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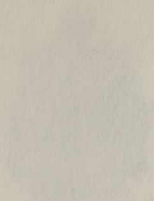
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THIRD SESSION, SECOND PARLIAMENT

THE SENATE OF CANADA

PROCESSES OF THE

STANDING SENATE COMMITTEE ON

# HEALTH, WELFARE AND SCIENCE

The Honourable E. J. ROYCHAKOFF, P.C., Acting Chairman

No. 1

THE SENATE, OTTAWA, 1977

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SENATE OF CANADA

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THIRD SESSION—TWENTY-EIGHTH PARLIAMENT

1970

THE SENATE OF CANADA  
PROCEEDINGS OF THE  
STANDING SENATE COMMITTEE ON  
**HEALTH, WELFARE  
AND SCIENCE**

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The Honourable H. J. ROBICHAUD, P.C., Acting Chairman

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No. 1

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THURSDAY, DECEMBER 10, 1970

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Complete Proceedings on Bill C-188,  
intituled:

“An Act to amend the Merchant Seamen Compensation Act  
and to amend an Act to amend the Merchant Seamen  
Compensation Act”

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REPORT OF THE COMMITTEE

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(Appendix and Witness:—See Minutes of Proceedings)



THIRD SESSION—TWENTY-EIGHTH PARLIAMENT

THE STANDING COMMITTEE ON HEALTH, WELFARE AND SCIENCE

The Honourable H. J. Robichaud, P.C.,  
*Acting Chairman*

The Honourable Senators:

- |   |                                  |
|---|----------------------------------|
| Belisle                                   | Inman                            |
| Blois                                     | Kinnear                          |
| Bourget                                   | Lamontagne                       |
| Cameron                                   | Macdonald ( <i>Cape Breton</i> ) |
| Carter                                    | Martin*                          |
| Connolly ( <i>Halifax North</i> )         | McGrand                          |
| Croll                                     | Michaud                          |
| Denis                                     | Phillips ( <i>Prince</i> )       |
| Fergusson                                 | Quart                            |
| Flynn*                                    | Robichaud                        |
| Fournier ( <i>Madawaska-Restigouche</i> ) | Roebuck                          |
| Fournier ( <i>de Lanaudière</i> )         | Smith                            |
| Gladstone                                 | Sullivan                         |
| Hastings                                  | Thompson                         |
| Hays                                      | Zuzyk—(30)                       |

\**Ex officio Member.*

(Quorum 7)

THURSDAY, DECEMBER 10, 1970

Complete Proceedings on Bill C-188

intituled:

"An Act to amend the Merchant Seamen Compensation Act and to amend an Act to amend the Merchant Seamen Compensation Act"

REPORT OF THE COMMITTEE

(Appendix and Witness:—See Minutes of Proceedings)

# Order of Reference

# Minutes of Proceedings

Extract from the Minutes of the Proceedings of the Senate, Tuesday, December 8, 1970:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Smith, seconded by the Honourable Senator Gouin, for the second reading of the Bill C-188, intituled: "An Act to amend the Merchant Seamen Compensation Act and to amend an Act to amend the Merchant Seamen Compensation Act".

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

The Bill was then read the second time.

The Honourable Senator Smith moved, seconded by the Honourable Senator Cook, that the Bill be referred to the Standing Senate Committee on Health, Welfare and Science.

The question being put on the motion, it was—  
Resolved in the affirmative.

Robert Fortier  
Clerk of the Senate

Thursday, December 10, 1970

(1)

Pursuant to adjournment and notice the Standing Senate Committee on Health, Welfare and Science met this day at 10:00 a.m.

Present: The Honourable Senators: Carter, Groll, Flynn, Innes, Kinross, Macdonald (Cape Breton), Robitaille and Smith (6)

In attendance: Mr. E. Russell Hopkins, Law Clerk and Parliamentary Counsel.

On Motion of the Honourable Senator Groll it was Resolved that the Honourable Senator Robitaille be elected Acting Chairman.

On Motion of the Honourable Senator Groll it was Resolved to print 500 copies in English and 500 copies in French of these proceedings.

The Committee proceeded to the consideration of Bill C-188, intituled: "An Act to amend the Merchant Seamen Compensation Act and to amend an Act to amend the Merchant Seamen Compensation Act".

The following witness was heard in explanation of the Bill:

Mr. Howard Curtis, Director, Accident Prevention and Compensation Branch, Department of Labour.

On Motion of the Honourable Senator Groll it was Resolved that the statistical information to be supplied by the Department of Labour be printed as an Appendix to these proceedings.

On Motion of the Honourable Senator Innes it was Resolved to report the said Bill without amendment.

At 11:35 a.m. the Committee adjourned to the call of the Chairman.

ATTEST:

Dennis Houlford,  
Clerk of the Committee.



# Minutes of Proceedings

Order of Reference

Thursday, December 10, 1970

(1)

Pursuant to adjournment and notice the Standing Senate Committee on Health, Welfare and Science met this day at 10:00 a.m.

*Present:* The Honourable Senators: Carter, Croll, Flynn, Inman, Kinnear, Macdonald (*Cape Breton*), Robichaud and Smith. (8)

*In attendance:* Mr. E. Russell Hopkins, Law Clerk and Parliamentary Counsel.

On Motion of the Honourable Senator Croll it was Resolved that the Honourable Senator Robichaud be elected *Acting Chairman*.

On Motion of the Honourable Senator Croll it was Resolved to print 800 copies in English and 300 copies in French of these proceedings.

The Committee proceeded to the consideration of Bill C-188, intituled: "An Act to amend the Merchant Seamen Compensation Act and to amend an Act to amend the Merchant Seamen Compensation Act".

The following witness was heard in explanation of the Bill:

Mr. Howard Currie, Director, *Accident Prevention and Compensation Branch, Department of Labour*.

On Motion of the Honourable Senator Croll it was Resolved that the statistical information to be supplied by the Department of Labour be printed as an Appendix to these proceedings.

On Motion of the Honourable Senator Inman it was Resolved to report the said Bill without amendment.

At 11:25 a.m. the Committee adjourned to the call of the Chairman.

ATTEST:

Denis Bouffard,  
*Clerk of the Committee.*

# Report of the Committee on Health, Welfare and Science

## Evidence

Thursday, December 10, 1970.

The Standing Senate Committee on Health, Welfare and Science to which was referred the Bill C-188, intituled: "An Act to amend the Merchant Seamen Compensation Act and to amend an Act to amend the Merchant Seaman Compensation Act," has in obedience to the order of reference of December 8, 1970, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

H. J. Robichaud,  
Acting Chairman.

The Acting Chairman: Honourable members of the committee, this morning we are dealing with Bill C-188 to amend the Merchant Seamen Compensation Act and to amend an Act to amend the Merchant Seamen Compensation Act, and we have before us as witness Mr. Howard Currie, Director of the Accident Prevention and Compensation Branch, Department of Labour. I understand Mr. Currie is prepared to answer any questions which senators may wish to ask him.

Senator Currie: Does Mr. Currie wish to make an opening statement? I know I have some questions.

Mr. Howard Currie, Director of Accident Prevention and Compensation Branch, Department of Labour: Mr. Chairman and honourable senators, I do not have a prepared statement but, if you wish, a short commentary might be in order.

The purpose of this bill primarily is to upgrade the monetary benefits provided under the legislation. This happens periodically every three or four years. It was done to enable us to try to keep abreast of the increasing expenses to the recipients of these allowances, and also to make them comparable with similar benefits paid under the provincial workmen's compensation acts in the three Maritime provinces. The reason we cite the three Maritime provinces is that the practical effect of this legislation is limited to the people who work aboard ships plying from the three Maritime provinces, not exclusively but primarily. All other provinces under their workmen's compensation acts provide this kind of protection, so it is not necessary for the Merchant Seamen Compensation Act to be applied, for example, to merchant seamen operating out of British Columbia, Ontario or Manitoba. So, as I say, first of all we would wish to upgrade the rates of monetary benefits.

Senator Currie: It applies only to those provinces who have not covered merchant seamen in their workmen's compensation acts?

Mr. Currie: That is correct. It is really a complementary piece of legislation.

Secondly, the bill intends to amend the act to allow for a simpler means of making these adjustments in the future. In the past, as I said, we came before Parliament every three or four years to bring these rates up to date, sometimes establishing a little higher rate knowing of course, that within a short while the provincial workmen's compensation boards would be making these adjustments. But we have always required an Act of Parliament, and we felt that this could be speeded up to enable us to make the necessary adjustments annually or every other year, as required, by permitting the Governor-in-Council by regulation to change these rates from time to time, always relating them to the prevailing benefits in the Maritime provinces.

There are two or three other housekeeping amendments merely to tidy up the act and to improve the wording here and there, but I think, Mr. Chairman, that those are the main features that I would comment upon.

The Acting Chairman: Thank you, Mr. Currie.

Senator Currie: I realize, Mr. Chairman, that Mr. Currie may not be able to give detailed answers to the questions I want to ask, but if that should be the case, I would like to have an understanding that he will submit the answers to the committee so that they may be there for us in our minutes.

The Acting Chairman: Thank you.

Senator Currie: Mr. Currie, how many people are affected by this act?

Mr. Currie: At the present time, approximately 2,000 to 2,500 that have the protection of this legislation.

Senator Currie: Can you give a breakdown of that as to how many of these are captains, widows, invalid types of families?

Mr. Currie: I misunderstood your question, senator. I thought in your original question you were referring to how many seamen were affected by the act at the present time. There are some 2,000, as I have said. The number of recipients of benefits under the act is much less.





# The Standing Senate Committee on Health, Welfare and Science

## Evidence

Ottawa, Thursday, December 10, 1970

[Text]

The Standing Senate Committee on Health, Welfare and Science, to which was referred Bill C-188, to amend the Merchant Seamen Compensation Act and to amend an Act to amend the Merchant Seamen Compensation Act, met this day at 10 a.m. to give consideration to the bill.

**Senator Hédard Robichaud** (*Acting Chairman*) in the Chair.

**The Acting Chairman:** Honourable senators, I see a quorum. This morning we are dealing with Bill C-188 to amend the Merchant Seamen Compensation Act and to amend an Act to amend the Merchant Seamen Compensation Act, and we have before us as witness Mr. Howard Currie, Director of the Accident Prevention and Compensation Branch, Department of Labour. I understand Mr. Currie is prepared to answer any questions which senators may wish to ask him.

**Senator Carter:** Does Mr. Currie wish to make an opening statement? I know I have some questions.

**Mr. Howard Currie, Director of Accident Prevention and Compensation Branch, Department of Labour:** Mr. Chairman and honourable senators, I do not have a prepared statement but, if you wish, a short commentary might be in order.

The purpose of this bill primarily is to upgrade the monetary benefits provided under the legislation. This happens periodically every three or four years. It was done to enable us to try to keep abreast of the increasing expenses to the recipients of these allowances, and also to make them comparable with similar benefits paid under the provincial workmen's compensation acts in the three Maritime provinces. The reason we cite the three Maritime provinces is that the practical effect of this legislation is limited to the people who work aboard ships plying from the three Maritime provinces, not exclusively but primarily. All other provinces under their workmen's compensation acts provide this kind of protection, so it is not necessary for the Merchant Seamen Compensation Act to be applied, for example, to merchant seamen operating out of British Columbia, Ontario or Manitoba. So, as I say, first of all we would wish to upgrade the rates of monetary benefits.

**Senator Carter:** It applies only to those provinces who have not covered merchant seamen in their workmen's compensation acts?

**Mr. Currie:** That is correct. It is really a complementary piece of legislation.

Secondly, the bill intends to amend the act to allow for a swifter means of making these adjustments in the future. In the past, as I said, we came before Parliament every three or four years to bring these rates up to date, sometimes establishing a little higher rate knowing, of course, that within a short while the provincial workmen's compensation boards would be making these adjustments. But we have always required an Act of Parliament, and we felt that this could be speeded up to enable us to make the necessary adjustments annually or every other year, as required, by permitting the Governor in Council by regulation to change these rates from time to time, always relating them to the prevailing benefits in the Maritime provinces.

There are two or three other housekeeping amendments merely to tidy up the act and to improve the wording here and there, but I think, Mr. Chairman, that those are the main features that I would comment upon.

**The Acting Chairman:** Thank you, Mr. Currie.

**Senator Carter:** I realize, Mr. Chairman, that Mr. Currie may not be able to give detailed answers to the questions I want to ask, but if that should be the case, I would like to have an understanding that he will submit the answers to the committee so that they may be incorporated in our minutes.

**The Acting Chairman:** Thank you.

**Senator Carter:** Mr. Currie, how many people are affected by this act?

**Mr. Currie:** At the present time, approximately 2,400 to 2,500 that have the protection of this legislation.

**Senator Carter:** Can you give a breakdown of that, as to how many of these are orphans, widows, invalid heads of families?

**Mr. Currie:** I misunderstood your question, senator. I thought in your original question you were referring to how many seamen were protected by the act at the present time. There are some 2,400, as I have said. The number of recipients of benefits under the act is much less.



I have a list here. There are probably between 25 and 28 widows now receiving pensions under this legislation; and there are about 35 children receiving allowances.

**Senator Inman:** Do children receive them up to the age of 18?

**Mr. Currie:** If they are attending school they may have it beyond 18, to age 21.

**Senator Smith:** How many of these children are orphans? Do you have those figures? I am interested in the figures because one of our members, Senator Desruisseaux, asked that question and I could not answer it. It is 25 to 28 widows and 35 children.

**Mr. Currie:** At the present time. Do you wish to actually identify the recipients?

**Senator Smith:** No. Of the 35 children now receiving benefits, what proportion of them would be orphaned children, in order to create a situation in which you would have to make a judgment on a full-time housekeeper or aunt coming in to keep house?

**Mr. Currie:** We could tell you how many widows with children or widows without children, how many orphans, and so on.

**Senator Smith:** You will send us that information?

**Mr. Currie:** Yes, we will be glad to do that.

**Senator Carter:** You will provide that to the committee so that it can be included in the minutes of our proceedings?

**Mr. Currie:** Yes. The number of widows and the number of children and orphans?

**Senator Carter:** Yes. Children without parents—and invalided heads of family would be important too, because that is taken care of under the act.

**Mr. Currie:** can you tell the committee who are the present members of the Merchant Seamen Compensation Board?

**Mr. Currie:** Yes. The Chairman of the Board is Mr. Jean-Pierre Després, Assistant Deputy Minister of the Department of Labour; the Vice-Chairman is Captain George Graves, a senior officer, Marine Services Branch, Department of Transport; and the third member is myself.

**Senator Carter:** These are all located here in Ottawa?

**Mr. Currie:** That is correct.

**Senator Carter:** How often does the board meet?

**Mr. Currie:** Perhaps three to four times a year.

**Senator Carter:** How does the board operate? Does the board have agents in the provinces? What is the liaison between the board here in Ottawa and the recipient down in the Maritimes?

**Mr. Currie:** As you are probably aware, we have long-standing arrangements with each of the provincial Work-

men's Compensation Boards under another statute. I am referring to the Government Employees Compensation Act, which applies to all persons employed in the Public Service of Canada. This federal statute enables us, the federal Public Service, to have the benefits of workmen's compensation, but the actual processing and adjudicating of claims is done through each of the provincial Workmen's Compensation Boards, because our statute allows them to do so. Consequently, we are able to call upon the same resources when administering the Merchant Seamen Compensation Act.

I will just trace a hypothetical case, to illustrate the sort of things you want to know. A man is injured in the course of his employment, perhaps severely—he falls down a hatchway or some heavy equipment injures him. He is immediately taken to the nearest hospital for medical attention and a claim is filed with us. From then on we will watch the progress of the man's recovery and rehabilitation. If he requires any special medical attention, this is ordered and it is paid for by the shipping company, that is, his employer. Should it appear that he is going to have a permanent disability, we will ask the nearest Workmen's Compensation Board to examine this man, on our behalf, through their regular medical panel. They will see him and even advise us as to his medical or vocational rehabilitation. They are most co-operative.

Finally, if and when it is determined that the man is not going to recover fully and will have a permanent disability, the Workmen's Compensation Board will give use the benefit of their opinion as to the extent of his permanent disability and what sort of pension they would grant if he were under their jurisdiction. This is all supplied to the board by experts in the workmen's compensation field.

Then, based on this evidence and the evidence of the doctor who attended the seamen and any other information we require, the board in Ottawa awards a permanent disability allowance which is granted to the man and which is required to be paid by his employer.

**Senator Croll:** These people are covered in every province under the Workmen's Compensation Act, except in the Maritime provinces?

**Mr. Currie:** That is correct—with one minor qualification. In the Province of Quebec the Workmen's Compensation Act of that province covers this category of worker only if he is a resident of or hired in the Province of Quebec.

**Senator Croll:** What is the thinking behind the Maritime provinces in not covering them in the same way?

**Mr. Currie:** There are some good theoretical thoughts behind this. Being a native Ottawan and a landlubber, perhaps it is not for me to say why, but from my reading and understanding of these things I would suggest this, that the risks and costs are potentially rather great and, as you know, underlying each of the provincial workmen's compensation acts is the principle of mutual collective liability. All industries covered by provincial statute contribute to one accident fund, which is indivisible—one fund. The rate of assessment varies according to the



degree of hazard in the particular industry, so that steelworkers perhaps have a higher assessment than those who are engaged in the manufacture of bicycles, but it is still one fund.

In the case of the Atlantic provinces, their reserve funds have never been very substantial. It was for the same reason that until a year or so ago Nova Scotia, for example, never did cover fishermen under the regular provisions of their Workmen's Compensation Act. It was a separate part of their legislation administered through the insurance companies.

Today in the other Atlantic provinces, generally speaking, fishermen may only be covered on application—it is not mandatory—for the same reason, that there have been so many serious accidents that this is a considerable drain on the accident fund, and it was felt that they just could not incorporate this into their general workmen's compensation system. This is my reading of the record.

**Senator Croll:** What does this mean in terms of money? What is a rough figure of the moneys involved?

**Mr. Currie:** I could not venture a figure, Senator Croll.

**Senator Croll:** Is a figure available?

**Mr. Currie:** I doubt it.

**Senator Smith:** I wonder if I might make a comment here, Mr. Chairman. There are many people on the provincial scene today, like Senator Kinley who was mainly responsible for carrying through a campaign which resulted in the fishermen of Nova Scotia receiving some of the benefits of the Nova Scotia Workmen's Compensation Act. Having said that, I think I can help you in your answer to Senator Croll by pointing out that there have been disasters. In one August gale around Sable Island from 60 to 90 fishermen were lost, most of them from Lunenburg. When there are losses of that magnitude this can be awfully expensive. We are still losing men. I think Senator Robichaud, who was at one time the Minister of Fisheries, knows the kind of losses there have been.

