$825.00 in monthly income.

16. The National Council of Veteran Associations in Canada has made a study to find out how long it would usually take a widow to make the necessary financial adjustments to a greatly reduced income after the death of her husband. The history of widows whose cases were handled by members of the National Council of Veteran Associations in Canada was examined. It was found that as a rule there is a delay in getting the pension for the widow and so it was decided that three months would be the absolute minimum necessary to ensure continuity of income in the interim.⁽⁶⁾ This does not take into account the sort of adjustment that would be required. Funeral arrangements are usually unexpectedly expensive. If a widow is living in a rented house or apartment her lease will normally run for a year so that she may have to pay that rent for several months at a rate she can no longer afford. If she owns her home and it is mortgaged she may not be able to carry the monthly payments and yet be unable to sell in three months' time or be forced to sell at a loss. She may not be able to find immediately adequate new housing at the price she can pay. She may not be in a sufficiently stable emotional state to make the required decisions and her physical health will suffer from the stress of her situation.

17. The Exceptional Incapacity Allowance legislation was passed in 1971 following the report of the Woods Committee which studied the work and organization of the Canadian Pension Commission. It consists of a payment of an additional allowance for a veteran who is so badly disabled that he

can only be classified beyond the 100 per cent disability level. These are, in other words, the worst and most severe type of case there is. They include, for example, the quadriplegics and paraplegics and other cases which are grouped in five grades or categories.

18. At present there are fewer than 1,000 pensioners receiving an exceptional incapacity allowance. These are further divided into five grades or categories. In the first category there are only 142 veterans and they would be mostly paraplegics. In the second grade there are only 76, who would be, for example, people who are wheelchair-bound. In the third grade, there are 105 who generally speaking would have at least two amputations and one other condition to qualify in that category. In the fourth grade, there are 180 who are generally speaking persons with double amputations above the knee if they were leg amputations or above the elbow if they were arm amputations, or a combination of these. In the fifth grade, and lowest, there are 493 veterans. A typical exceptional incapacity allowance recipient in this grade would be for a person with a leg off above the knee combined with a gunshot wound in the other leg and perhaps a complication of heart disease.⁽⁷⁾

19. It must be noted that the qualifications for this exceptional incapacity allowance are very severe. In addition to any one of these disabilities the recipient must suffer very severe pain and discomfort in order to be eligible. He or she might have, for example, some loss of life expectancy as in the case of the paraplegics and severe amputees.

20. Finally, in addition to the exceptional incapacity allowance the pensioner gets a clothing allowance which amounts to a maximum of \$60.84 a month. If in need of attendance, he can draw an attendance allowance which is considered as an encumbered income. Although the latter cannot be spent for unauthorized purposes, this income comes into the family so that the pensioner can employ a person to do the house-keeping, shovel the snow, and so on.⁽⁸⁾

21. All the above allowances are terminated on the first day of the month following the death of the veteran. Additional expenses occasioned by extreme disability, such as special accommodation and contracts to supply special services may continue for many months.

22. In weighing whether or not to recommend the continuation of pension and special allowances at the married rate to spouses of deceased veterans, your Committee considered the fact that the minimum cost of extended care at a nursing home such as Deer Lodge is at least \$82 *per diem* or \$2,460 a month while intensive care costs \$132 *per diem* or \$3,960 a month. Without the care of their spouses, frequently over a great many years, thousands of disabled and aging veterans would have to be placed in nursing homes at vast public expense. It seems only fair that consideration should now be given to the amount of money that has been saved for the government by those widows.

23. There are convincing precedents for continuing the married rate for a longer period of time. Under the *War Veterans Allowance Act* the principle of such a continuation has already been accepted on the basis of need for up to a year. In the United States, a severely disabled pensioner has the premium on his G.I. Insurance waived so that the widow gets \$10,000 when the pensioner dies to help her until she goes on to widow's pension. In the United Kingdom there is special legislation that covers her for six months at the married rate.⁽⁹⁾ In any case we consider it inhumane to subject the surviving spouse of a disabled veteran to the drastic and immediate change in his or her standard of living as is now required under the *Pension Act*; and therefore

2. **We recommend that under the *Pension Act*:**

- a) **the pension at the married rate when it is greater than the widow's/widower's pension continue to be paid for a period of one year to the surviving spouse of a deceased veteran; and**
- b) **the surviving spouse of a deceased veteran in receipt of an Exceptional Incapacity and/or Attendance Allowance continue to receive such allowance for a period of one year following the death of the veteran.**

Indexation of the Basic Pension

24. The present legislation provides that pensions will be increased in accordance with the Consumer Price Index, that is, the cost of living. However, since wages traditionally increase at a faster rate than the cost of living, it follows that the pensioner does not benefit from the general increase in the standard of living but falls behind, at least relatively, each year.