**The Acting Chairman:** In Northumberland Strait there was a similar incident with a loss of twenty lives. Just a week ago seven fishermen were drowned in a storm. The risk is heavy.

**Senator Smith:** There was the terrible tragedy you had on your coast some years ago. There is a memorial erected to those men.

**The Acting Chairman:** Yes, that was the tragedy in Northumberland Strait to which I was referring.

**Senator Smith:** Such losses can be a heavy burden upon a workmen's compensation board. This system now covers the fishermen of Nova Scotia—please correct me if I am wrong—but the ship owners protect themselves by buying insurance, and it is expensive. It is not to the advantage of the men who go to sea to have someone carry them. I think it is a great thing that the federal Government some years ago stepped into this matter and filled in this gap. I think we shall have to wait for quite a while before the compensation boards of these smaller and "poorer" provinces will be able to take that risk.

That may help, or it may not.

**Senator Croll:** It certainly does.

**Senator Carter:** We are getting off the track. We are talking about the fishermen. The statistics Mr. Currie quoted—28 widows and 35 children—do not bear this out at all. There is no heavy drain from the point of view of the Merchant Seamen's Compensation Board. The drain is only in proportion to the people who are getting paid. How many widows were there? I think you said that there were 28 widows, and 35 children.

**Mr. Currie:** But this is only the result of fatal accidents. We have a fair number—I cannot give you the figure but I will provide it if you wish—of those receiving temporary disability payments pending their return to work, and those in receipt of permanent disability payments.

**Senator Carter:** We want all the statistics. We want to know what it is you pay out.

**Mr. Currie:** We do not pay out anything. I would like to clarify that.

**Senator Carter:** But it is paid out by the fund.

**Mr. Currie:** There is no fund.

**Senator Carter:** Who pays it?

**Mr. Currie:** The employer pays it through the insurance which this law requires him to carry to cover these contingencies, but there is no fund in the sense that there is a provincial workmen's compensation fund on which to draw for these benefits.

**Senator Carter:** But the total fund itself cannot be all that big.

**Senator Croll:** There is no fund.

**Senator Carter:** I am referring to the total cost.

**Senator Croll:** The workmen's compensation acts in the Maritimes cover steel workers, but you say that the risk is so great in respect of the seamen that they cannot afford the premiums. Is that what you are saying?

**Mr. Currie:** I am saying that from my reading of the history of this problem—it has been going on for decades, and it is still not resolved—it appears that the workmen's compensation boards in these provinces do not feel they have sufficient financial resources to assume this additional liability for accidents involving seamen and fishermen. But, this is not the only industry that is excluded from these acts, you know. There are others. For example, civil aviation is not covered in the Atlantic provinces under the workmen's compensation acts. People who work in banks are not covered. Other persons who work in a variety of industries, for one reason or another, are not covered. This is at the discretion of the provincial legislature or the board. The act itself usually says who is to be covered and who is not to be covered; some of this is done by regulation.



**Senator Carter:** I do not follow the witness, Mr. Chairman. He says the provinces cannot afford to take on this extra liability, but the federal Government is not taking on the liability either. The witness has just said that there is not a federal fund.

**The Acting Chairman:** But is not the federal Government providing the legislation to protect those same people?

**Senator Carter:** Is there anything to prevent a provincial government from doing what the federal Government is doing?

**Mr. Currie:** I am not aware of anything.

**Senator Carter:** You said that the reason why they did not do it was because they could not afford it, but there is no liability on the federal Government, so why should there be liability on the provincial government.

**Mr. Currie:** The federal Government does not operate a workmen's compensation scheme at all...

**Senator Carter:** That is not my question.

**Mr. Currie:** ... but each province does. Again, it is hardly appropriate for me to attempt to interpret what a provincial legislature ought to do. I can only give my impression as to why this situation has arisen. It would be difficult for a province to set up a workmen's compensation system only for merchant seamen. I would think that if they were to cover this category of workers, as, indeed, other provinces have covered it, they would integrate it with their present workmen's compensation system. However, for some reason or other they have not seen fit to do this.

**Senator Carter:** But they have done it for fishermen. I think that Newfoundland has...

**Mr. Currie:** Yes, and Nova Scotia too, up to a certain limit.

**Senator Carter:** Yes, and Newfoundland has compulsory insurance for fishermen up to a certain limit.

**Mr. Currie:** I think it is optional. They may apply for coverage, and some have, but the great majority have not applied for participation in this scheme. Farmers are not covered by workmen's compensation schemes on a mandatory basis, except in Ontario. In other provinces they have an optional scheme, and it is the same for fishermen. So, this is really a decision to be made by the provinces, and the fact that our law is here does not prevent them from doing this if they so choose.

**Senator Carter:** But the money you pay out to these widows and orphans comes from the employer of the person concerned who, in turn, more likely than not covers the risk by insurance.

**Mr. Currie:** They are obliged to do that by this law. I presume a province could pass similar legislation, but none has chosen to do so.

**Senator Smith:** I think the only province that has chosen to do so, as I understand it, is British Columbia.

**Mr. Currie:** They cover merchant seamen anyway, and so do Ontario, Quebec, and Manitoba.

**Senator Smith:** I am talking of the coastal seamen.

**Senator Inman:** What about the draggers that stay out to sea for days? Are the members of the crews of draggers covered as seamen or as fishermen?

**Mr. Currie:** They are not covered by this statute at all. Most fishermen—certainly those in the Atlantic provinces—have only this protection if they apply for it and pay the necessary premiums into the provincial workmen's compensation fund.

**Senator Inman:** And the people who operate the draggers would not be classed as seamen?

**Mr. Currie:** No, they are not classed as seamen for the purposes of our legislation. I think you will find that in most of the Atlantic provinces they do not have this protection.

**Senator Croll:** Yours is an administrative job. You are concerned with seeing that the thing is done. There is no expense involved. You are concerned with administration, with the assistance of the workmen's compensation boards in those various provinces.

**Mr. Currie:** The administrative expense involved for us is minimal.

**Senator Croll:** But there are no moneys exchanged.

**Mr. Currie:** We do not disburse any moneys.

**Senator Croll:** So for all purposes you are there to see that they are protected and the same thing could have been done without the cost of a nickel by the compensation boards in the provinces?

**Mr. Currie:** Except that they then would become responsible for the financial outlays, unless they were to do it in the same way as we. However, the boards have not chosen to do this and this legislation is there to fill these gaps.

Just to go back in history, it first came into operation during World War II because it was found that the many hundreds of merchant seamen, many more than at present, were not enjoying the benefits of workmen's compensation. Under the War Measures Act of those years regulations were passed to put the scheme into effect. In 1946 it was put into permanent form by act of Parliament, this latest amendment being the fifth or sixth to the original act.

**Senator Carter:** Does the orphan or the widow apply to you, or must application be made through the Workmen's Compensation Board?

**Mr. Currie:** No, all applications for benefits under the law must be filed with the Merchant Seamen's Compensation Board in Ottawa. There are certain procedures to be followed by the employer and other requirements to be met by the claimant, whether the seaman or his dependants.



**Senator Carter:** With regard to the rates, a widow, for example, alone in 1957 received \$75, which was not changed in 1965. It remained at \$75 from 1957 right up until 1970, which is 13 years. Now it has been increased to only \$100 and this poor widow is shortchanged. Is there any explanation for that?

**Mr. Currie:** My recollection is that we changed these rates in 1965.

**Senator Carter:** No; the widow received \$75 in 1957. It was not changed in 1965.

**Mr. Currie:** I am sorry, I do not have the chronological development of these rates. That might well be. If the rates were not changed it is because they were those prevailing for similar categories under the provincial statutes.

It was the original concept, and we have maintained it pretty consistently since, that these rates would be comparable to those prevailing in the Maritime provinces for similar categories of benefits. If that rate was maintained it was because it was then current in Newfoundland, Prince Edward Island and Nova Scotia. Their rates have now been increased to \$100 and we are making the same revision.

**Senator Carter:** You just follow what they do?

**Mr. Currie:** Yes.

**Senator Carter:** Does the federal Government have no responsibility at all to the widows to see that they receive fair treatment? Why should they be treated worse in 1970 than in 1957?

**Mr. Currie:** Worse in 1970 than in 1957?

**Senator Carter:** Yes, they are getting less; less purchasing power.

**Senator Smith:** The Economic Council of Canada and Dr. Young may have an answer.

**Mr. Currie:** This, of course, would give rise to a very extended discussion with respect to the depreciation of our dollar.

**The Acting Chairman:** I understand, Mr. Currie, that you just said those rates are based on provincial rates and you made a change because the provinces have seen fit to do so?

**Mr. Currie:** There are two provinces in Canada which have tied their pensions to widows under the workmen's compensation laws to an escalation clause. They are British Columbia and Quebec. As a consequence of this, if the cost of living rises by a certain percentage, the Workmen's Compensation Board is able to make adjustments in these pensions without reference to the provincial legislature. In the other eight provinces there is no such provision.

I think we have come a little way towards this, not automatic but to facilitate more frequent adjustment, in our proposal in this bill to enable the Governor in Coun-

cil to make these adjustments from time to time without requiring a separate act of Parliament in each case.

I do not think this answers your question as to the adequacy of these rates, senator, but having the rates in accord with the current provincial scales is really a matter of policy.

**Senator Macdonald:** I have a question related to clause 3 on page 3:

31A. Where it is found by the Board that a widow to whom compensation has been awarded is living with any man in the relation of man and wife without being married to him, the compensation to such widow may be discontinued or suspended or such compensation may be diverted in whole or in part to or for the benefit of any other dependant or dependants of the deceased seaman.

Would that result in a compensation rate lower than the minimum required to live?

**Mr. Currie:** I have no way of knowing about these situations. I must say that in providing benefits according to this rate structure it is fair to say that we are doing what is being done for all other categories of workers in similar areas of Canada.

I am not arguing that these benefits are anything more than perhaps of sustenance standard. However, they are what are paid, with perhaps minor variations, in the case of a worker injured or deceased as a result of a work accident in any other industry in these areas.

**Senator Carter:** Dominion Bureau of Statistics figures indicate that if a widow received \$100 in 1957 she would need \$143 today to maintain the same purchasing power. A widow receiving \$75 in 1957, in order to have exactly the same purchasing power, would need \$107 today. Therefore that widow is \$7 worse off per month now, after 13 years have passed and expectations are much greater, since the GNP has risen and our whole standard of living is higher. These poor devils are being gypped out of \$7 a month and are now worse off than they were in 1957.

Who is responsible? Does the federal Government have no responsibility in this connection, or can they say "Push it on the provinces or the Workmen's Compensation Boards in the provinces"?

**Mr. Currie:** My only response to that, Mr. Chairman, at this time would be to say that in carrying out this principle of comparability, which has been pretty well a basic consideration since this act was first established, is not a bad rule of thumb or yardstick.

I have no doubt that there are continuing pressures on provincial legislatures to revise the benefits upwards, which is done from time to time. It might be rather difficult for the provincial boards if this were to establish rates beyond their ability to pay.

**Senator Carter:** I would agree with that up to a point. I do not think we should distort the provincial rates. At the same time we must draw a balance between provincial rates on the one hand and simple justice on the other. Someone has to assume responsibility somewhere



for this balance. What I am trying to pinpoint is: where does the responsibility rest? Does it rest with the federal Government, the provincial government or the provincial board? We are reasonable people, but it certainly does not seem reasonable that, because a provincial government may do an injustice to a widow or to an orphan, the federal Government has to go along with it. I cannot accept that argument.

**Senator Croll:** Let us take the case of a widow of 66 years of age. All she has is \$75. She is eligible to receive old age security and a supplement. Is the \$75 income or is it a pension?

**Mr. Currie:** It is a pension, and it is non-taxable income.

**Senator Smith:** It is not taxable?

**Mr. Currie:** No. All incomes under workmen's compensation legislation are non-taxable.

**Senator Smith:** I do not think that answers Senator Croll's question. His question was whether or not this was income to be considered when that person is applying for the old age security supplement.

**Senator Croll:** He says not.

**Mr. Currie:** I am sorry, I could not answer that.

**Senator Smith:** No, and I did not think you should.

**Mr. Currie:** I was saying that it was not taxable.

**Senator Inman:** Are the majority of these recipients young women with children?

**Mr. Currie:** From a quick glance at this list it appears to me that there are more widows who do not have dependant children than there are those who do, which suggests to me that they are in an older age group. The majority of widows are those who do not have any children.

**Senator Inman:** That is remarkable to me. I remember a disaster we had in our province. I have forgotten the number of seamen who had been drowned, it was 10 or 11. I know for the families left there was a public subscription to help them.

**Mr. Currie:** It often happens that a seaman who loses his life is an unmarried man, then there are usually no pensions payable to anyone.

**Senator Inman:** In this case a number of children were left fatherless.

**Senator Macdonald:** Are the seamen on the CNR ferry between Nova Scotia and Newfoundland covered by this bill or some other act?

**Mr. Currie:** They are covered by this act.

**Senator Macdonald:** Is that everybody who works on the boats?

**Mr. Currie:** Yes. We also cover those on the ferry running between St. John's and Digby across the Bay Fundy, so they are covered one way or the other.

**The Acting Chairman:** Could you tell us if the Atlantic provinces have similar rates? Is there any difference between the rates in the Atlantic provinces?

**Mr. Currie:** I will give you a rundown on those, Mr. Chairman. The monthly pension for a widow only in Newfoundland is \$100, in New Brunswick \$100, in Nova Scotia \$100, in Prince Edward Island \$75. Newfoundland, New Brunswick and Nova Scotia introduced the \$100 rate in 1970, so we are hoping to introduce ours at approximately the same time.

**The Acting Chairman:** Is it not also a fact that under this bill you will not have to wait for new legislation; the minister will have a discretion to increase the rates as the provinces increase theirs?

**Mr. Currie:** The minister would recommend this to the Governor in Council, yes, so it would not require legislation.

**Senator Croll:** That is the purpose of this bill.

**Mr. Currie:** That is the purpose of an amendment in this bill, yes.

**Senator Croll:** For the purpose of the record, will you ascertain the answer to my question whether that \$75 is income under old age security for supplement purposes?

**Mr. Currie:** Yes, I will. You mean is a widow's pension deemed to be income?

**Senator Croll:** Yes, a widow's pension.

**Mr. Currie:** I have the other rates. A monthly pension to a child in New Brunswick is \$25, in Nova Scotia \$38, in Prince Edward Island \$25. Again these rates as of 1970. The pensions to orphans in those three provinces, again as of 1970, are \$50, \$45 and \$35 per month—in New Brunswick, Nova Scotia and P.E.I.

**Senator Carter:** New Brunswick has a \$50 rate for orphans?

**Mr. Currie:** Yes, in New Brunswick.

**Senator Carter:** And \$45 in Nova Scotia?

**Mr. Currie:** That is correct, and \$35 in P.E.I.

**Senator Carter:** What about Newfoundland?

**Mr. Currie:** There it is \$45.

**Senator Smith:** I wonder if I could go back to Senator Macdonald's question on whether or not the Canadian National Steamship people are covered. I have before me a list—I do not know how up to date it is—and I see the Canada Railway News Company listed as one of the companies operating under the Merchant Seamen's Compensation Act. I also see the Canadian Pacific Railway Company. I do not see the Canadian National.

**Mr. Currie:** I did not want to get into an elaborate, complicated explanation. The Canadian National, as you know, in that part of the world operates railways formerly called Canadian Government Railways, which comprise part of the Canadian National system. You will



notice that in the Government Employees Compensation Act a section dealing with Canadian Government railways, which really come under the federal Government. Consequently the situation regarding the CNR is not all that clear. As a matter of practice, however, CNR employees come directly under the provincial Workmen's Compensation Boards, although they do not pay any assessments; they are self-insured. In effect, therefore, the steamships they operate—the car ferries to the Island and back—may be, although I stand to be corrected, within the general system operated by the CNR. I am certain that the employees on these ships of both the CNR and the CPR are in fact covered.

**Senator Smith:** They are covered one way or the other?

**Mr. Currie:** They are covered one way or the other. There is no doubt about that.

**Senator Smith:** I was sure about that; they are very strongly unionized.

**Mr. Currie:** Of course. The people who run the restaurants aboard these ferries are covered too.

**Senator Carter:** I have lots more questions. I would like to follow up Senator Croll's question. Let us take the case where there are orphans; both parents have gone. A foster mother either takes the orphans into her home or takes her family into the orphans' home. If she goes into the orphans' home she will now get \$100 a month plus \$35 for each child. If there are three orphans she will go into the home and get \$100, plus \$35 for each orphan, a total of \$205. Will this affect her income for mother's allowances under the provincial legislation?

**Mr. Currie:** I am sorry, I could not answer that; I do not know.

**The Acting Chairman:** This would be a provincial regulation would it not?

**Senator Carter:** I think it should be on the record there because should the foster mother be living on welfare, there would be some sort of social assistance for herself and her three children. Let us say that the foster mother is not earning and it is a welfare case. She moves into the orphans' home or takes the orphans into hers and she qualifies one way or the other under this act for the widow's pension and the children's allowances, which is an increase in the family income. Can you find out the answer for us and let us know how that would affect her under the provincial allowance? Would that reduce her allowance?

**Mr. Currie:** I will endeavour to find out for you. These rules may vary among the provinces. Would you want a particular province?

**Senator Carter:** I would like it for each province if available, but if you cannot obtain it you can't. The more information you can get the better.

**The Acting Chairman:** I understand you would want this information with the other questions which you have asked Mr. Currie to supply.

**Senator Carter:** I know this is going to take a little time, but I hope we will get it and hold up the publishing of the report until this information is received.

**Mr. Currie:** May I have some direction from the committee. If I can keep in touch with the chairman and give two or three illustrations which may be indicative of how this is done so as to give a sampling rather than going through all the 10 provinces, would this be satisfactory?

**Senator Carter:** Yes, that would be fine. Section 30 of the act has to do with the death of a person and the compensation for transportation and transfer of the body from the place of death to the place of internment. Why has no provision been made for an increase? Why has there not been an increase since 1965, because costs of transportation and everything else has increased? There is no increase in that. Why has it been omitted?

**Mr. Currie:** It is still the same amount as in Newfoundland and Prince Edward Island. I see that New Brunswick has a maximum of \$500 and Nova Scotia an amount of \$400 for funeral expenses.

**Senator Carter:** You have not followed the lead of the provinces in using the maximum there, because you have left it at...

**E. Russell Hopkins, Law Clerk and Parliamentary Counsel:** It is \$300 now, as of 1965.

**Mr. Currie:** We are changing this from \$300 to \$400 in our proposed bill.

**Senator Carter:** That is for burial only; I am talking about subsection (b) which is for the transportation of the body and not the burial expenses.

**Mr. Currie:** One hundred and twenty-five dollars.

**Senator Carter:** Yes, but that has not changed since 1957.

**Mr. Currie:** I do not seem to have a table on that.

**The Acting Chairman:** Maybe Mr. Currie could supply us with this information.

**Senator Carter:** The freight rates have certainly gone up.

**The Law Clerk:** Presumably the provincial rates have not gone up.

**Senator Carter:** Do the provinces cover this?

**Mr. Currie:** Mr. Chairman, I have a table here which was compiled in 1969. There may be some changes since then, but I am not aware of it.

**Senator Carter:** I am not talking about the burial expenses, but freight rates for the body.

**Mr. Currie:** In Newfoundland it is \$125 and in P.E.I. and Nova Scotia it is \$100 and in New Brunswick it is \$125.

**The Law Clerk:** They have not risen.



**Senator Carter:** I would like to know how long it has been \$125 in these provinces. Perhaps they get the benefit of Maritime freight rates.

**Mr. Currie:** It may interest you to know that in Alberta and British Columbia the maximum rate is only \$100. These are maximum amounts, therefore presumably they must, in most cases, meet the ordinary expenses.

**Senator Carter:** I will not labour that point. It seems strange that if \$125 was the rate in 1957 that we have not seen fit to change it since.

In section 38 of the original act we talk about average earnings as follows:

Average earnings shall be computed in such a manner as is best calculated...

et cetera. How are the average earnings calculated? It does not say here. It says, "in such a manner".

**Mr. Currie:** Whichever is most advantageous to the seaman. They might go up to an average earnings over a period of a year preceding the accident or preceding a month or six weeks. The board establishes what would seem to be a fair base for the seaman's earnings.

**Senator Carter:** You set a limit on that of \$5,000.

**Mr. Currie:** There is a limit in every province.

**The Acting Chairman:** Is it not \$6,000?

**Mr. Currie:** It is now \$5,000 but it is going to be \$6,000.

**Senator Carter:** It is only going to be \$6,000? There again, if you take into consideration the equivalent dollars, it should be \$6,800, because it takes 6,800 dollars 1970 to be equivalent to \$5,000 1957 dollars. You are gypping the person again. The pattern is emerging now that the federal Government takes no legal responsibility at all and that they just slap it off onto the provinces. I think it should be the other way around and that the federal Government should be giving the lead in these things.

**Mr. Currie:** May I comment, Mr. Chairman, that this is again exactly the prevailing rate as of the year 1970 for the four Atlantic Provinces, \$6,000.

**Senator Carter:** You said, if I understood you correctly, that when you compute the average earnings below this level that it is done in whichever way will be to the best advantage of the seaman. It might be on a weekly basis.

**Mr. Currie:** It might be over a few weeks, but if it were more advantageous to extend it over three or six months that preceded the incident then this would be done. We get all the payroll records from the employer.

**Senator Carter:** This is done by the board in Ottawa?

**Mr. Currie:** This is done by us.

**Senator Carter:** One of the things that intrigued me is the conditions under which a person qualifies for this. That is in section 30, subsection (2). I will put it on the record.

Where the seaman leaves no widow—

This is a case where both parents are dead, and someone has to look after children, orphans without parents—

Where the seaman leaves no widow or the widow subsequently dies and it seems desirable to continue the existing household, and an aunt, sister or other suitable person acts as foster mother in keeping up such household—

I am underlining the word "household"—

—and maintaining and taking care of the children entitled to compensation, in a manner that the board deems satisfactory, such foster mother while so doing is entitled to receive the same monthly benefits of compensation for herself and the children as if she were the widow of the deceased and in such case the children's part of such payment shall be in lieu of the monthly payment which they would otherwise have been entitled to receive.

The word "household" is not defined or spelled out at all in the act. How is the term "household" determined?

**Mr. Currie:** The term "household" as used in this section of the statute is interpreted not in the narrow sense of a dwelling or domicile or particular building. Rather, it refers to the people who dwell together under a roof and compose the family. It is the sense of a unit of people, a group of people, who compose a family, where it is on-going, its maintenance, and so on, where this is happening. It is not necessarily a particular address on a specific street.

**The Chairman:** So it is not a building, it is not a home. It is a family.

**Senator Carter:** Who makes this interpretation? Is this an interpretation that is followed by the workmen's compensation acts in the provinces or is this an interpretation set by the Merchant Seamen's Compensation Board?

**Mr. Currie:** I am sure, Mr. Chairman, that it will be evident to everyone that cases of this kind arise many times over the years, so that all the workmen's compensation boards and the merchant seamen's compensation board have had experience in dealing with this interpretation. The interpretation I have just given is one which our board uses. I would say that in the majority of the provincial workmen's compensation boards they hold similar views, that this is a question where the board, on the information given to it as to the exact situation of these dependent children, decides what constitutes the household, and it does not have to be a physical entity, it may move.

**Mr. Hopkins:** Is the expression "household" defined?

**Senator Croll:** Would the words "existing household" be similarly used in the compensation acts in the provinces?

**Mr. Currie:** Exactly the same wording is found in several statutes. Others have minor variations. We have looked into this carefully and it is fair to say that all compensation acts have a clause substantially the same as this.



**Senator Carter:** What would happen, Mr. Chairman, if the workmen's compensation board interpreted it in a different way?

**Mr. Currie:** I suspect it would be up to the claimant or recipient, or whoever the beneficiary may be, to challenge that decision. This is quite in order.

**Senator Carter:** Very often the person affected is a poor little orphan, who may be living in some remote outport and does not know, nor do the people around him know, under what terms this award has been made. They are not familiar with the act or the terms used. All they know is that they apply for something and get something. They do not even know whether they get as much as they are entitled to.

**Mr. Currie:** I think we would agree that most compensation boards—and I think it is fair comment regarding our own board—that the members of the board take an intelligent concern for these situations, especially. We are not easily misled. We require evidence as to the condition under which these children are left, who is going to look after them, if they are competent to do so, and so on. In the light of the information coming before the board, the decision is made as to what might be paid and to whom. It is true that there may be errors in these decisions, but if a youngster is left without a parent there is usually some other adult in the neighbourhood. We have even had such dependents made wards of provincial courts, who then intercede on their behalf and so on. I do not think we have had a case where a youngster was left without some adult to advise him or to take an interest in his affairs.

**Senator Carter:** I am not raising that question. I am raising a different question, because I happen to know in my experience of an actual case where the child was taken care of. Both parents died, and the child was taken care of by an elder sister, his nearest relative. But she took him into her own home, because she was married and had a home of her own. And the sister was refused the widow's payment under this interpretation put on the word "household".

**Mr. Currie:** I think, understandably so, if I may say so.

**Senator Carter:** Why? If she moved her family into the children's home where the parents had lived, she would have got the widow's extra payment...

**Mr. Currie:** That is possible.

**Senator Carter:** But because she took the child into her own home, she is deprived of it. Why?

**Mr. Currie:** There are two different situations existing here, as I interpret this provision. First of all, this was an orphan. Had that older sister continued the existing household...

**Senator Carter:** Was not she continuing the existing household? You said "household" does not mean an address on a street.

**Mr. Currie:** That is quite right. But there are two other conditions that must be met. Any claimant for benefits under this compensation legislation, or indeed any compensation legislation, must have an entitlement on the basis of dependency. That is a very important principle. It must be established that there was some prior dependency on the deceased, in this case a seaman, as indeed in any workmen's compensation law.

So this older sister of the orphan to whom you refer, you say she is a married woman, she had a house in some place else, presumably living with her family.

**Senator Carter:** Yes.

**Mr. Currie:** There was no prior dependency of that woman upon the deceased seaman's earnings. I can only assume this because she is a married woman living some place else and I can only assume that she is supported by her husband. So, on the death of the seaman, and of his widow who may have succeeded him, the only person who had been dependent on the earnings of that seaman is this orphan child.

**Senator Carter:** Yes.

**Mr. Currie:** So that orphan child becomes automatically entitled to what is provided in the statute for an orphan. There is no question about this. He would be paid and was paid. When this orphan went to live with a sister, the sister of the orphan began to receive the money, which was right and proper. Because this sister took the orphan into her home, which she had already established and which was being maintained by her husband, perhaps, or it may be that she and her husband are doing so jointly, this did not create an additional state of dependency or expense on that household.

**Senator Carter:** Oh, oh, oh, ...

**Mr. Currie:** If I may just conclude with one sentence. This was not as is provided in the law, and therefore there was no allowance paid to that older sister as a foster mother. That is why.

**Senator Carter:** You spoke about "dependency". I lost you. I could not understand "dependency".

**Mr. Currie:** That is the whole principle of the legislation.

**Senator Carter:** If you took another woman, or if that sister had moved down, with her family, into that old house belonging to the parents, she would have qualified under the act.

**Mr. Currie:** I would expect so.

**Senator Carter:** It is exactly the same situation, because they are all living under the same roof.

**Mr. Currie:** As I said, I would expect so. The board would have to determine that this was in the best interests of the youth, the young boy. It would not automatically follow because the board was concerned with the welfare of the remaining dependants.

**Senator Carter:** I just do not follow you.



**The Acting Chairman:** Would there be a case also, Mr. Currie, if there were two or three sisters and everybody was fighting to get the orphans in order to get the pension.

**Senator Carter:** That might be one case in ten thousand. I am fed up with the exceptions being dragged in that serve only to becloud a principle.

**Mr. Currie:** There is more than just one principle involved here.

**Senator Carter:** I want to establish that principle, because it does not make sense to me. It does not make sense to me that if that sister had moved her whole family down into the old house where the child lived she would have qualified. She did not do so and that was the reason given for depriving her of it. Moreover, the child himself was deprived of his full allowance, too.

**Mr. Currie:** I beg your pardon.

**Senator Carter:** The child himself did not get the maximum allowance.

**Mr. Currie:** That is another question.

**Senator Carter:** I am not mixing the two questions together anyway, because I want to pinpoint this so-called principle. You said a household does not have to be a house on a street. It does not have to be a street number.

**Mr. Currie:** Right.

**Senator Carter:** And you say that the criterion is maintaining the existing household. Well what is the existing household?

**Senator Croll:** He did not say that. He said dependency.

**Senator Carter:** I lost him on dependency.

**Senator Croll:** Dependency is the word, and the point that you are making, senator, is what difference is there so far as dependency is concerned whether she lives at 241 Smith Street or 752 Smith Street. That is the point we are making. I do not follow that, Mr. Currie.

**Mr. Currie:** I will try to elaborate if I may. All workmen's compensation legislation is predicated upon some state of dependency in order for a beneficiary to qualify for some allowance. This particular section which talks about an existing household means that the family unit which in this particular case was one remaining boy. There could have been two or three. The concept behind this is that if you maintain this family group as a unit—and that may be for ever, because it is important that those people remain together, since they have been living together all these years anyway, and under normal circumstances that is what they would prefer to do—then the law says the existing household. Now, if these children are removed from that place, for whatever reason it may be, and put into some other place as an on-going, continuing, household unit, and are in the charge of somebody else who has the maintenance of that place—

because it is not just the existing household but is also the maintenance and care of the children that the law says—then the law recognizes the additional expense of that foster mother *in loco parentis* to those orphans and this presumes dependency.

In the case before us, when the youth moved into his sister's household the board did not believe that there had been a state of dependency upon this seaman existing prior to the accident or subsequent to his death. The only one who could legitimately claim the benefit was the orphan, and it was paid to him. Had that sister not been maintaining another household, presumably, she would have received it. Suppose she had been an unmarried sister or a maiden aunt, she would then have received the allowance without any question. But here we are talking about maintaining another household. There are two households in this case, let us say.

**Senator Carter:** I disagree with you. I think the household disappeared completely when both parents died, because the household is owned by somebody. It is owned by the head of the family.

**Mr. Currie:** Not at all, in my opinion. The household is the family unit, and that comprises this group of people who are living together.

**Senator Carter:** Give me any definition from any authority that will define household in that way.

**The Acting Chairman:** I think the witness has a right to have his own interpretation just as you also have a right to your own interpretation, Senator Carter.

**Senator Carter:** No, Mr. Chairman. That is not true. In law when a word is not spelled out, then you take the ordinary meaning of the word that is set forth in the dictionary. That is my understanding. Mr. Hopkins can put us right on that.

**Mr. Currie:** Well, I have some dictionary definitions of the word here, if you wish. They may be useful.

The *Oxford Dictionary* defines household as 1) the maintaining of a house or family; 2) the contents of a house collectively. The *American Dictionary* defines the word household as "those who dwell under the same roof and compose a family". Those are two common definitions in the dictionaries. And that is the ordinary interpretation we placed on it.

**Senator Inman:** What if that child had been put in a foster home or an orphanage?

**Mr. Currie:** He would be in receipt of the allowance payable to an orphan, but the institution as such would not receive the allowance paid to a foster mother or foster father.

**Senator Carter:** Who determines the policy in selecting a foster parent?

**Mr. Currie:** The board does not intervene in these situations unless any information comes to the attention of the board to suggest that it may not be in the interest of the orphan. So it is done locally, I can only conclude.



**Senator Carter:** Are you saying that the board follows the policy of the compensation board in question?

**Mr. Currie:** We would, and we also cause local investigations to be made of the circumstances. And then we would want to satisfy ourselves that these people have means and ways and are competent to look after the orphan.

**Senator Carter:** Have you any policy for selecting foster parents where you assess priority with respect to the nearest relative, for example? For example, would a sister be given priority over a more distant relative?

**Mr. Currie:** No, sir.

**Senator Carter:** You have no policy like that?

**Mr. Currie:** No, there are no rules laid down for first, second, third or other choice for who might be a foster parent.

**Senator Carter:** You said just now that there was no expense if both parents died and the child was taken into the family of the sister. Certainly that is maintaining the family. That is the nearest relative, the nearest blood relative. But might it not be possible that this sister would have to get additional space to accommodate the child as it grows up? It might be all right when he is small, but what happens when he grows up?

**Mr. Currie:** That is possible.

**Senator Carter:** By and by the situation might become such that the sister would have to provide additional space. For example, the sister might have only girl children and if the orphan was a boy, she would have to get additional space. But there is no recognition of that. You said there was no additional expense.

**Mr. Currie:** Perhaps I replied too easily to that, Mr. Chairman. What I meant to say was that in the case that you cited, since the older sister already does have a household, there really was no particular expense to continue it. But if she had had to add a room or to make some other internal facilities available in the house to accommodate the young boy, that presumably would be some additional expense. That is one of the reasons why an orphan gets a larger allowance per month than another child. It is the recognition that there are some additional expenses involved.

**Senator Carter:** You spoke about the definitions just now. You put one or two definitions on record. I wish to give you one from the *Oxford International Dictionary*. "Household is the maintaining of the house or family." That is one. "The inmates of a house collectively." That is the second definition. "A domestic establishment." That is the third definition.

**Mr. Currie:** I think all of those may be used rather interchangeably. I gave you what I believe to be the practice which the Merchant Seamen Compensation Board follows in trying to interpret this expression.

**Senator Carter:** The use of the word "household" in the English language connotes ownership. I refer you to the Bible, to I Corinthians, 1,16 where St. Paul says:

16 And I baptized also the household of Stephanas:...

That is the household of Stephanas, and if Stephanas died, then it would be his wife's household, and if she died, it is nobody's household because the two owners are gone.

**Mr. Currie:** Well, senator, when we surveyed this question and consulted with each of the ten compensation boards, we received a fair amount of information on their experience and how they cope with the situation. It is a very serious matter, and from all this correspondence we discovered that they were approaching this problem in much the same way as we were, not regarding a household as the physical thing or a building or a domicile, but as a family group. And this is the way, to the best of my knowledge, it is applied.

**Senator Carter:** But this act permits this anomaly where you say that if a child or a couple of children are left orphans, unless somebody moves into their place they are not considered as a household, and the person who looks after them and performs all the services of the foster mother and takes on the responsibility is not entitled to anything at all for that saving what little allowance is given to the child which is barely enough to keep him at a level of existence.

**Senator Croll:** May I suggest that this discussion which is very pertinent and very important be brought to the attention of the compensation boards in the provinces so that the views on this particular matter are known, and that the matter may be discussed in the board of which the witness is a member. There is an anomaly here and I think it ought really to be looked into and discussed, because we do not get a chance at this bill very often.

**Mr. Currie:** Certainly the Board is as concerned as any one else that justice should be done to these people. We are very conscious of our responsibility and obviously it is possible in many situations that some misjudgment may arise. But when these matters are brought to the Board's attention or we are dealing with any new claims, we attempt to determine which is the best thing for the remaining children.

**Senator Carter:** I should like to suggest, and here I am not making an amendment, that if you look at the Pension Act, that is the Veterans Pension Act, they use the words "domestic establishment", and I think that word "domestic establishment" is a much better term to use in this particular connotation than "household", which even though it does appear in all the provincial legislation is not, I think, something we need to bother about. If you look at section 26(10a) you will see that it says:

Where any pension has been awarded to a minor child or minor children of a member of the forces who, at the time of his death, was a widower and who, during his lifetime, maintained a domestic establishment...



You see the wording there is almost word for word with that in the act we are considering except for the use of the phrase "domestic establishment" instead of "household".

... maintained a domestic establishment for such child or children, pension at a rate not exceeding that provided in Schedule B for a widow may, in the discretion of the Commission, be paid to a daughter or other person competent to assume and who does assume the household duties and care of such child or children, until such time as pension has been discontinued with respect to all of the minor children; in such cases the pension payable for children shall continue.

That covers exactly the same situation as is being covered here in subsection (2) of section 30 of the Merchant Seamen Compensation Act, and I think it covers it in a much better way, and while I should like to make that amendment, I am not pushing it now, but I am putting it forward as a suggestion that might be considered.

**The Acting Chairman:** I understand, Senator Carter, that you are asking Mr. Currie to take this matter under consideration and probably consult with provincial compensation boards regarding future possibilities.

**Senator Carter:** I am not asking him to consult with the workmen's compensation boards. I think we should have a little independence of our own. I think he should discuss it with his own board here in Ottawa. They are the ones who are responsible for this bill. Nobody in the provinces is responsible for it. This is coming forward to us from the federal Government and we are taking the responsibility for it when we pass it, so let us accept our responsibility.

**Senator Smith:** Mr. Chairman, this is a very important subject, and is particularly so to Senator Carter because he has had considerable experience back over the years of this subject. I would judge, and perhaps I am not judging the situation rightly, but I would judge that Mr. Currie must have been quite impressed by this line of questioning. I wonder if in view of the fact that Senator Carter does not propose an amendment at this time, the committee could have an assurance from Mr. Currie on the record that he would undertake that this matter would be discussed with his colleagues on the board, and then perhaps some time he might exchange correspondence with the chairman or directly with Senator Carter on this subject, and maybe in that way we could proceed with the formalities of passing the bill.