25. In 1972, there was mutual agreement by a joint government-veterans committee established by the Minister of Veterans Affairs that the disability pension at basic single rates should be tied to a composite of five unskilled categories of public servants' rate of pay. Since then the government has passed legislation increasing the basic rate effective 1 July 1973 and 1 July 1978, aligning it with the average of these five categories. However, there have been *ad hoc* increases not embodied in the *Pension Act*. Thus the system, which has been followed since 1973, essentially has been to give the veteran an annual increment based on the cost-of-living. If, as a result, the pension falls behind the wages paid to the composite unskilled labour group in the Public Service, the veterans' associations are presumably expected to point this out to the government every three or four years and ask for a further increase to bring the pension up to the after tax level of the composite group.⁽¹⁰⁾

26. It is the opinion of your Committee that there is no reason why the veterans should be forced to approach the government "hat in hand" every few years, and therefore

3. We recommend that pension increases reflect the principle of parity with the average wage of five unskilled categories of Public Servants or, the increase in the Consumer Price Index, whichever is the greater, and that this principle be entrenched in the *Pension Act*.

Delays In Processing Pension Applications and in Pension Adjudications

27. Providing veterans and their families with improved benefits will do little to improve their lives if prompt receipt of pensions and ancillary benefits is frustrated by delays in processing claims and deciding appeals. The following examples, taken from the files of the Royal Canadian Legion, illustrate the sort of delays that do occur:

"Mr. G.'s claim to pension entitlement for right inguinal hernia was submitted for Commission's consideration on 27 March 1980. This request was acknowledged on 28 April 1980. A follow-up enquiry was sent to the Commission on 5 March 1981 as to the status of claim, with their reply of 23 April indicating that a decision would be rendered within three months."

"An application for Attendance Allowance was submitted for Mr. K. on 25 July 1980. An acknowledgment was received in September. Commission's Head Office request for investigation went forward to the Senior Pension Medical Examiner on 31 October 1980. The veteran died on 2 February 1981. Mrs. K. has not yet received any decision on the lifetime request for additional benefits for her husband."

"Mr. N.'s claim for a change in the diagnosis of his pensionable spinal disability and for the basis of his entitlement for another condition was submitted to the Commission on 29 December 1979. Follow-up correspondence from the Legion as late as 3 April brought forth a reply of 6 May 1981 that the Commission would proceed to deal with both of these outstanding claims as soon as possible."⁽¹¹⁾

28. At its most extended, the complete process of adjudication can take a total of at least four years from the day a claim is filed until a final decision, on appeal, is made on its merits. Within the past year, the average time to adjudicate a First Application has risen to more than 11 months and to more than 7 months for widows. At the same time, a backlog of approximately 4,000 cases waiting for a decision on final appeal has built up. According to the veterans organizations, the situation is particularly serious with regard to First Applications, pension medical examinations for Attendance Allowance, payment of pension awards, appeals to the Pension Review Board and general correspondence.

29. The Canadian Pension Commission and the Pension Review Board share responsibility for processing claims for pensions and ancillary benefits. Your Committee closely questioned the officials of the Commission and the Review Board about the reasons for the delays and what steps were being taken to reduce them to a minimum consistent with a thorough and fair investigation and adjudication of claims. Your Committee also questioned representatives of the veterans' associations about their experience in representing clients before the government agencies.

30. The officials of both the Royal Canadian Legion and the National Council of Veteran Associations stated that their working relations with the senior officials of the two government agencies were excellent. Their fundamental complaint lay with the delays in adjudication and the fear that these would intensify when the Department completed its move to Charlottetown in 1983. There was also agreement with the officials of the Commission and of the Review Board that the cause of the delays was two-fold: a large influx of new applications and new appeals, combined with the loss of experienced staff through retirement and resignation.