I might say that the committee room is going to be required for another meeting before too long, and I have also been informed that two of our members have appointments elsewhere before this hour.

**Senator Croll:** Just one word, Mr. Chairman; since we will not get another chance at this bill, Mr. Currie, we have to put in our caveats today, and for that reason it is important that these matters be thoroughly looked into.

**Mr. Currie:** I have no hesitation in saying to you, senator, and to the committee that we will study the

proceedings of this hearing this morning. I shall bring it to the attention of the board and I give you an undertaking that the matters will be thoroughly explored and we will be in touch with you.

**Senator Carter:** I should like to enter another caveat too. You mentioned yourself, Mr. Currie, that it is one of the good things about this bill that the Governor in Council can now adjust the rates when they see fit without bringing the bill back to Parliament. My first reaction was the same as yours, but as I reflected more on it I was not too happy about this, because in the first place it does not say "the board shall", it says "the board may"—it just gives them permission to adjust the rates and they may or may not. As Senator Croll has said, we do not have to see this bill any more and it will not have to come back to Parliament again unless some new principle is introduced.

**Senator Smith:** I cannot imagine Senator Carter letting the minister off the hook that easily. This is ministerial policy. I am sure at the appropriate time he will hit the minister pretty hard and try to influence the Government to take some action.

**Senator Carter:** Ministers change, you know, and I would like to enter the caveat that at least there should be some assurance that this bill will be brought forward periodically, or at least submitted to a committee, or that the changing rates should be tabled so that Parliament will be aware of when changes are being made and what the changes are. Otherwise this could go on and on and we might never see it again and never hear anything about it any more, and we would not be in a position to discharge any responsibility with respect to this legislation.

**The Acting Chairman:** Senator Carter, it may be that section 48 is relevant to this particular point:

The board shall report, from time to time, to the minister, as he may require.

Maybe Mr. Currie would undertake to take your suggestion into consideration and report to the minister accordingly.

**Mr. Currie:** This could be required if a request were made of the minister to furnish a copy of this report.

**Senator Carter:** There is one other feature. This act delegates powers and under this new section will be delegating powers indefinitely. The Senate has taken a strong stand on this. I do not know whether it is in order for the committee to make a recommendation, but I would like to see something in our report suggesting that this legislation be submitted to the committee on statutory instruments, or whatever body we set up for that purpose.

**The Acting Chairman:** Your suggestion will be included in the report of the proceedings, Senator Carter, and I am sure it can be drawn to the attention of the proper authorities.



Senator Inman: I move that the bill be reported without amendment.

The Acting Chairman: Honourable senators, the bill is a short one, consisting of only eight clauses. Shall I report the bill without amendment?

Hon. Senators: Carried.

The Acting Chairman: May I have a motion to the effect that the information required of Mr. Currie will appear as an appendix to our proceedings?

Hon. Senators: Carried.

(See Appendix to these proceedings)

The committee adjourned.

Your sincerely,

THE SENATE OF CANADA

PROCEEDINGS OF THE

AS OF OCTOBER 1970

Approximate Monthly Cost	Cases	Health Allowances
1,023.00	7	(a) widows only
1,070.00	38	(b) widows with children
312.00	1	(c) dependent children
3,405.00		TOTAL

Approximate Monthly Cost	Number of Children	Number of Widows	Other dependants	Other dependants
1,138.00	—	15	(a) widows only	15
1,073.00	10	8	(b) widows with children	8
75.00	3	2	(c) dependent children	2
105.00	—	—	(d) Orphans	—
100.00	1	1	(e) Foster parent	1
382.00	—	10	(f) Other dependants	10
3,883.00			TOTAL	

MSB Board  
December 1970

Bill C-202

intituled:

"An Act to amend the Old Age Security Act"

REPORT OF THE COMMITTEE

(For list of Witnesses: See Minutes of Proceedings)

The Honourable H. J. Robichaud, Acting Chairman, Health, Welfare and Science Committee, The Senate, Ottawa, Ontario.

Dear Senator Robichaud: When Bill C-188, an Act to amend the Merchant Seamen Compensation Act was being considered by the Health, Welfare and Science Committee of the Senate yesterday, I undertook to supply some additional information in response to certain questions. Accordingly, I am enclosing a table showing the number of awards under payment as of October 1970 and their approximate monthly cost by the main categories of benefit or beneficiaries. As regards the question of such payments to widows and/or other dependants being taken into account in determining their eligibility for social welfare allowances, I have been informed that they are regarded as unearned income and generally are counted in deciding to what extent the recipient may be qualified for other forms of welfare. These awards apparently comprise part of the "needs test" to which such awards are applied in one province. I am told, no other allowances of this sort are payable if workers' compensation is being received unless a special case can be made for it on application to the appropriate provincial authority.

With reference to Old Age Security (universal at age 65 at 270.38) this is unaffected by any pension being paid under workers' compensation law. Similarly entitlement to payment under the Guaranteed Income Supplement plan is determined without reference to any workers' compensation pension being paid. This is because "income" for the purpose of the plan is computed in accordance with the Income Tax Act and under that statute workers' compensation payments are not deemed to be "income."

## APPENDIX

MERCHANT SEAMEN COMPENSATION BOARD  
 COMMISSION D'INDEMNISATION DES MARINS  
 MARCHANDS

Ottawa 4, Ontario,  
 December 11, 1970.

The Honourable H. J. Robichaud,  
 Acting Chairman,  
 Health, Welfare and Science Committee,  
 The Senate  
 Ottawa, Ontario.

Dear Senator Robichaud:

When Bill C-188, an Act to amend the Merchant Seamen Compensation Act was being considered by the Health, Welfare and Science Committee of the Senate yesterday, I undertook to supply some additional information in response to certain questions.

Accordingly, I am enclosing a table showing the number of awards under payment as of October 1970 and their approximate monthly cost, by the main categories of benefits or beneficiaries.

As regards the question of such payments to widows and/or other dependants being taken into account in determining their eligibility for social welfare allowances, I have been informed that they are regarded as unearned income and generally are counted in deciding to what extent the recipient may be qualified for other forms of welfare. These awards apparently comprise part of the "needs test" to which such cases are subject. In one province, I am told, no other allowances of this sort are payable if workmen's compensation is being received unless a special case can be made for it on application to the appropriate provincial authority.

With reference to Old Age Security (universal at age 65 at \$79.58) this is unaffected by any pension being paid under workmen's compensation law.

Similarly entitlement to payment under the Guaranteed Income Supplement plan is determined without reference to any workmen's compensation pension being paid. This is because "income" for the purpose of this plan is computed in accordance with the Income Tax Act and under that statute workmen's compensation payments are not deemed to be "income".

I trust this will satisfy the enquiries made with respect to these points. If any other information is required a request need only be made to the Secretary of the Board and it will be dealt with promptly.

I am grateful to the Committee for their evident interest in this subject and for the courtesies extended to me yesterday.

Your sincerely,

J. H. Currie,  
 Member.

MERCHANT SEAMEN COMPENSATION ACT  
 SUMMARY OF CURRENT AWARDS  
 AS OF OCTOBER 1970

I. Disability Allowances	Cases		Approximate Monthly Cost
			\$
(a) Temporary Total.....	7		1,963.00
(b) Permanent Partial.....	26		1,070.00
(c) Permanent Total.....	1		312.00
TOTAL.....			3,345.00

II Dependants' Allowances	Cases	Number of Children	Approximate Monthly Cost
			\$
(a) Widows only.....	15	—	1,125.00
(b) Widows with children..	8	19	1,075.00
(c) Widows remarried— dependent children....	2	3	75.00
(d) Orphans.....	—	3	105.00
(e) Foster parent.....	1	1	100.00
(f) Other dependants.....	10	—	362.00
TOTAL.....			2,842.00

MSC Board,  
 December 1970.





THIRD SESSION—TWENTY-EIGHTH PARLIAMENT

1970

THE SENATE OF CANADA

PROCEEDINGS OF THE

STANDING SENATE COMMITTEE ON

HEALTH, WELFARE  
AND SCIENCE

The Honourable MAURICE LAMONTAGNE, P.C., Chairman

No. 2

FRIDAY, DECEMBER 18, 1970

Complete Proceedings on Bill C-202,  
intituled:

“An Act to amend the Old Age Security Act”

REPORT OF THE COMMITTEE

(For list of Witnesses: See Minutes of Proceedings)



THIRD SESSION—TWENTY EIGHTH PARLIAMENT

THE SENATE COMMITTEE ON HEALTH,

WELFARE AND SCIENCE

Chairman: The Honourable Maurice Lamontagne

The Honourable Senators:

- |                                      |                         |
|--------------------------------------|-------------------------|
| Bélisle                              | Inman                   |
| Blois                                | Kinnear                 |
| Bourget                              | Lamontagne              |
| Cameron                              | Macdonald (Cape Breton) |
| Carter                               | McGrand                 |
| Connolly (Halifax North)             | Michaud                 |
| Croll                                | Phillips (Prince)       |
| Denis                                | Quart                   |
| Fergusson                            | Robichaud               |
| Fournier (de Lanaudière)             | Roebuck                 |
| Fournier (Madawaska-<br>Restigouche) | Smith                   |
| Gladstone                            | Sullivan                |
| Hays                                 | Thompson                |
| Hastings                             | Yuzyk—(28)              |

Ex officio Members: Flynn and Martin

(Quorum 7)

FRIDAY, DECEMBER 18, 1970

Complete Proceedings on Bill C-202

intituled:

"An Act to amend the Old Age Security Act"

REPORT OF THE COMMITTEE

(For list of Witnesses: See Minutes of Proceedings)



# Orders of Reference

Extract from the Minutes of the Proceedings of the Senate, Friday, December 18, 1970:

"A Message was brought from the House of Commons by their Clerk with a Bill C-202, intituled: "An Act to amend the Old Age Security Act", to which they desire the concurrence of the Senate.

The Bill was read the first time.

With leave of the Senate,  
The Honourable Senator Robichaud, P.C., moved, seconded by the Honourable Senator Fournier (*de Lanaudière*), that the Bill be read the second time now.

After debate, and—  
The question being put on the motion, it was—  
Resolved in the affirmative.

The Bill was then read the second time.

The Honourable Senator Robichaud, P.C., moved, seconded by the Honourable Senator Denis, P.C., that the Bill be referred to the Standing Senate Committee on Health, Welfare and Science.

After debate, and—  
The question being put on the motion, it was—  
Resolved in the affirmative."

Robert Fortier  
Clerk of the Senate

# Minutes of Proceedings

Friday, December 18, 1970  
(2)

Pursuant to adjournment and notice the Standing Senate Committee on Health, Welfare and Science met this day at 2:10 p.m.

Present: The Honourable Senators Bourget, Cameron, Carter, Denis, Ferguson, Fournier (de Lanaudière), Inman, Kinross, Lamontagne, Martin, McGrand, Michaud, Guert, Robichaud—(15).

Present, but not of the Committee: The Honourable Senators Aird, Benoit, Forsyth, MacDonald (Moosemin)—(4).

In attendance: E. Russell Hopkins, Law Clerk and Parliamentary Counsel.

On motion of the Honourable Senator Robichaud it was resolved to print 300 copies in English and 300 copies in French of the Proceedings of the Committee on Bill C-202.

The Committee proceeded to the consideration of Bill C-202, "An Act to amend the Old Age Security Act".

The following witness was heard in explanation of the Bill:

Department of National Health and Welfare:  
The Honourable John Manoe, P.C.,  
Minister.

On motion duly put, it was resolved to report the said Bill without amendment.

At 2:13 p.m. the Committee adjourned to the call of the Chair.

ATTEST:  
Patrick J. Savoie,  
Clerk of the Committee.

# Minutes of Proceedings

# Orders of Reference

Friday, December 18, 1970.  
(2)

Pursuant to adjournment and notice the Standing Senate Committee on Health, Welfare and Science met this day at 2:10 p.m.

*Present:* The Honourable Senators Bourget, Cameron, Carter, Denis, Fergusson, Flynn, Fournier (*de Lanau-dière*), Inman, Kinnear, Lamontagne, Martin, McGrand, Michaud, Quart, Robichaud—(15).

*Present, but not of the Committee:* The Honourable Senators Aird, Benidickson, Forsey, McDonald (*Moosomin*)—(4).

*In attendance:* E. Russell Hopkins, Law Clerk and Parliamentary Counsel.

On motion of the Honourable Senator Robichaud it was *Resolved* to print 800 copies in English and 300 copies in French of the Proceedings of the Committee on Bill C-202.

The Committee proceeded to the consideration of Bill C-202, "An Act to amend the Old Age Security Act".

The following witness was heard in explanation of the Bill:

*Department of National Health and Welfare:*

The Honourable John Monroe, P.C.,  
Minister.

On motion duly put, it was *Resolved* to report the said Bill without amendment.

At 3:13 p.m. the Committee adjourned to the call of the Chair.

ATTEST:

Patrick J. Savoie,  
Clerk of the Committee.

Extract from the Minutes of the Proceedings of the Senate Friday, December 18, 1970:

"A Message was brought from the House of Commons by their Clerk with a Bill C-202, intitled: 'An Act to amend the Old Age Security Act', to which they desire the concurrence of the Senate.

The Bill was read the first time.

With leave of the Senate,

The Honourable Senator Robichaud, P.C., moved, seconded by the Honourable Senator Fournier (*de Lanau-dière*), that the Bill be read the second time now.

After debate and—  
The question being put on the motion, it was—

Resolved in the affirmative.

The Bill was then read the second time.

The Honourable Senator Robichaud, P.C., moved, seconded by the Honourable Senator Denis, P.C., that the Bill be referred to the Standing Senate Committee on Health, Welfare and Science.

After debate and—  
The question being put on the motion, it was—

Resolved in the affirmative.

Robert Fortier,  
Clerk of the Senate



# Report of the Committee on Health,

## Welfare and Science

### Evidence

Friday, December 18, 1970.

The Standing Senate Committee on Health, Welfare and Science to which was referred Bill C-202, intituled: "An Act to amend the Old Age Security Act", has in obedience to the order of reference of December 18, 1970, examined the said Bill and now reports the same without amendment.

Respectfully submitted.

Senator Maurice Lamontagne,  
Chairman.

Before we come to discuss this bill, C-202, clause by clause, I should like to invite Mr. Mauro to make an initial statement.

The Hon. John Mauro, Minister of National Health and Welfare: Thank you very much, Mr. Chairman. Honourable senators, my statement will be quite short. I think many of you are well aware of what the proposal in this legislation is. We think that it fits very well into the overall concept of the White Paper that we presented. As I said in my opening statement to the Standing Committee of the House of Commons, we proceeded on the basis that we should start now to heed much of the advice that we have received as well as what we know ourselves in terms of general principles about the four million Canadians living at the poverty level and below, and to endeavour where we can to get additional new money into the income security system and to redistribute the money within it in order to try to get into a more meaningful supplementation for the low-income groups.

We have done this to a certain degree and to the extent we could in the legislation you have before you today. I have been asked in this regard, "How can you reconcile keeping the universal old age pension, recommending that it be set at \$50, and not making it selective when you are proposing to do something different with family allowance in terms of income testing it and making the whole program selective?"

We have indicated that we feel that many people presently retired have made plans, private pension plan arrangements, for having that pay rate benefit and that they would be unable to qualify if the universal demogrant were made selective. We also realize that it is a flat rate benefit under the Canada Pension Plan and we feel that to make any changes there we would have to have many discussions with the provinces over what I think would inevitably be a fairly protracted period of time.

Basically for these reasons we feel we must maintain this universal pension, but at the same time we wanted to look at this program as we did at the family allowance, to see how we could get more of our financial resources into the hands of those who are, relatively speaking more in need. I would point out that this did not really contribute all that much in the sense that this program would cost roughly an extra \$200 million a year of new money, and this can be offset only partially by what we are doing here in setting this figure at \$50. It is quite a small influence indeed. But this is the rationale behind what we feel we must do. We think it is going to mean a great deal in terms of income supplementation to those in need. We are now talking in terms of \$125 a month maximum for a single person with no taxable income, and \$250 a month for a married couple. This \$250 for couples who are pensioners lifts it above the poverty line in that particular area. So we are starting to get some real thrust there in terms of income supplementation. The fact is, with the recovery rate of 1 per cent in terms of you only lost \$1 of your pension for every \$1 of outside income—with this additional benefit, this moves the level considerably and brings more people into the guaranteed income supplement program. It means people getting either full or partial supplementary with number roughly 1,100,000. So that some people will also get, as you realize, the flat pension as well as benefits of poverty as the flat rate and the \$50.

These people who are on part of this program and will be just getting the universal pension as they go to have the assurance that if, through either accident or other circumstances their income should drop and they come down to these levels, they will be automatically plugged into the guaranteed income supplement program. In essence, that is it.

I would just like to quote, Mr. Chairman, my remarks here from a statement I made before the committee:

I would remind you that it is only people who were with an income of more than \$1,250 and married couples with a combined annual income of more than \$1,500 who will no longer get the extra stipendium automatically under this legislation.

So it is people above those levels who will not get the stipendium, and I think that that should be borne in mind because, as I say, although it does exclude some, when you are talking in income levels of that kind you are including a great many who will get it and who need it.

I think the way we are approaching this guaranteed income supplement is really embracing that principle, it is a good thing. I think we are one of the first countries in the world to have brought it in—I believe in 1965.





# Standing Senate Committee on Health, Welfare and Science

## Evidence

Ottawa, Friday, December 18, 1970

The Standing Senate Committee on Health, Welfare and Science, to which was referred Bill C-202, to amend the Old Age Security Act, met this day at 2 p.m. to give consideration to the bill.

**Senator Maurice Lamontagne** (*Chairman*) in the Chair.

**The Chairman:** Honourable senators, we have with us this afternoon the Minister of National Health and Welfare, Mr. John Munro, and some of his officials, including the Deputy Minister, Doctor J. Willard who is well known to members of the Special Senate Committee on Science Policy.

Before we come to discuss this bill, C-202, clause by clause, I should like to invite Mr. Munro to make an initial statement.

**The Hon. John Munro, Minister of National Health and Welfare:** Thank you very much, Mr. Chairman. Honourable senators, my statement will be quite short. I think many of you are well aware of what the proposal in this legislation is. We think that it fits very well into the overall concept of the White Paper that we presented. As I said in my opening statement to the Standing Committee of the House of Commons, we proceeded on the basis that we should start now to heed much of the advice that we have received as well as what we know ourselves in terms of general principles about the four million Canadians living at the poverty level and below, and to endeavour where we can to put additional new moneys into the income security system and to redistribute the moneys within it in order to try to get into a more meaningful supplementation for the low-income groups.

We have done this to a certain degree and to the extent we could in the legislation you have before you today. I have been asked in this regard, "How can you reconcile keeping the universal old age pension, recommending that it be set at \$80, and not making it selective when you are proposing to do something different with family allowance in terms of income testing it and making the whole program selective?"

We have indicated that we feel that many people presently retired have made plans, private pension plan arrangements, for having this flat rate benefit and that they would be unduly prejudiced if this universal demogrant were made selective. We also realize that it is a flat rate benefit under the Canada Pension Plan and we feel that to make any changes there we would have to have many discussions with the provinces over what I think would inevitably be a fairly protracted period of time.

Basically for these reasons we feel we must continue this universal payment, but at the same time we wanted to look at this program, as we did at the family allowances, to see how we could get more of our financial resources into the hands of those who are, relatively speaking more in need. I would point out that this did not really contribute all that much in the sense that this program would cost roughly an extra \$200 million a year of new moneys, and this can be offset only partially by what we are doing here in setting this figure at \$80. It is quite a small influence indeed. But this is the rationale behind what we feel we must do. We think it is going to mean a great deal in terms of income supplementation to those in need. We are now talking in terms of \$135 a month maximum for a single person with no outside income, and \$255 a month for a married couple. This \$255 for couples who are pensioners lifts it above the poverty line in that particular area. So we are starting to get some real thrust there in terms of income supplementation. The fact is, with the recovery rate of 1 for 2—in terms of you only lose \$1 of your pension for every \$2 of outside income—with this additional increase, that raises the level considerably and brings more people into the guaranteed income supplement program. We estimate people getting either full or partial supplement will number roughly 1,100,000. So that these people will also get, as you realize, the full escalation on what we regarded previously as the flat rate and the G.I.S.

Those people who are not part of this program and will be just getting the universal pension of \$80, they do have the assurance that if, through either sickness or other circumstances their income should drop and they come down to these levels, they will be immediately plugged into the guaranteed income supplement program. So, in essence, that is it.

I would just like to quote, Mr. Chairman, one sentence here from a statement I made before the committee:

I would remind you that it is only single pensioners with an income of more than \$2,280 and married couples with a combined annual income of more than \$4,200 who will no longer get the extra escalation automatically under this legislation.

So it is people above those levels who will not get the escalation, and I think that that should be borne in mind because, as I say, although it does exclude some, when you are talking in income levels of that kind you are including a great many who will get it and who need it.

I think the way we are approaching this guaranteed income supplement, in really enhancing that principle, is a good thing. I think we are one of the first countries in the world to have brought it in—I believe in 1965.



**The Chairman:** It was first developed in the Senate.

**Hon. Mr. Munro:** All right, first developed in the Senate. We think it has worked well. It has had its problems administratively, but it has worked well as far as those people who get the benefit of it are concerned. It does not carry with it some of the more demeaning aspects of the previous means testing and, to a lesser degree, the needs testing. They file a statement of their income and, in accordance with the legislation, if their income falls below a certain level they get the supplementation. So, inherently, this supplementation is a matter of right and is not discretionary. So I think that from that point of view it has been a constructive program and, by and large, well received by the old age pensioners in Canada.

Thank you very much, Mr. Chairman.

**The Chairman:** Thank you, Mr. Minister.

Now we have to consider this bill. There are two ways of proceeding. We either go through it clause by clause right of way, or those who have special questions to ask of the minister as a result of his statement might want to raise them now. Otherwise we will go directly to the detailed consideration of the bill.

**Senator Cameron:** May I ask the Minister: What is the estimate of the cost had you allowed the escalation to remain for those who would be affected? You say that in the event of illness or adversity a pensioner will, by right, be able to come under the supplement, which will obviously remove a larger percentage than otherwise would be the case. So, what is the cost?

**Hon. Mr. Munro:** Our estimate of the cost is roughly—if my memory serves me a right, senator—\$15 million in the first year, escalating to roughly \$100 million by 1975.

**Senator Cameron:** How do you arrive at that figure, because the 42 cents, which I suspect you have heard and will hear a lot about, amounts to \$5.04 per person per year.

**The Chairman:** It means that we will have a lot of inflation in future years.

**Hon. Mr. Munro:** It is not the 42 cents, Senator. I am reminded it is \$1.15 a year, if the escalation continued.

**Senator Benidickson:** For the first year.

**Hon. Mr. Munro:** Yes, for the first year, starting on January 1, 1971. Then you continue to escalate on escalation.

**The Chairman:** Just like the compound rates of interest.

**Senator Carter:** I had the impression that by phasing it at \$80, at a certain level you were saving a certain number of dollars. I understood that was enough to cover the extra money you are giving down below, apart from the supplement.

**Hon. Mr. Munro:** No. I have just given the figures that are affected and the overall cost in the first year of the

new benefit structures under the Guaranteed Income Supplement is an extra expenditure of roughly \$194 million—or, say, roughly \$200 million. That is the estimate of the additional expenditure compared to what is being spent now.

**Senator Carter:** I thought what you were saving at one end was enough to cover the increase at the other.

**Hon. Mr. Munro:** No. What I hoped we could do is look at this in totality. I know that this is one piece of legislation, but really, in effect what we are doing here and what we propose to do, and we are throwing out for viewpoints—the same as in the family allowance structure—is that we are looking at the totality, if you like, of the income security programs, with particular emphasis on the universal programs, and we are seeing there how we can redirect more moneys that are in the system to those more in need. So, we are following that principle here, as we are in the family allowances, but if you just look at the guaranteed income supplement program alone then you are certainly not recouping everything you are redirecting down below by any means.

**Senator Benidickson:** Would you agree with some figures that I have read? If we assume that there is inflation of two per cent or more per year for ten years, then the purchasing power of \$80, without escalation, will go down in ten years to \$64. Is that a figure that you have accepted?

**Hon. Mr. Munro:** If you proceed along those assumptions I do not think the value is decreased by that much. I just want to indicate too that when you start talking about the future, and in terms of ten years from now, then you have got to think also in terms of the impact of the Canada Pension Plan on people who will be retiring in the future. That plan, in effect, matures in 1976. I have figures that indicate the number of people who will be covered under the Canada Pension Plan because they have contributed to it, and so on, because they are in the labour force. I thought it might be of interests to know that under that social insurance scheme, Mr. Chairman, we anticipate that by 1976 there will be roughly 444,000 pensioners in pay under that program.

I have other figures here that bring the total of beneficiaries in pay under the program up to 864,000. The remaining number comprise people who will be receiving disability benefits, survivor's benefits—orphans, and children and widows of the disabled. So, each year we proceed into the seventies the impact of that program is going to be felt more and more in this area.

**Senator Carter:** Would you give the maximum and minimum amount that a person could get in the first year the plan comes in full effect?

**Hon. Mr. Munro:** Yes, I can, senator. I would like to do it on the basis of the acceptance of the suggestions that are in the White Paper for improvements in the benefit structures of the Canada Pension Plan. We have had talks with the provinces over the course of the last couple of weeks, when I went around to see some of the welfare ministers to talk to them about getting their



agreement to certain changes in the Canada Pension Plan. This, mind you, is an initial reaction, but they indicated that they were quite amenable to waiving the three-year rule in terms of changes, and they thought that the benefits structure under the Plan should be improved, and were prepared to meet with us right away.

So, on that basis, and if our recommendations are accepted and the new flatter rates of benefits we are proposing under the Canada Pension Plan are adopted, there would be increased benefits in relief for those people who are in pay. The increases would, in effect, be retroactive for them, and they would get the new flat rate of benefits.

On January 1, 1976, under the White Paper proposals, \$156.64 a month would be the maximum benefit, on top of which you would have to add the universal pension of \$80. If the legislation is left as it is, then in 1976 that amount would be \$120.83, plus the universal pension.

**Senator Benidickson:** That answers the question I was going to put. I was going to ask about the tie-in of the \$80 and the amount paid under the Canada Pension Plan.

**Senator Carter:** Those are maximums?

**Hon. Mr. Munro:** Yes.

**Senator Carter:** What are the minimums?

**Hon. Mr. Munro:** You could go anywhere from this figure right down to the point where—well, I do not think you could go right down to the Old Age Security Pension of \$80. Once you start getting down into the lower benefit structure under the Canada Pension Plan the guaranteed income supplement cuts in and begins to supplement it to their levels.

**Senator Benidickson:** Some of this comes, as the minister knows, on pretty quick notice to the Senate, which is unaware of amendments which may have been made in the other house. We only received this bill this morning, knowing that there were no amendments. I wonder if I was right in some of the reading I did last night? If a person establishes any entitlement, even one dollar, for guaranteed income supplement, would escalation then apply to the whole package?

**Hon. Mr. Munro:** That is right.

**Senator Benidickson:** Following that I refer to the fact that lack of escalation might reduce the purchasing power of \$80 in 10 years to \$64. There were figures in the same sitting in the committee of the other place which indicate that if a person were entitled to one dollar guaranteed income supplement in addition to the \$80, with escalation of 2 per cent over 10 years the purchasing power of the universal portion of the pension would go from \$80 to \$90.

**Hon. Mr. Munro:** Yes, I think that is accurate. I might just add that I think there is a certain soundness in rationale there. In other words, a person receiving old age pension without escalation whose income temporarily

ceases and who receives even only one dollar of income supplementation has established a need. For that year he would receive the escalation portion.

**The Chairman:** This is in order to establish some kind of continuity corresponding to the need.

**Hon. Mr. Munro:** Yes, that is right.

**Senator Benidickson:** What is the paper surplus of tax take from designated taxes under the 3-3-4 formula that were supposedly for the purpose of disbursement under the Old Age Security Act? Is \$725 million a fair figure for the surplus?

**Hon. Mr. Munro:** I think that figure is what is in quotes identified as in the fund now. That is cumulative over a period of years. With respect to the amount coming in each year, it varies, of course, according to the economic conditions of the country. We would endeavour to obtain that figure for you. It is earmarked from that point of view. However, it is not as though it actually were there in a fund; it is revenue coming into the Government and it is money that has already been spent.

**Senator Benidickson:** Where taxes have exceeded outgo over a certain period of time.

**Hon. Mr. Munro:** Yes.

**The Chairman:** Are you ready now to proceed to the examination of this bill clause by clause?

**Hon. Senators:** Yes.

**Hon. Mr. Munro:** I would first like to make one further comment. I quite agree with you; I do not think the Senate has had this legislation as long as it might have, which I very much regret. However, I would indicate that we are very concerned about the administrative problems. We feel that if this legislation does not go through right away we will not get pensions and pay by April 1. In fact, there will be many pensioners receiving a guaranteed income supplement who will not get the new benefits now that they otherwise would. We calculate it will be perhaps three months before we can cover them all. If we run into too much delay it will be impossible to get these pensions in.

**Senator Benidickson:** In each case they will get a 2 per cent escalation on January 1.

**Hon. Mr. Munro:** Oh yes.

**Senator Benidickson:** And those who are entitled to G.I.S. will get the 2 per cent for January, February and March?

**Hon. Mr. Munro:** Yes, on the basis of the old system.

**Senator Benidickson:** If this bill passes in its present form, those who would get \$81.15, say, on January 1, 1971, will get only \$80?

**Hon. Mr. Munro:** That is right.

**Senator Flynn:** If the Senate sent back the bill with an amendment maintaining the escalation clause and you



agree to it, it would take only five minutes for the other place to accept it.

**Hon. Mr. Munro:** No, senator. For the reasons I have already stated, we think this makes sense.

**The Chairman:** Senator Flynn always asks these hypothetical questions. I remember that he was once a member of the government who was not very anxious to accept amendments coming from the Senate.

**Senator Flynn:** We could start a long debate again, Mr. Chairman. You have a talent for doing that.

**Senator Cameron:** I have a hypothetical question, Mr. Minister. Suppose there was an amendment. Would there be any reason why, if the bill was delayed, when it was ultimately passed any change could not be retroactive if it was delayed beyond April 1, as you say? It seems incredible that it would take three months to incorporate a change.

**Hon. Mr. Munro:** It may sound incredible, but when you start to alter the benefit structure on the guaranteed income supplement, we have a detailed schedule, in terms of time, there have to be new pamphlets, new applications have to be sent out to everybody, which we could not have ready until the early part of February; people have to familiarize themselves with it. We would not start even now to get applications in for the new benefit until about mid-February. These all have to be processed and run through the computers. A very detailed apparatus is needed to get it set up, and it is not very hard to see, if you want to go into it in detail, just how intricate this is to get going. That is what we are faced with. Dr. Willard reminds me that we are here dealing with a million or more people.

**Senator Benidickson:** Somebody was arguing this morning in the Senate, when we had a short debate, which was all we could do today...

**Senator Flynn:** Too short.

**Senator Benidickson:** Too short. One senator was concerned about having two classes of recipients, and had some kind words to say about the original universality...

**The Chairman:** Is that not the obvious purpose of this?

**Senator Benidickson:** Yes. He had some kind words to say about the merits of universality. Have you made any calculation what the outgo from the treasury would be if the maximum payments of \$135 for a single person and \$255 for a married couple were paid on a universal basis?

**Hon. Mr. Munro:** Yes, we know for instance that if we tried to get these on a general basis rather than on the income-tested basis and continued to follow the universal route, to lift it from \$80 to \$90, the \$10 would cost in excess of \$200 million a year. Even if you did that you could say to senior citizens in need, "What good is that \$10?" For every \$10 you go up you are talking roughly about another \$200 million. We calculated, for instance, that to give \$150, which was one proposal by the opposi-

tion in the house, the universal pension would cost roughly \$1.1 billion a year extra over what we are spending now.

**Senator Flynn:** How much would come back by way of income tax?

**Hon. Mr. Munro:** We would have to tax it back, of course. At what rates you would start in the higher income groups in order to apply this is still not determined. Presumably if you try to get a selective approach through the tax system at the higher rate I suppose you would try to recover almost 100 per cent.

**Senator Benidickson:** Not under the White Paper proposals. Personal income taxes would not be much, but now they go to 83 per cent.

**Hon. Mr. Munro:** If the White Paper proposals were followed you would get some idea of the leakage which occurs and how much you are losing that could otherwise be redirected to the lower income groups.

**Senator Flynn:** You have to calculate under the present system, because the White Paper appears to be very distant now.

**Hon. Mr. Munro:** I think maybe it would be more appropriate to direct that to the Minister of Finance.

**Senator Robichaud:** Is it not a fact, as you stated earlier, that over 1,100,000 pensioners will benefit under the guaranteed supplement under this new bill?

**Hon. Mr. Munro:** That is right.

**Senator Robichaud:** So, it is over half the number of pensioners. If they were getting \$150 a month under the universal program they would pay a very small amount of income tax, if any at all. It would already take care of over \$500 million, which is over half the \$1.1 billion extra that would be required if the pensions were raised to \$150 universal. Over half of those pensioners already are entitled to the G.I.S.

**Hon. Mr. Munro:** Sixty per cent.

**Senator Robichaud:** Which is 60 per cent. Therefore, 60 per cent of this amount already has been taken care of.

**Senator Forsey:** Mr. Chairman, I wonder if I could ask the minister to explain something about the policy of this bill, because it rather sticks in my craw. As I understand it, pretty well all of the people who are now receiving pensions, such as retired members of the Public Service and retired members of the two Houses of Parliament, have an escalation clause in their pension plan. Is that correct?

**Hon. Mr. Munro:** Yes.

**Senator Forsey:** What I cannot understand is why senators and civil servants should be treated one way and these other pensioners should be treated in another way. It seems to me that most people under these other plans, and certainly the members of the Senate and the House of Commons, are in less need than the people who



will get the basic \$80 pension. I cannot see why fish is made of us and fowl of the old age pensioners.

**The Chairman:** Are you not comparing two things which are not comparable? In one case you have a direct contribution scheme and in the other you have a general scheme.

**Senator Forsey:** I know that, but that does not affect the point I am making.

**The Chairman:** I am sorry, I should not answer questions.

**Senator Forsey:** I would say that I asked the minister through you, Mr. Chairman.

**Hon. Mr. Munro:** I must thank the chairman for the answer. That is correct. I do not think you are talking about comparable things. One is in essence and insurance program which is based on contributions from the people covered. Retirement plans in the Public Service or private pension plan arrangements in the private sector are usually based on contributions from the employer and employee. That is definitely a contractual relationship. They are contributing for a benefit which they get in accordance with actuarial studies that have some relation to their contributions. Here we are talking about public expenditures for those people who for one reason or another have not been able to get protection under these schemes or, if they are, their wage levels are so low that the benefits they get are inadequate and can be supplemented under these schemes. Where that occurs, and where the income tax test identifies the person who really requires help, then he gets the escalation.

**Senator Forsey:** I understand that, but I should have thought this distinction between contributory and non-contributory was beside the mark, because we have special taxes which are earmarked for the purpose of supporting this basic old age security. In a sense, all these people are contributing, unless they are so very poor that they have absolutely nothing to pay in income tax; and this cannot apply to a very large number of them, surely. The taxes earmarked for old age security are surely being paid to a very large extent by the people who ultimately benefit.

**Hon. Mr. Munro:** In any case, people in the low income groups are not paying the tax. I also communicate that really it is stretching it pretty far—I say this, with respect—to say that there is any contractual relationship there. Those taxes under the OAS fund come from corporation taxes, sales taxes...

**Senator Forsey:** Everybody pays those, including sales taxes.

**Hon. Mr. Munro:** But the corporation does not expect to get a pension upon retirement, either. So there is no direct relationship there in terms of any type of contract that exists when you are talking about a contributory plan.

**Senator Forsey:** I agree that there is a difference, but in principle it does not seem to me that it affects this particular matter.

**Senator Benidickson:** Do you recall—I do not—how soon after the principle of selectivity was introduced in 1965-66, or whenever it was...

**Hon. Mr. Munro:** It was 1967.

**Senator Benidickson:** How soon after that was authorized by Parliament—involving considerable extra expense—did the Minister of Finance increase the designated special tax for the purposes of the aged, from 3 per cent to 4 per cent?

**Hon. Mr. Munro:** I am advised it was about the same time.

**Senator Benidickson:** It was pretty well coincidental.

**Hon. Mr. Munro:** I might just indicate one added feature here, too, that was pointed out and identified at the House of Commons Committee. On this escalation feature and the guaranteed income supplement, if in any year the cost of living should go up less than 2 per cent, then the legislation is so designed that we can pick up excesses over 2 per cent in previous years. That can be brought into account. For instance, if three years ago, two years ago, and so on, the cost of living was 3 per cent and this year it was 1.7 per cent, then this year it would be 2 per cent and if in each succeeding year it was less than 2 per cent, the escalation would continue on at 2 per cent, until an overages were picked up that occurred in the past.