31. There has been an obvious failure to recruit and train sufficient replacements. The problem lies less at the level of Commissioner, than at the level of medical examiner and essential administrative staff. Even here, the veterans' associations were reluctant to blame the government agencies. Mr. Chadderton, Secretary General of the National Council of Veteran Associations in Canada said when he appeared as a witness:

"I will make a point blank statement. I deal every day with the Canadian Pension Commission and the Department of Veterans Affairs — day in, day out. I think the problem is getting staff, training them and retaining the staff. These are relatively simple administrative functions. I suggest it is all wrapped up in the red tape of how the Public Service Commission operates and how the federal government departments operate."⁽¹²⁾

32. In an effort to reduce delays the Canadian Pension Commission has been given authority to hire staff without exacting a commitment to move to Prince Edward Island. The Pension Review Board is in the process of a reorganization which is designed to enable Board members to adjudicate more cases. New staff is being hired and trained to do much of the research work required before a decision is rendered. According to Board officials, if all goes according to plan, the waiting period for a decision will be cut from 16 months to 10 months this year, and to 6 months next year.⁽¹³⁾

33. Your Committee was only partially reassured by the steps undertaken to eliminate delays in adjudications. It is absolutely essential that both the Canadian Pension Commission and the Pension Review Board be fully caught up in their work well before the move to Charlottetown, Prince Edward Island in 1983, and therefore

4. We recommend that all necessary steps be taken immediately to eliminate the unacceptable delays in processing pension applications and in pension adjudications which have accumulated since 1970 and that to this end, particular consideration be given to encouraging essential staff to continue working beyond the normal age of retirement.

The War Veterans Allowance Act and the Civilian War Pensions and Allowances Act

34. The *War Veterans Allowance Act* was passed in May 1930 to give allowances based on a means test to veterans who suffered pensionable disabilities or fought in World War I and were consequently incapable of competing in the labour market. Amendments have modified the legislation so that today allowances to veterans and their spouses and children are based on a modified income test instead of a means test and are paid to veterans who, because of age or incapacity, are unable to work and have insufficient financial resources. Since 1962, certain civilians have qualified for comparable benefits under Part XI of the *Civilian War Pension and Allowances Act*. Allowances are paid to members of groups that served in close wartime support of the armed forces. These are, for example, the Canadian Merchant Seamen, Canadian Firefighters, Newfoundland Overseas Forestry Unit and their spouses and children.

35. The *Statute Law Amendment Act* of 1980 introduced a number of changes into the Acts. Your Committee studied these changes and decided to comment specifically on two of them: the residence requirement for veterans; and, the annual exemption for certain types of income in the calculation of entitlement to the income-tested benefits.

The Residence Requirement for Veterans

36. While the *Statute Law Amendment Act* of 1980 has removed the Canadian residence requirements for widows and children of recipients who die outside Canada, veterans (both military and civilian) must still return to Canada and reside here for a period of one year before they become eligible for benefits. Once in receipt of an allowance, however, they can then leave Canada and resume their residence abroad.⁽¹⁴⁾

37. Your Committee supports the 1980 amendment in this respect, but finds it hard to understand why the legislation does not allow qualified veterans to have the same residence rights as the widows and children of recipients who have died while living outside of Canada.

38. Most veterans find it difficult and often impossible to return to Canada to establish residence in order to comply with the present legislation. Often they are too poor, too old and too ill to be able to travel and to establish a new domicile in Canada for a year. Frequently they have family ties where they are living that make it financially and psychologically out of the question. Most of the veterans involved, especially those living in the United Kingdom and the United States, feel that Canada is ignoring their wartime service by forcing them to return to Canada for a year before being eligible for benefits.

39. Your Committee believes that those Canadians who, for personal reasons, chose to live abroad following their service, should be entitled to the same benefits as those who returned to Canada, and therefore

5. We recommend that the residence requirement of the War Veterans Allowance Act and the Civilian War Pensions and Allowances Act be amended to permit otherwise qualified persons to benefit from the legislation while residing outside Canada.