**Senator Benidickson:** Does anyone think really that over say a ten year period, unless we have continuing massive unemployment, that on average the inflation would be less than 2 per cent?

**Hon. Mr. Munro:** As I indicated, senator, again at the committee, back in 1967 when we arrived at the 2 per cent, it was based on experience of the previous ten years, and the average was less than 2 per cent a year. This year, naturally, we hope we can keep it to that or less than that—this year and in the future. This year, the indications are that it will probably be less than 2 per cent.

**Senator Forsey:** I am afraid that sounds like one of Senator Flynn's hypothetical questions, except that in this case it is pure conjecture. I hope the minister is right.

**Hon. Mr. Munro:** I hope so, too.

**Senator Forsey:** But I must say that I am a bit skeptical.

**Senator Benidickson:** I am glad to hear that there is a ten-year experience base behind these figures, going back from 1966, because the 2 per cent has for quite a number of years in the recent past really been quite an embarrassment owing to the fact that the cost of living index



has gone up considerably more than 2 per cent in those same years and that the people who were receiving old age pension during those years were the ones who were suffering.

**Hon. Mr. Munro:** I might also indicate, Mr. Chairman, that it is always the right of any Parliament to make adjustments in the flat rate. For instance, even if back in 1967 we had put no limitation on the ceiling, adjustments could have been made. But we did put on the 2 per cent limit. If there had been no limitation on the ceiling, the benefit, which, with the 2 per cent, is now up to \$111 and some odd cents, would be about \$123; that is if it had just been allowed to escalate in accordance with the cost of living.

We felt that the escalator clause did not really cope with the situation at all times; so we found this was inadequate and we tried to make it more adequate, and, in fact, increased the flat rate as that escalation would not have taken care of it.

**Senator Kinnear:** Mr. Minister, in respect of very low income tax groups who do not submit income tax returns, how do you reach such people? I have in mind particularly widows who have only small bank savings which they supplement by such work as char work, earning perhaps \$200 or \$300, and who are reluctant to file returns. I am convinced there are many people in the area which I come from who are not filing income tax returns but who have practically nothing to live on. Again I ask how do you reach those people?

**Hon. Mr. Munro:** Well, applications are submitted. Here it is not directly related to the income tax system. We invite them to make statements of their income and from that we calculate what their benefit is. In the example that you give with respect to widows, the woman would, on her statement of income, show earnings at very low levels, as you describe, and in that case she would receive partial benefit under the guaranteed income supplement and would thus get the full amount.

**Senator Kinnear:** Then I suppose such people should write to the Department of Health and Welfare?

**Hon. Mr. Munro:** That is right.

**Senator Benidickson:** With respect to the type of person Senator Kinnear was referring to, the department deals with the person only on the form of the application so far as receiving the income is concerned. It is from the point of view of the department's recovery of overpayments that the department utilizes the Income Tax Act. In that case, where incomes are high enough, the department gets a refund.

**Hon. Mr. Munro:** That is right.

**Senator Carter:** Mr. Minister, you mentioned the average figure of 2 per cent over a ten-year period. I should like to know, and have it on record, if possible, if there is a comparable figure for the productivity during the same period. This may not be the appropriate place to ask for that information, but I cannot see how prices would remain stable for so long a period unless productivity

kept pace with the prices. If that is the case, then we have gone into a different world and will stay there from now on.

**Hon. Mr. Munro:** I will not argue against that observation, senator, but that ten-year period, to the best of my recollection, was one of relatively high productivity. I believe we are talking in terms of 4 per cent or 5 per cent during that period. I do not know whether you consider that high or not.

**Senator Carter:** Is there any way we can get that information?

**The Chairman:** The Dominion Bureau of Statistics, at least to the extent that their figures on productivity are reliable, could provide you with such figures quite easily, I should think, senator.

**Senator Forsey:** They would hardly supply us with estimates for the future.

**The Chairman:** Certainly not. They are not a forecasting agency.

**Senator Carter:** The point is, Senator Forsey, that such figures would show that a factor was present in that ten-year period which is not present today and may never be present again. That is the point.

**Senator Forsey:** Quite. I see.

**The Chairman:** Are there any further questions?

**Senator Benidickson:** I do not quite understand what happens now, Mr. Minister. You gave us a figure of approximately \$2,250.

**Hon. Mr. Munro:** Yes, \$2,280.

**Senator Benidickson:** And that refers to what?

**Hon. Mr. Munro:** A single pensioner with an annual income in excess of that would then not get G.I.S. and would therefore lose the escalation. A married pensioner with over \$4,200 would lose the escalation.

**Senator Benidickson:** Then they are completely out of the escalation, and they go back to the \$80 if they have gross income at those figures.

**Hon. Mr. Munro:** The \$80 is calculated in that and both those figures in terms of the poverty-line concept drawn by the Economic Council in the White Paper are above that poverty line.

**The Chairman:** Shall we reserve clause 1 for the time being?

**Senator Benidickson:** I think it is tied up with subsequent clauses.

**The Chairman:** Well, the title then. Shall clause 1 carry?

**Senator Cameron:** Mr. Chairman, I move that clause 1 stand until we discuss clause 2, lines 4 to 11. If I may, I shall say what I have in mind in that regard. I should



like to make the observation that it is rather an interesting coincidence that today we have in this room and at the present time the man who was probably the father of the welfare legislation program in Canada, and I am, of course, referring to the Honourable Paul Martin, the Leader of the Government in the Senate. We also have his very able successor in the person of the present Minister who is, I think very much with the thinking of the times, and who is very ably supported by one of the civil servants for whom I have the highest regard, Doctor Willard. I say that because I want it understood that I say it in the kindest way having regard to what is to follow, and in the light of the present season.

First of all I should point out that for some reason or other I only received this White Paper on Tuesday of this week. I do not know where it has been in the meantime, and I do not know how many other senators are in the same situation. We certainly have not had time to discuss this.

**Senator Robichaud:** It was tabled on the first of December in the Senate.

**Senator Cameron:** Well, I got it in my mailbox on Tuesday of this week.

**Hon. Mr. Munro:** It was sent around the corridors to all offices of senators as well as members when it was tabled. However, I can check on that.

**The Chairman:** Perhaps Senator Cameron was in Windsor at that time.

**Senator Cameron:** Yes, but I was going to observe that the intra-parliamentary mail service seems to be as bad as what we now have in the post office.

However, Mr. Chairman, I move that clause 1 stand until we discuss clause 2, and then, to put it all on the table at one time, I move that we delete clause 2, in which case the original section 3A would stand. The effect of this would be to leave the legislation as it is. My reason for raising this at this time is to suggest that this gets around, I think, the constitutional difficulty involved. The Senate cannot change a monetary bill by increasing the amount. Therefore I am moving that clause 1 should stand at this time.

**The Chairman:** But by this method you are changing the present bill.

**Senator Forsey:** But not the present legislation.

**The Chairman:** But you are changing the present bill.

**Senator Benidickson:** We have already appropriated it. You cannot call this a new appropriation or something of that kind. We have already put on the statute books an appropriation to provide for escalation.

**The Chairman:** I am certainly not an expert on the rules, but here you have a bill presented by the Government which provides for certain expenditures.

**Senator Robichaud:** And a new appropriation.

**The Chairman:** And a new appropriation. By this amendment, although we do not change the present legislation, we change the bill and we impose a new financial obligation.

**Senator Forsey:** No.

**The Chairman:** Yes, according to this bill we are imposing a new obligation.

**Senator Forsey:** The rest of the bill imposes a new obligation, yes, but if you say we are debarred from striking out a clause in a bill before us, you are making pretty serious inroads into the powers of the Senate. Am I to understand that if a bill is presented to us we cannot move to strike out a clause?

**The Chairman:** Yes, in general you can, if there is no financial obligation. This is not a limitation on the Senate only.

**Senator Robichaud:** Mr. Chairman, if this clause is deleted, is there not an appropriation of \$15 million over and above the content of this bill?

**Hon. Mr. Munro:** That is the effect.

**Senator Benidickson:** Was there not a motion made by the opposition yesterday in the other place to the same effect, which was not challenged and was put to the vote without the Speaker saying that it was out of order?

**Hon. Mr. Munro:** It was not challenged.

**Senator Fergusson:** Mr. Chairman, could we hear from our legal counsel? I am sure I have every faith in your interpretation.

**The Chairman:** No, don't!

**Senator Cameron:** I would like to hear from him too.

**Mr. E. Russell Hopkins, Law Clerk and Parliamentary Counsel:** Honourable senators, I am reminded of the story of a man who witnessed the Jamestown flood at one time and from then on he was always asked to speak about the Jamestown flood. He died and went to Heaven and Saint Peter asked, "Is there anything I can do for you?" To which he replied, "You might possibly gather a few people together and I could talk to them about the Jamestown flood." Saint Peter said, "I would be delighted to do that, but I warn you that we have Noah here." I say that because in welcoming Senator Forsey I welcome a great constitutional expert.

**The Chairman:** But he is not any better than I am as far as the rules of the House or Senate are concerned.

**Mr. Hopkins:** If I may, I would like to isolate the legal and constitutional question, as I conceive it, in its proper context. That is as far as I feel I can go. The situation is this, that since 1918 the Senate has classically been guided by the Ross Report of that year, which report was prepared by two eminent lawyers, Geoffrion and Lafleur.



What they said at that time—and I think I have the nub of what they said—was this:

The Senate of Canada has, and always has had since it was created, the power to amend bills originating in the Commons appropriating any part of revenue or imposing a tax by reducing the amounts therein, but has not the right to increase the same without the consent of the Crown.

Now, I am not a humanized computer, but this is a question of law which depends ultimately upon a question of fact—whether or not the adoption of any amendment or amendments moved here would have an appreciable effect upon the appropriations required by increasing them. If that is the case, any such amendment would, in my opinion be unconstitutional.

On the other hand, and I repeat the classical position, the Senate may reduce the amounts in any appropriation.

That leads us to a simple question of fact: Would the proposed amendment add charges amounting to \$15 million, as Senator Robichaud suggested in the case of the proposed deletion? I do not think the way in which you do it makes any difference. What we are dealing with are the appropriations in this bill.

I shall have to defer to the Minister and his colleagues with respect to the computerized situation, and as to what would happen factually.

May I point out further that there is a difference between amending just one clause, Clause 2 and then amending Clause 1. I do not see how you could amend Clause 2 and not amend Clause 1.

**Senator Benidickson:** That is why Clause 1 stood.

**Mr. Hopkins:** Yes, at the moment.

**Senator Forsey:** But then there would be a consequential amendment.

**Mr. Hopkins:** Yes. As I said before, I bow to Noah. I am not going to nit-pick about whether it is one clause or another. It is a question of fact as to whether the changes suggested would increase the charges upon the treasury.

**Hon. Mr. Munro:** May I answer that in two ways? On the question of fact in its absolute terms, we calculate that if Clause 2 were deleted, and consequentially Clause 1, this would mean an additional cost of \$15 millions.

You can look at it in another way. This proposal, so far as the Government is concerned, is being advanced in the context, as I endeavoured to indicate, Mr. Chairman, of the overall thrust of the White Paper. You may agree with it or not, but it has been done in that sense. We looked at the cost aspect, obviously, and we came to the conclusion that we are prepared to spend so many dollars. We came to the conclusion that we would spend additional moneys in this program, and we took into account the moneys that would be saved here and saved there, and so on. We decided in the overall theme of this bill what would be saved if you removed the escalation clause on the \$80 as against what additional drain it would have on our revenues.

So, we arrived at a conclusion on how we could lift the new benefits structure to what we are now recommending on a saving of \$15 million here, and so on. So, if you remove this clause you are in effect saying to the Government: "Look, you may have calculated an expenditure of X number of dollars—you could say in this case it is \$194 million plus \$15 million—but we are saying to you that we are going to impose upon you the obligation of sticking with your \$194 million that is additional to finance this program plus an additional \$15 million." If we had known that we might have come to different conclusions with respect to what the benefit level would have been in the guaranteed income supplement in terms of what our resources would have been.

So, to say that is not imposing an additional charge on our revenues and increasing and incurring further expense is really quite fictional.

**Senator Robichaud:** In other words, Mr. Minister, if you had known this you would have deducted \$15 million from what you are now providing for the most needy old age pensioners?

**Hon. Mr. Munro:** Yes.

**Senator Benidickson:** What about the peculiar circumstance we have on paper when we talk about the fact that from ear-marked taxes we have a surplus of \$725 million beyond what we have hitherto spent.

**The Chairman:** Do not forget that we had a lot of deficits too.

**Senator Forsey:** Mr. Chairman, may I raise a point of order. There is no question at all in my mind that the Senate has no right as a general principle to increase charges upon the public revenue. That is plain in the British North America Act.

On the other hand, it seems to me equally clear that a private member of the House of Commons has no right to move a motion which will increase charges in the revenue. Yesterday in the other place a private member did precisely that. It was ruled out of order; it was voted down, to be sure. This is the fate which may attend any motion, however admirable or however worthy. My point is that it was not challenged and it seems to me that if a private member in the House of Commons has a right, as apparently the house and the Government thought because it made no objection to overrule that motion, by the same token a motion of this type is in order by the Senate.

**Mr. Hopkins:** I would say that to base a conclusive legal opinion on what is or is not challenged in the House of Commons is not the manner in which I would approach the matter at all.

**The Chairman:** I am not going to approach it in that manner either.

**Senator Cameron:** I do not want to prolong this, as we have a busy day. However, I would suggest that in the light of the correspondence which I know is building up, not so much in the Senate, we do get some, but in the



House of Commons, this will be a controversial issue for a long time. I brought this up feeling that there was a chance that it might be turned down on constitutional grounds but that it was important that some members of the Senate who are not happy with this particular clause have the opportunity of registering their dissatisfaction in this way. I say this almost with regret because of the high regard I have for the work being done by the minister and his associates.

I will put it this way: to solve this immediately we should call a vote and make a decision.

**The Chairman:** It is the function of the Chair to decide whether this amendment is in order. Then, of course, it is the privilege of the members of the committee to appeal the decision of the Chair.

As far as I am concerned, having been brought up in a very conservative way in the House of Commons and considering this to be a Government bill which would increase expenditures, having seen a lot of these amendments in the past declared out of order, I so declare this out of order.

**Senator Cameron:** Mr. Chairman, we bow to your superior wisdom.

**Senator Forsey:** We bow to your ruling as far as I am concerned.

**Senator Fergusson:** I would have voted for the amendment had the vote been called.

**The Chairman:** I might also have voted for it. If there is no appeal from my ruling we should return to clause 1.

*(Clause 1 carried.)*

*(Clause 2 carried on division of Senators Forsey and Cameron.)*

*(Clauses 3 to 13 carried.)*

*(Title carried.)*

Bill reported without amendment.

**The Chairman:** Thank you very much, Mr. Minister.

**Hon. Mr. Munro:** Thank you Mr. Chairman and honourable senators.

The committee adjourned.

Queen's Printer for Canada, Ottawa, 1971

The Honourable C. W. Carter, Acting Chairman

No. 3

THURSDAY, March 11, 1971.

First Proceedings on Bill C-203

intituled:

"An Act to amend the Pension Act and the Civilian War Pensions and Allowances Act"

(Witnesses:—See Minutes of Proceedings)









THIRD SESSION—TWENTY-EIGHTH PARLIAMENT

1970-71

THE SENATE OF CANADA  
PROCEEDINGS  
OF THE  
STANDING SENATE COMMITTEE ON  
**HEALTH, WELFARE  
AND SCIENCE**

The Honourable C. W. Carter, Acting Chairman

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No. 3

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THURSDAY, March 11, 1971.

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(Witnesses:—See Minutes of Proceedings)





THIRD SESSION—TWENTY-EIGHTH PARLIAMENT

THE SENATE COMMITTEE ON HEALTH,  
WELFARE AND SCIENCE

*Chairman:* The Honourable Maurice Lamontagne

The Honourable Senators:

Bélisle  
Blois  
Bourget  
Cameron  
Carter  
Connolly (*Halifax North*)  
Croll  
Denis  
Fergusson  
Fournier (*de Lanaudière*)  
Fournier (*Madawaska-  
Restigouche*)  
Gladstone  
Hays  
Hastings  
Inman  
Kinnear  
Lamontagne  
Macdonald (*Cape Breton*)  
McGrand  
Michaud  
Phillips (*Prince*)  
Quart  
Robichaud  
Roebuck  
Smith  
Sullivan  
Thompson  
Yuzyk—(28)

*Ex officio Members:* Flynn and Martin  
(Quorum 7)

(Witnesses:—See Minutes of Proceedings)



# Order of Reference

# Minutes of Proceedings

## Evidence

Ottawa, Thursday, March 11, 1971

Extract from the Minutes of the Proceedings of the Senate, Thursday, March 4, 1971:

"Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Hays, P.C., seconded by the Honourable Senator Denis, P.C., for the second reading of the Bill S-11, intituled: "An Act to provide for the obtaining of information respecting weather modification activities".

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

The Bill was then read the second time.

The Honourable Senator Hays, P.C., moved, seconded by the Honourable Senator Denis, P.C., that the Bill be referred to the Standing Senate Committee on Health, Welfare and Science.

The question being put on the motion, it was—  
Resolved in the affirmative."

Robert Fortier  
Clerk of the Senate



# Minutes of Proceedings

Order of Reference

Thursday, March 11, 1971.  
(3)

Pursuant to adjournment and notice the Standing Senate Committee on Health, Welfare and Science met this day at 10:00 a.m.

*Present:* The Honourable Senators Carter, Connolly, (Halifax North), Fergusson, Flynn, Fournier (De Lanau-dière), Inman, Kinnear, McGrand, Michaud, Phillips, Quart and Smith—(12).

*Present, but not of the Committee:* The Honourable Senators Lang and White—(2).

*In attendance:* E. Russell Hopkins, Law Clerk and Parliamentary Counsel.

On motion of the Honourable Senator Smith it was *Resolved* that the Honourable Senator Carter be elected Acting Chairman.

On motion of the Honourable Senator Phillips it was *Resolved* to print 800 copies in English and 300 copies in French of these proceedings.

The Committee proceeded to the consideration of Bill C-203 "An Act to amend the Pension Act and the Civilian War Pensions and Allowances Act".

The following witness was heard in explanation of the Bill:

Mr. C. Chadderton, Secretary,  
National Council of The National Veterans' Organizations of Canada.

The following persons were also heard by the Committee later during the meeting:

From the *Dominion Command, Royal Canadian Legion:*  
Messrs. H. Hanmer and E. H. Slater, Service Officers.

On motion of Senator Phillips the Committee adjourned until the arrival of the witnesses representing the Department of Veteran's Affairs.

At 10:30 a.m. the Committee resumed.

The following witnesses were heard:

From the *Department of Veterans' Affairs:*  
Messrs. J. S. Hodgson, Deputy Minister; P. Reynolds,, Chief Legal Adviser;

From the *Canadian Pension Commission:*  
Mr. T. D. Anderson.

During the proceedings, Senator Fournier (De Lanau-dière) moved that the Committee adjourn. The question

having been put, was *Resolved* in the negative. The Committee continued its consideration of the Bill.

At 12:30 p.m. the Committee adjourned to the call of the Acting Chairman.

ATTEST:

Patrick J. Savoie,  
Clerk of the Committee.



# The Standing Senate Committee on Health, Welfare and Science

## Evidence

Ottawa, Thursday, March 11, 1971

[Text]

The Standing Senate Committee on Health, Welfare and Science, to which was referred Bill C-203, an Act to amend the Pension Act and the Civilian War Pensions and Allowances Act, met this day at 10 a.m. to give consideration to the bill.

**Senator Chesley W. Carter** (*Acting Chairman*) in the Chair.

**The Acting Chairman:** Honourable senators, I express my thanks to you for electing me to preside over this meeting. I am sure that I am expressing the thoughts of all when I say how sorry we are that our regular chairman, Senator Lamontagne, is not able to be present, and how much we wish that he will soon be back with us.

**Senator Phillips:** Before we proceed, may I raise a point that was mentioned by Senator Fergusson before the committee began, which is the method of calling Senate committees. It has been traditional that a committee be called by the Chairman. In this case unfortunately the chairman is absent due to illness and there is a tendency within the Committees Branch, as soon as a bill gets second reading, to come out with the notices. They seem to anticipate this, and this creates problems.

I know that Senator Grosart would very much like to have been present this morning, but the Transport and Communications Committee is sitting at the same time. As honourable members know, Senator Grosart replied for our side in the Senate—I do not like to use the word "opposition"—in the debate on the second reading of the C.N.R. financing bill, and therefore he has to attend that committee.

I think Senator Fergusson stated before the meeting that she had four committees to attend this morning. It is very difficult for us to attend every committee and, in addition, it is very unfair to those people who appear before us. This committee should make a recommendation that we revert to the traditional practice of a member of the Senate calling the committee, and not the Committees Branch. In that manner there will be co-operation and co-ordination among senators.

**The Acting Chairman:** I think the point is well taken. Most members of this committee are members of other committees which are sitting at the same time. The Foreign Affairs Committee is sitting, which I am supposed to attend there at 10.30 this morning. This is a problem that arises very often, particularly when the Senate becomes more active.

It is a problem that has existed in the other place for many years. They have overcome the problem to some

extent by appointing a co-ordinator of committees, and perhaps the time has come when we should adopt the same procedure. However, the honourable senator's remarks are on the record and I am sure they will be noted.

**Senator Phillips:** Your suggestion of a co-ordinator, Mr. Acting Chairman, is an excellent one.

**Senator Fergusson:** I should like to know whether the work of the co-ordinator in the House of Commons is successful?

**The Acting Chairman:** I do not think it is one hundred per cent successful because there are still some complaints, but it is a great improvement on what it used to be. We now have in the Senate almost as many committees as they have in the other place, and we have fewer people to man them.

**Senator White:** Would the Acting Chairman be able to tell the committee how many veterans' organizations were notified and how much notice and time was given; all the information pertaining to the notice given?

**The Acting Chairman:** Mr. Chadderton, what time were you advised last night of the sitting of the committee?

**Mr. C. Chadderton, Secretary, National Council, National Veterans Organizations of Canada:** We were advised first on Tuesday evening to get ready, advance notice, and yesterday morning we were advised again that it looked as if the bill would be referred and we started to work on our own brief.

I might add, for the information of honourable senators, that in the veterans organizations we have a co-ordinating committee that speaks for all of the national veterans' organizations. In a sense I am the co-ordinator of that committee, and it has been the practice in the other place to advise the Dominion Secretary of the Legion and myself, and in that sense all national veterans' organizations are covered. When Mr. Hinds contacted the Legion and me, then I think we can say that in effect all the national veterans' organizations who were interested in this bill were notified that the matter was coming before the Senate committee.

**The Acting Chairman:** You had ample notice?

**Mr. Chadderton:** We started to work on our brief yesterday afternoon. We have finished it and it would be up to the Senate to say whether we did the right job. However, we are satisfied with the brief and that we had sufficient time.

**The Acting Chairman:** I think that answers your question, Senator White?



**Senator White:** I do not know, but I appreciate what Mr. Chadderton said, that he was advised yesterday afternoon.

**The Acting Chairman:** No; he said he was advised Tuesday night.

**Senator White:** But he was advised yesterday afternoon to have the brief ready for the next day. This whole thing is just a rush, a scramble, when there is no need for it.

**Senator Smith:** When we have the representatives of the Department of Veterans Affairs here, then the matter or urgency can be described by them. I have been made aware of some of the reasons and I have been quite satisfied that there is some urgency, and as each day and each week goes by there is some urgency. I would not be too surprised if the representatives of the veterans' association would not indicate that there is some measure of urgency about this bill.

**The Acting Chairman:** Thank you, Senator Smith.

**Senator Phillips:** You seem to be anticipating the brief, Senator Smith.

**Senator Smith:** I have not read their brief. Perhaps you have been previewed on this; I have not.

**Senator Phillips:** I also wish to raise the question that there is no one here representing the Department of Veterans Affairs. Were they invited?

**The Acting Chairman:** Yes; I was going to say, before you raised your point of order, that we have before us Bill C-203. The first witnesses were supposed to be the Deputy Minister; the Chief Legal Adviser, Mr. P. Reynolds, of the Department of Veterans Affairs; and the President of the Canadian Pension Commission, Mr. T. D. Anderson. However, they have been detained so we will proceed with the brief submitted by the National Veterans' Organizations of Canada.

We have with us Mr. Chadderton, who has been introduced; co-ordinator of committees; Mr. Hanmer of the Royal Canadian Legion; and members of their staff.

If there are no more points of order...

**Senator Phillips:** I am not completely satisfied that we should proceed without the representatives of the Department of Veterans Affairs. I can understand that at certain times the minister is otherwise engaged and cannot be present, but I think it is an insult to the committee, to the Senate and, indeed, to the National Veterans' Organizations of Canada that there is no one here. I do not say it has to be the minister; I would like him to appear, but it is certainly most unusual for us to begin in the absence of representatives of the department. I think that we are entitled to a better explanation than that they are delayed.

**The Acting Chairman:** They are due here at 10.30 a.m., which would be another seven minutes, if you wish to adjourn for that period.

**Senator Smith:** No.

**Senator Phillips:** I do not think we should ask our witnesses to present their brief until the department is represented.

**The Acting Chairman:** I am in your hands.

**Senator Smith:** I do not see why we cannot go on and have the brief on our record. It is not a new subject, I am sure, to the Department of Veterans Affairs. A brief of this nature has already been presented to the House of Commons committee. The substance is far from being new. I see no injustice; I do not feel the least bit insulted because they, for some good reasons which we can ask them if we wish, happen to be half an hour late for our meeting. It would be a terrible waste of everyone's time if we did not proceed and have some of these comments, which we are all anxious to hear, on the record.

I do not think it is a bit unusual if one side of a case is presented before another. In any event, it is not our practice to worry about who comes first or second. Our prime concern is to give people a hearing.

**Senator Phillips:** I have attended a good many committee meetings and this is the first one I can recall that there was not a representative of the department present. Maybe you people know of a precedent; I do not.

**Senator Smith:** I know some precedents; let it go at that.

**The Acting Chairman:** Are you agreed that we proceed with the witnesses who are present?

**Some hon. Senators:** Agreed.

**Senator Phillips:** Nay.

**Senator White:** Mr. Chairman, do you mean that if Mr. Chadderton is presenting his brief and the deputy minister arrives the presentation will be interrupted?

**The Acting Chairman:** No, I think they are also interested in hearing the representations of the witnesses.

**Senator Phillips:** I move that we adjourn until we have a representative of the department present.

**The Acting Chairman:** Gentlemen, we have a motion that we adjourn. All in favour say aye? Contrary.

**Senator Smith:** What is the show of hands, Mr. Chairman?

**Senator Phillips:** The motion was put; there were no nays. It does not require a show of hands.

**The Acting Chairman:** I did not hear any nays. Had there been any nays I could have asked for a show of hands.

**Senator Smith:** It is only five minutes; it is that I object to the principle of the thing.

**Senator Phillips:** I also object to the principle.

*(Short adjournment to await arrival of representatives of the Department of Veterans Affairs).*



**The Acting Chairman:** Honourable senators, we have present Mr. Reynolds, the chief legal adviser to the department, and also Mr. Anderson, the President of the Canadian Pension Commission. Do you think we should start now or we should wait for the deputy minister?

**Senator Lang:** Let us proceed.

**Senator White:** Mr. Chairman, before we start I should like to have one matter cleared up. I should like to have somebody explain the urgency that was mentioned in the Senate by Senator Martin and Senator Smith on two occasions. I should like to hear someone from the department explain why there is this urgency and why the bill has to have royal assent today. I think that should be our first item of business.

**The Acting Chairman:** Can the legal adviser explain this?

**Mr. P. Reynolds, Chief Legal Adviser, Department of Veterans Affairs:** I think there are really two very good reasons for the urgency. One is that the bill establishes and provides for a pension to the survivors of prisoners-of-war camps in Japan, and their pensions will not be payable until the bill is passed and becomes effective. The second reason is the exceptional incapacity allowance. This is a completely new concept that is introduced by this bill, and this also will not be payable until the bill becomes effective. I would say those are the two main reasons.

Another very excellent reason is that the Canadian Pension Commission has suspended the operation of appeal boards pending the passage of this bill, and the longer that is delayed the more of a build-up and backlog will develop.

**Senator Smith:** How many cases would be involved in the appeal board delay? Have you any idea?

**Mr. Reynolds:** Perhaps Mr. Anderson could give you a better idea of that.

**Mr. T. D. Anderson, President, Canadian Pension Commission:** It would be about 850.

**Senator Phillips:** What is the average length of time a veteran waits for the appeal board?

**Mr. Anderson:** It depends on the length of time it takes to prepare the case. It has to be dealt with first of all by the veterans bureau, who prepare a summary of evidence, and dig up all the necessary evidence in support of the claim. This could take up to a year or more sometimes. On the other hand, some of them are very easily prepared; they are available fairly quickly, and we sometimes get them through in as short a time as a month or six weeks.

**Senator Phillips:** After waiting a year it is rather difficult to imagine that the delay from Thursday to Tuesday will be a very heavy burden.

**Senator White:** Mr. Chairman, I should like to point to what the witness said about the pensions for Japanese prisoners-of-war. The provisions of this bill do not

become effective until April of this year. No money is provided under this bill to pay pensions, so the money will have to come from the first supplementary estimates in April, on account of the new fiscal year, and I presume they will in the natural course be paid at the end of April. As for the administrative work in preparing what has to be done in respect of these Japanese prisoners-of-war, finding out where they are and all the other details, I do not see why this cannot be done; it should be done and be under process right now whether or not this bill is passed. I do not see any sense or reason in that part of the argument.

The supplementary allowances cannot be paid until April, and there will have to be provision in the Estimates for the money to be passed before they can be paid. As Senator Phillips pointed out, I cannot see why an adjournment from Tuesday to Thursday, or from Thursday until next week, will hold up the appeal board or delay in the slightest degree the payment of any extra pensions to Japanese prisoners-of-war or any of these special allowances. I further say that if the administrative staff of the pension board has not got this work under way, and well under way, at the present time, they need a big shake-up.

**Mr. Reynolds:** With regard to April 1, it was always my understanding that these pensions would be paid from the time the bill was passed. I may be wrong, but I thought provision had been made in the Estimates to the commission to pay these allowances as soon as the bill was passed.

**Mr. Anderson:** That is right, there has been.

**Mr. Reynolds:** April 1, therefore, has nothing to do with it.

**Senator White:** It was the statement of the minister in the house, that April 1 was the date for that and the war veterans allowance.

**Mr. Reynolds:** No. I think he was talking about the increase in the basic rate for pension and for veterans allowance. He was not referring to the content of this bill.

**Senator Smith:** Mr. Reynolds, you started to say something about when these pension benefits would be payable to Hong Kong veterans and Senator White asked another question. Would you continue with that so that I understand it more clearly.

**Mr. Reynolds:** It was my understanding that the benefits to Hong Kong veterans and the exceptional incapacity would be paid from the minute this bill receives royal assent.

**Senator Smith:** That was my understanding.

**Senator Phillips:** How is that covered in the bill? It is my interpretation of the bill that it specifies April 1.

**Mr. Reynolds:** I do not think there is anything in the bill about April 1.



**Senator White:** Where does the witness get his authority for saying the pensions and benefits will be paid from the date of the passing of the bill? What is the authority for that statement?

**Mr. Reynolds:** The bill itself, sir.

**Senator White:** The bill?

**Mr. Reynolds:** Yes.

**Senator Phillips:** In what clause, Mr. Reynolds?

**Mr. Reynolds:** The clause providing for benefits. It provides that they be paid, so I would interpret that as meaning they will be paid from the time the bill becomes law.

**Senator White:** Then would the witness explain where the money is coming from? There is nothing in the Estimates. If there is something to be paid in the last month of the fiscal year, there is no money in the Estimates to pay it.

**Mr. Reynolds:** I will ask Mr. Anderson to reply to that, if I may.

**Mr. Anderson:** Mr. Chairman, there is sufficient money in our large vote, the vote from which the pensions are paid, to cover this expense. It is not a matter of millions of dollars. It is a reasonably modest amount. There are only just over 300 people involved. In many cases it is a question of bringing the rates up to 50 per cent, and the increase may only be from 35 per cent or 40 per cent. That is all this amounts to. We have sufficient money in our pension vote right now to pay this immediately the bill receives royal assent. As a matter of fact, I think honourable senators will be interested to know that they are all ready to be paid. It was suggested a minute ago that if we did not have it ready we should have. I say we have.

**Senator Phillips:** I take it, then, Mr. Anderson, that you as a member of the Canadian Pension Commission have not been fully distributing the amount of money voted by Parliament. Is that correct? Do you always have so much remaining over?

**Mr. Anderson:** Yes, there generally is a small surplus each year in the actual pension vote. In any case, the Pension Act, as you know, requires that whatever amount of pension is authorized by the Pension Commission must be paid.

**Senator Phillips:** I was particularly interested in your statement that you always had so much left over. I am wondering if it is part of the policy of the Commission to delay appeals, grants, and so on, to veterans in order that you will have so much of your vote left over.

**Mr. Anderson:** No, it is not.

**The Acting Chairman:** I gather that what is unspent reverts to Treasury at the end of the year.

**Mr. Anderson:** That is right, Mr. Chairman.

**Senator Fournier (De Lanaudière):** What is the amount of money concerned?

**Mr. Anderson:** \$220 million a year.

**Senator Phillips:** That is the complete budget?

**Mr. Anderson:** That is the complete pension budget.

**Senator Fournier (De Lanaudière):** Those people must be quite an age after so many years. The war has been over some time now. What is the average age of those people?

**Mr. Anderson:** The average age of World War II veterans is in the late fifties—55.

**Senator Fournier (De Lanaudière):** Not more than that?

**Senator Phillips:** We are still young.

**Senator Fournier (De Lanaudière):** You are younger; I am a little older.

**Senator Lang:** Could we proceed with the witness now?

**The Acting Chairman:** I am wondering whether you are waiting for an opening statement from the deputy minister or whether Mr. Reynolds can make the opening statement. I understand the deputy minister is on his way. I am in your hands.

**Senator Phillips:** Has anyone any idea how long it would take the deputy minister to arrive?

**The Acting Chairman:** He should be here soon.

**Senator Phillips:** I am sure the deputy minister has prepared an opening statement, and I suggest that we wait.

**Senator Smith:** Oh, come on. Mr. Chairman, this is not working out to my satisfaction. I do not want to have my own way around here...

**Senator Phillips:** That is news to me!

**Senator Smith:** On a point of order—and I do not think any other individual should run the committee to suit his own personal objectives. We would be very glad to have the deputy minister, and, in fact, the minister himself, but I think these witnesses from the department are experienced men and are capable and can answer any questions we have to put to them, to our satisfaction, in general. If that is not so, by the time our dissatisfaction grows the deputy minister will be here and he will do his best to answer those questions. I do not think we should have any further delays of this kind.

**The Acting Chairman:** I am not quite clear what you are suggesting. I understood Senator Lang's suggestion was that we proceed with the brief from the Veterans' Organizations.

**Senator Lang:** That is right.



**The Acting Chairman:** Our problem is solved: here is the deputy minister.

**Senator Phillips:** You called for further questions, Mr. Chairman, while we were waiting for the deputy minister to arrive and get prepared. May I ask how this bill is affected by the ruling of Mr. Speaker Lamoureux of the other house? It is my understanding that he ruled some time last evening that the vote in the supplementary Estimates was not proper and that it was out of order. How does this affect it?

**Senator Smith:** Mr. Chairman, I suggest, on this point of order—I suppose it is—that what the House of Commons does has nothing to do with the procedures of this committee. We should proceed to discuss this bill and hear all sides of it and come to a conclusion, without reference to what Mr. Speaker Lamoureux's decision may or may not have been.

**Senator Phillips:** I disagree entirely.

**Senator Smith:** We will meet that problem if and when it comes before us.

**The Acting Chairman:** I do not think it is fair to expect the witnesses to answer questions on the Speaker's ruling.

**Senator Phillips:** There is nothing in the supplementary Estimates now for Veterans Affairs and I asked if this affected that bill.

**Senator Smith:** That is your statement. That is not any statement given to the Chairman.

**The Acting Chairman:** I think the deputy minister can probably say.

Mr. Hodgson, we welcome you. We have been waiting for you, so we are a little behind. Have you an opening statement to make on this bill?

**Mr. J. S. Hodgson, Deputy Minister, Department of Veterans Affairs:** No, sir, I do not have a prepared statement. The committee will, of course, be aware that this bill represents the end of a long process that has gone on for about five years, which began with the appointment of the Woods Committee, which made 148 different recommendations affecting the pension scheme. The Woods Committee made its report in 1968. The Government then considered the report and issued a White Paper on the subject. Then, after further discussion between those directly affected, the bill was in due course prepared, and the bill does give effect to the great majority of the recommendations of the Woods Report.

**The Acting Chairman:** Thank you. Any questions?

**Senator White:** Perhaps the deputy minister could give us further information, Mr. Chairman. Mr. Deputy Minister, when do you say that this bill comes into effect?