Exemption of Interest Income

40. The Statute Law Amendment Act of 1980 increased the exemption for interest income from \$50 to \$100 per year in the calculation of entitlement to a War Veteran's Allowance.

41. At present because of current interest rates that are well over 10 per cent, a recipient with \$1,000 invested in bank or trust deposits or Canada Savings Bonds receives interest income in excess of the exemption.⁽¹⁵⁾

42. Your Committee believes that it is very important to a veteran to be able to set aside a few thousand dollars to pay funeral expenses, debts or to leave to a spouse. The current limit is unrealistic and discourages such savings, and therefore

6. We recommend that in the calculation of entitlement to a War Veterans Allowance, the annual exemption for income derived from bank deposits, bonds and dividends be raised to at least \$500.

Conclusion

43. In the course of our research and the examination of witnesses your Committee was impressed by the many references to the *Report of the Committee to Survey the Organization and Work of the Canadian Pension Commission*. This task force, set up in 1965, was chaired by Mervyn Woods and submitted its *Report* in 1968. A great many of its recommendations were later incorporated in the 1970-1971 Amendments to the *Pension Act* and since then have been credited with having a major and beneficial effect on the treatment of veterans, ex-Prisoners of War and their dependents. On the other hand, many of its recommendations were not implemented. Our witnesses do not think that a massive study of all the legislation and bureaucratic structures dealing with veterans is necessary. They suggest, however, that the Woods report should be reviewed because a number of anomalies and inequities still exist in veterans' legislation and regulations. We agree with this suggestion. There are, for example, two inequities which require further study; namely, the treatment of the divorced spouses of veterans and the treatment of the Dieppe prisoners of war.⁽¹⁶⁾

44. At present, the divorced spouse of a veteran has no entitlement to benefits under the *Pension Act* and the *War Veterans Allowance Act*. The *Pension Act* does provide that the Canadian Pension Commission has the discretion to make a grant to a divorced spouse. This discretion comes into play particularly if there is a court order or a maintenance order for some support during the lifetime of the veteran. Under the Canada Pension Plan, on the other hand, pension benefits are divided in half on the divorce of a contributor, if applied for at the time of divorce. We believe that this precedent as well as the new marriage and property legislation in a number of provinces should be taken into consideration in the proposed review in order to keep the legislation in step with present attitudes and new concepts of equality in the marriage partnerships.⁽¹⁷⁾

45. Under the *Prisoner of War Compensation Act* veterans are paid disability pensions of from 10-20 per cent based on the length of time they were incarcerated. The Hong Kong veterans, however, have been entitled to a disability pension of 50 per cent because of the extreme severity of their long confinement. Other groups of veterans, such as the Dieppe POWs, were also held for long periods of time under abnormally harsh conditions but are entitled to a pension of no more than 20 per cent. Is it just to compensate those who were POWs for over 2½ years at a disability rate that is only twice the compensation offered those who were incarcerated for just 3 months?⁽¹⁸⁾

46. We understand that there are other possible inequities, and therefore

7. We recommend that:

- a) the Government appoint a Committee composed of officials from both the government and veterans associations to review and update those recommendations of the Woods Committee which have

not been implemented and to identify, study and make recommendations about the anomalies which still exist in the treatment of veterans and their survivors;

- b) the Committee study the apparent inequity to a divorced spouse who under existing legislation has no entitlement to benefits under the *Pension Act* and the *War Veterans Allowance Act*; and
- c) the Committee study the apparent inequity of the way in which veterans are compensated for periods spent as prisoners of war.

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Footnotes

- (1) Canada, Senate, Standing Senate Committee on Health, Welfare and Science, *Proceedings*, 1st Session, 32nd Parliament, 19 February 1981, 3:6-7. Hereafter, Senate, *Proceedings*.
- (2) Canada, House of Commons, Standing Committee on Veterans Affairs, Seventh Report, *Proceedings*, 10 June 1975, 19:3.
- (3) The Royal Canadian Legion, "Submission to the House of Commons Standing Committee on Veterans Affairs by the Royal Canadian Legion" dated May 1981, p. 2.
- (4) Senate, *Proceedings*, 31 March 1981, 6:12. Bill C-82, An Act to amend the Pension Act and the Compensation for Former Prisoners of War Act, was given First Reading in the House of Commons on 8 July 1981 and was passed by the Senate on 10 July. It eliminated the "phasing-in" period and made the proportionate pensions payable immediately.
- (5) *Ibid.*, 4:7.
- (6) *Ibid.*, 4:24.
- (7) *Ibid.*, 5:11.
- (8) *Ibid.*, 4:12-13.
- (9) *Ibid.*, 5:15.
- (10) *Ibid.*, 4:9.
- (11) Royal Canadian Legion, "Submission..." pp. 5-6.
- (12) Senate, *Proceedings*, 4:20.
- (13) *Ibid.*, 6:13.
- (14) *Ibid.*, 3:8.
- (15) *Ibid.*, 3:13.
- (16) *Ibid.*, 4:19-20 and 6:20.
- (17) *Ibid.*, 6:23-24.
- (18) *Ibid.*, 7:passim.

Appendix "A"

List of persons who appeared before the Committee,
showing the number and date of the Issue in which
their evidence appears

First Session of the Thirty-second Parliament, 1980-81

Name	Issue No.	Date
Brittain, Mr. W. Bruce Deputy Minister, Department of Veterans Affairs	6	31 March 1981
Chadderton, Mr. H. C. Secretary General, National Council of Veterans Associations in Canada	4 5	17 March 1981 24 March 1981
Christenson, Mr. C. A. R. Service Officer, The Royal Canadian Legion	in camera	22 June 1981
Forbes, Mr. Brian N. Legal Counsel, National Council of Veterans Associations in Canada	4	17 March 1981
Giguère, Mr. George National President, Dieppe Veterans and Prisoners of War Association	7	26 May 1981
Jutras, Mr. René N. Chairman, Pension Review Board	6	31 March 1981
Lamontagne, P.C., Hon. J. Gilles Minister of National Defence and Acting Minister of Veterans Affairs	6	31 March 1981
Lamy, Mr. J.E.A.J. Dominion Secretary, The Royal Canadian Legion	3	19 February 1981
Slater, Mr. E. H. Director, Service Bureau, Research Council of Veterans Association in Canada	3 5 in camera	19 February 1981 24 March 1981 22 June 1981
Smith, Mr. James C. Assistant Deputy Minister, Veterans Services, Department of Veterans Affairs	6	31 March 1981
Solomon, Mr. A. O. Chairman, Canadian Pension Commission	3 4 6	19 February 1981 17 March 1981 31 March 1981
Thompson, Mr. Don M. Chairman, War Veterans Allowance Board	6	31 March 1981



Appendix "A"

List of persons who appeared before the Committee,
showing the number and date of the Issue in which
their evidence appears.

First Session of the Thirty-second Parliament, 1980-81

Name	Issue No.	Date
Betzina, Mr. W. Bruce Deputy Minister, Department of Veterans Affairs	1	31 March 1981
Chadwick, Mr. H. C. Secretary General, National Council of Veterans Associations in Canada	1	17 March 1981
	2	27 March 1981
Christman, Mr. C. A. R. Service Officer, The Royal Canadian Legion	In camera	22 June 1981
Furber, Mr. Joseph M. Legal Counsel, National Council of Veterans Associations in Canada	4	17 March 1981
Flowers, Mr. George National Council, Wounded Veterans and Prisoners of War Association	7	28 May 1981
Gruba, Mr. Paul N. Chairman, Pension Review Board	6	31 March 1981
Kamoyannis, P.G., Hon. I. Giles Minister of National Defense and Acting Minister of Veterans Affairs	8	31 March 1981
Lewis, Mr. J.E.A. Deputy Secretary, The Royal Canadian Legion	2	19 February 1981
Stowe, Mr. E. H. Director, Service Bureau, Research Council of Veterans Association in Canada	3	18 February 1981
	In camera	24 August 1981
	In camera	22 June 1981
Smith, Mr. James C. Assistant Deputy Minister, Veterans Services, Department of Veterans Affairs	6	31 March 1981
Solomon, Mr. A. O. Chairman, Canadian Pension Commission	2	18 February 1981
	4	17 March 1981
	5	31 March 1981
Thompson, Mr. Don M. Chairman, War Veterans Allowance Board	3	31 March 1981