**Mr. Hodgson:** This bill will come into effect when it receives royal assent.

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**Senator Fournier (De Lanaudière):** That is normal.

**Mr. Hodgson:** Yes, it is. There may have been some confusion with the question of basic rights of pensions and basic rates of war veterans' allowances.

My minister announced on December 2 that the Government proposed to increase basic rates under both plans as of April 1, but this legislation has no direct bearing on that matter at all.

**The Acting Chairman:** Does that answer your question?

**Senator White:** Yes.

**The Acting Chairman:** Are there any more questions? Shall we proceed with the other witnesses, then?

**Hon. Senators:** Agreed.

**The Acting Chairman:** I presume you are going to sit in and listen to the brief of the Veterans' Organizations, Mr. Hodgson?

**Mr. Hodgson:** Yes, Mr. Chairman.

**The Acting Chairman:** I will ask Mr. Chadderton and Mr. Bert Hanmer to come forward, please. Would you introduce your staff to the members of the committee?

**Mr. Chadderton:** Mr. Chairman, I am appearing this morning on behalf of The National Veterans' Organizations of Canada. They are listed on the front page of the brief which we will present to you. They represent all of the nationally chartered veterans' organizations. I have with me, on my immediate right, Mr. Bert Hanmer, a service officer, the Dominion Command of the Legion; also Mr. Ed. Slater and Mr. K. J. Dunphy, service officers with the Dominion Command of the Legion.

Shall I proceed, Mr. Chairman?

**The Acting Chairman:** Yes. I presume you wish to deal with this brief section by section. I understand you are going to take turns in reading it, and we will deal with one section at a time, and then pass on to the next. Is that agreeable?

**Hon. Senators:** Agreed.

**Mr. Chadderton:** May I proceed, Mr. Chairman, by reading a letter into the record? It is addressed to:

The Honourable Maurice Lamontagne, P.C., M. Sc.,  
Chairman,

The Senator Committee on Health, Welfare and  
Science,

The Senate,  
Ottawa, Ontario.

Dear Senator Lamontagne:

This has further reference to our telegram to the Director of Committees of the Senate, of yesterday's date. We appreciate very much the opportunity to make this submission to your Committee.



Our group learned early yesterday of the possibility that Bill C-203—An Act to Amend the Pension Act and the Civilian War Pensions and Allowances Act—might be referred to your Senate Committee. We had just sufficient time to write our submission in English but, unfortunately, we have been unable to prepare a French text. We do regret our inability, because of the short notice, to make our submission in both official languages.

Our brief has been divided into a number of specific areas. We hope your Committee will permit us to stop at the end of each section, to provide further explanation as may be necessary, or to answer questions.

Yours sincerely,  
H. C. Chadderton,

(for the National Veterans' Organizations of Canada.)

May I also add a few comments in the preliminary discussion before the committee? I wish to assure honourable senators that there was no distribution of this brief ahead of time. The first time that any member of this committee saw the brief was when it was placed on his desk when he entered the room this morning.

Concerning the question of delay I readily admit that veterans' organizations are most interested in having this bill given royal assent as quickly as possible and we do use in our brief the words "without undue delay". But I think it is incumbent upon me to point out that, as the deputy minister has already said, this matter has been in process since September 1965. I do not want to be unpopular in making this statement, but the department had the Woods Report under survey for a year and a half before the White Paper came out, and our feeling is, Mr. Acting Chairman, that certainly a few more days will not matter that much. We still have reservations about the bill as it stands at present. We certainly appreciate the opportunity to have this bill reviewed by the Senate and the Senate committee.

Referring to the brief itself, it is both a privilege and an honour to appear before you on behalf of the 12 national veterans' organizations of Canada, to express our views relative to Bill C-203, an act to amend the Pension Act and the Civilian War Pensions and Allowances Act.

We consider this bill to be another milestone on the long road towards obtaining more effective pension legislation. The scope of the legislative changes in the amendment—the most extensive in half a century—reflect the sincere concern of the Government, and indeed of both the elected and appointed representatives of the people, for the proper indemnification of those who have suffered death or disability in military service for Canada.

It is a source of satisfaction to the national chartered veterans' organizations that the proposed changes meet most of the requirements that were set out in the Woods Report, and subsequently supported by the Standing Committee on Veterans Affairs of the House of Commons.

We believe that our views regarding the improvements in Bill C-203 are well known. Hence, there is no requirement to recapitulate herein the changes represented in the existing Bill C-203, with which we concur in full.

It is our desire, however, to place before your committee a number of observations in respect of certain areas wherein some revision would appear necessary. We trust it will be satisfactory if we furnish comment hereunder in respect of each such area.

I would now ask Mr. Hanmer to deal with the pension review board.

**Mr. H. Hanmer, Service Officer, Dominion Command, Royal Canadian Legion:** Regarding the Pension Review Board, Bill C-203, clauses 77 to 83, the national veterans' organizations welcome the proposal to establish a pension review board to adjudicate final appeals. We note with regret, however, that the proposed legislation differs substantially from the recommendation submitted by these organizations, and endorsed by the Standing Committee on Veterans Affairs of the House of Commons.

The main fault, as seen by the veteran's organization, is the presumed procedure under which applications would be dealt with at more or less formal hearings. Clause 80(1) provides that a quorum of three of the five members of the board will be required to hear appeals in respect of entitlement, and two members shall constitute a quorum for appeals on any other matter. Clause 82(2) provides that the applicant or his representative may make written submissions and may appear before the board to present argument. It would seem, from evidence given before the parliamentary committee, that the normal procedure will be a formal type hearing.

The veterans' organizations had proposed that, in the main, submissions to the review board would be dealt with on the basis of a review of the written record. This would have facilitated rapid processing which is essential if an appellate body of this type is to handle the large number of cases which presumably will be submitted to it.

It is necessary to restate the history of this review board. The Woods Committee, in its report tabled in the House of Commons in March of 1968, proposed the establishment of a pension appeal board, in the nature of a full-fledged appellate system complete with investigatory facilities, hearings, witnesses and appearances of both the applicant and his representative. The Government apparently rejected this system as being too expensive. In its place the White Paper on Veterans' Pensions, released in September of 1969, suggested that appeals be handled by an independent section of the Canadian Pension Commission.

The national veterans' organizations objected to this procedure, pointing to the necessity for an appeal system independent of the commission. We did recognize, however, the need to establish a procedure which would be both economical and practical. Accordingly, we proposed a pension review board.

Bill C-203 has adopted our proposal in name. We have no alternative but to point out, however, that we had envisaged a much more streamlined procedure.



We have seen from the outset, that the real danger in any new appellate system could be summed up in the word "congestion". To think otherwise would be to ignore the lessons of history.

There seems little value now, however, in conjecturing as to whether our proposal would have been superior to that established by Bill C-203. The national veterans' organizations are prepared to support the concept of the bill as it stands, but it is obvious that we must make it known that the new review board is not the one which was recommended by the veterans' organizations.

The main issue now concerns appointments. The Woods Commission was emphatic in stating that appointments to both the commission and the appellate body should be based on merit, with adequate representation from Canada's veterans. We believe that with men of good will, almost any system can be made to work, and we hope that the Government will make the appointments to the board with the interests of those disabled, and those bereaved by war, in mind.

**The Acting Chairman:** Are there any questions on this section?

**Senator White:** I should like to ask the deputy minister a question regarding the last paragraph at the top of page 4 concerning appointments to the commission and so on. Would the deputy minister tell us if there are any qualifications set out for an appointment?

**Mr. Hodgson:** Mr. Acting Chairman, the bill does not prescribe any particular qualifications for members of the pension review board. It does say that the appointments will be made by the Governor in Council. However, section 1A of the bill gives a general guideline as to the manner in which the whole pension matter is to be handled, which is with sympathy and understanding; and there is a further section in the bill dealing with benefit of doubt, which again suggests that one is not to take a too litigious or legalistic view. Therefore I presume that when appointments are made the appointing authority will give consideration to personal qualifications which would enable the person to fulfill this appointment.

**The Acting Chairman:** May I ask a question? In setting up the review board is it planned to reduce the regular Pension Commission, separate a number of commissioners from the present Pension Commission to form this review board?

**Mr. Hodgson:** The number of persons who might be appointed to the Pension Commission will remain unchanged. It is possible that some members of the pension review board might be persons who had been on the Canadian Pension Commission. The minister indicated at one of his appearances before the House of Commons committee that he thought there was virtue in having both continuity and change. Perhaps a minority might be former members of the Pension Commission.

**Senator Inman:** Would the Government consider any recommendations from the veterans' association?

**Mr. Hodgson:** The honourable senator will appreciate that I cannot speak on behalf of the Governor in Council, but it is not uncommon for people who have proposals to make to send them to the minister or to the Prime Minister, and I have no doubt that anything that is received is considered in the spirit in which it is sent. Perhaps I might ask the chairman of the Canadian Pension Commission to answer.

**Mr. Anderson:** There are 17 members at the moment; 12 full time and five *ad hoc*.

**Senator Fournier (De Lanaudiere):** I suppose they come from all parts of Canada?

**Mr. Anderson:** That is right.

**Senator Fournier (De Lanaudiere):** Who is the representative for the Province of Quebec?

**Mr. Anderson:** There are about four of them right now.

**The Acting Chairman:** And your pension commission will stay at the same strength; this bill does not reduce it?

**Mr. Anderson:** No.

**Senator Fournier (De Lanaudiere):** Do you have their names?

**Mr. Anderson:** Mr. Painchaud, Dr. Blier and Dr. Morin.

**Senator Inman:** Mr. Power?

**Mr. Anderson:** Mr. Power is assumed to be from Ottawa; he was here when we appointed him.

Dr. Touchette was recently appointed, so there are five.

**Senator Phillips:** May I ask who are the representatives from the Atlantic provinces?

**Mr. Anderson:** There are two from the Province of Nova Scotia, Mr. Cameron and Dr. Thompson. At the moment there is no one from Prince Edward Island.

**Senator Inman:** Senator Phillips put the question I had in mind, but I will ask a supplementary; why is there not a representative from Prince Edward Island?

**Mr. Anderson:** There are two or three provinces from which there are no representatives at the moment. This varies. There is no one from British Columbia at the moment, either, for that matter. However, for a good many years there were two or three from British Columbia and none from other provinces. In other words, every province is not necessarily represented on the Commission; there is nothing in the act to require it.

**Senator Fournier (De Lanaudiere):** I think the act should require it.

**Senator Inman:** So do I.

**Senator Phillips:** How many are permanent and how many *ad hoc* members?

**Mr. Anderson:** Dr. Thompson is *ad hoc*; Mr. Cameron is permanent.



**Senator Phillips:** The Atlantic provinces then have one permanent representative?

**Mr. Anderson:** At the moment that is right.

**Senator White:** Can the president say how many of the members of the commission are veterans who actually served in a theatre of war and whether any members have not seen service of any nature?

**Mr. Anderson:** All except two have seen service in a theatre of war and only one has not seen service at all.

**The Acting Chairman:** We have our sponsor with us; Senator Lang, do you wish to ask questions?

**Senator Quart:** You have mentioned a Mr. Power; would that be Frank or Pen?

**Mr. Anderson:** It is Pen.

**Senator Quart:** Are there not two brothers on the Pension Commission?

**Mr. Anderson:** No, just one; Pen.

**Senator Quart:** The other is somewhere then?

**Mr. Anderson:** Yes, he is with the Department of National Defence.

**The Acting Chairman:** Mr. Hanmer, your principal objection to the Pension Review Board is that it will not work fast enough; is that it? What you had in mind in your recommendation was a review board that would review the evidence already given.

**Mr. Hanmer:** And do it quickly.

**The Acting Chairman:** And that is your principal complaint?

**Mr. Hanmer:** You will recall the problems that arose in connection with the board that existed in the early thirties. The veterans' organizations do not want to perpetuate that type of organization; they prefer to have something that will work and do the job as quickly as possible.

**The Chairman:** Have you anything to add?

**Mr. Hodgson:** Perhaps it would be useful if I read to the committee a portion of a statement which my minister made on this very point to the Standing Committee of the House of Commons on Veterans Affairs on January 15:

A third group of suggestions made in the House referred to the Pension Review Board. It was stated that hearings should be informal and not clogged by red tape and ground rules, that a quorum of three members should not be required, and that the formality might cause the Board to bog down. I fully share the view that there should not be unnecessary rules but here again there would appear to be a degree of misunderstanding. If members will examine the relevant sections of the Bill, they will find that most of the provisions relating to the Pen-

sion Review Board are enabling rather than restrictive in character.

On the matter of quorum, the government has followed the recommendation of the Woods Committee itself. Their report (Recommendation 14S) recommended that "On appeals involving entitlement the quorum of the Board shall be not less than three.

On all other matters the quorum shall be such number as the Board may decide." Section 80 of the Bill similarly provides for a quorum of three on entitlement or on a matter of interpretation, and two for other appeal hearings. I should emphasize that one single individual award could possibly represent an expenditure of more than \$100,000 over a number of years, and it is therefore not a decision to be taken casually. Furthermore, any decision on a particular case may become a precedent for others, perhaps for hundreds of others. Members of the Committee will also recognize that the Board has final responsibility for interpretation of the Act. For all these reasons it is important that the decisions of the Board be valid ones, and it is equally vital that decisions be consistent with one another. The quorum requirements recognize the significance of these matters.

**The Acting Chairman:** I gather that what you had in mind, Mr. Hanmer, was that if there was new evidence to be presented, then the case would be referred back to the entitlement committee, or this review board. As it is now you have two adjudicating boards, the entitlement board and the pension commission review board.

**Mr. Hanmer:** The final pension appeal board will rule not only on individual cases, of course, but on principles and establish principles where there is some divergence of opinion at the lower stages.

**Mr. Chadderton:** We find ourselves largely in agreement with the minister's statement, but we still say that no one really knows and until this new review board goes into operation and we have had some experience it is a matter of pure speculation.

Our feeling was, however, that although we did side with the Woods committee's proposal for a quorum on entitlement matters, it also should be noted that the Woods committee suggested that all other matters could be handled very expeditiously by one member of the review board. I point out to this committee that that recommendation was made by a member of the Court of Appeal of Saskatchewan, the honourable Mr. Justice Woods, who is quite familiar with legal matters. He certainly felt that legal boundaries would not be transgressed by leaving a decision of this magnitude in the hands of one man. That is quite often the procedure of the court, he told the committee.

The right of appearance is something which, quite frankly, has us worried. The bill contains a discretion and the right of appearance will, in effect, be at the discretion of the advocate. Mr. Don Ward, the chief pensions advocate, said in evidence before the Woods com-



mittee that it was his intention to make an appearance in every case. Consequently, we feel that there is a great danger that a review board with only five members, three of whom must sit on every entitlement case, will grind almost to a halt if there is to be a formal appearance in every case. We have pointed out in our brief that we feel and admit this is merely a matter of speculation; no one really knows the answer. Our proposal is: let us get on with it as it stands now, making our points as we go along, and see what happens, but we only hope that if it does start to grind to a halt somebody will move pretty quickly to change the rules of procedure before that Pension Review Board.

**Senator Inman:** I do not agree with women's lib, and I am not a feminist, but I was wondering if any consideration was given to appointing a woman to this board? We have many women veterans. This is one case where women are making a fight to be appointed. Consideration might be given to it.

**Senator Quart:** And let it be a woman veteran, not women's lib.

**Senator Fournier (De Lanaudière):** I second that.

**Mr. Anderson:** Mr. Chairman, you will recall, perhaps, that the representatives of the Nursing Sisters who appeared before the Standing Committee on Veterans Affairs last year recommended that a lady veteran be appointed to the commission. It has been considered. Actually, these appointments are made by Order in Council and it is not a question of the commission's making any decision in this regard; it is a matter for the federal Government. But up to this point no lady member has been appointed.

**Senator Quart:** Maybe now that the Prime Minister is married he will be better disposed towards it.

**Senator Fournier (De Lanaudière):** He committed himself in a speech a couple of days before his marriage, and that would fit exactly with his ideas. It would be an acknowledgement of the value of Madame Trudeau.

**Senator Quart:** Is there any particular reason for having a civilian on this Pension Review Board with all the other veterans? I presume they are overseas veterans. Are they?

**Mr. Anderson:** As I said before, they are all who have service in a theatre of war, except two.

**Senator Quart:** There is one civilian. Is there any particular reason for that?

**Mr. Anderson:** Not that I am aware of, Mr. Chairman, no.

**Senator Inman:** I think that is a very good idea, because veterans, no doubt, are a little biased and perhaps a person who has not had service might have some unbiased views.

**The Acting Chairman:** Are there any more questions?

**Senator Lang:** I wanted to ask a question arising out of Mr. Chadderton's concern over the remark concerning the Pension Advocate that he would make an appearance in every case. I know what the practice has been of the Public Trustee's office in Ontario, that it takes the form of a remuneration, and perhaps I could direct this question to the deputy minister. Is the Pension Advocate a salaried employee or does his remuneration depend on the number of appearances he may make before the board?

**Mr. Hodgson:** He is a salaried employee. At the present time he is a person appointed under the Public Service Employment Act, but it is proposed in the bill that there will be an organizational change whereby the Pension Advocate's organization will be set up as a separate bureau, and he will be appointed by Order in Council, but on a salaried basis.

**Senator Phillips:** Mr. Chadderton, your remarks about the review board sort of struck me rather impressively because in my remarks in the Senate—and I am not going to ask you to read them or bore you with them—I described the review board as having too much of a "supreme court" attitude. I was particularly concerned by the fact that the veteran cannot make an oral submission before this board. Am I being unduly concerned, or do you people share that concern?

**Mr. Chadderton:** I would have to answer that question this way, Senator Phillips: We would not really visualize too many individual applicants making a personal appearance on their own behalf. The reason is, firstly, that it is intended that the review board will sit only in Ottawa; and, secondly, I think there is a very important point here, that under the new Bill C-203 the question of personal appearance will be looked after, in our view, pretty well by what are called entitlement boards. Within the commission there will be set up a system of entitlement boards, similar to the present appeal boards of the commission, where travelling boards will go into all the areas of Canada, and there the advocate and the man will have an opportunity, his day in court, to come and tell his whole story. It will all be on the record and it will all be available. We felt that we were balancing two principles. Sure, we would like to see the veteran have due process. It would be wonderful to see that he has every last opportunity to win his pension case. But, balance against that is the necessity, in our view, for speed. Essentially this has to be a very quick system, as far as we are concerned. We have said that he has already had his day in court at the entitlement board, so let us have the review board almost entirely a matter of review where somebody can sit down and go over all the evidence and written submissions and say, yes or no, whether the pension should be granted, or, alternatively, it should go back to the commission for another look at it. We do not blame Mr. Ward for saying that he would insist on a right of appearance; he is only doing his job. But we feel that the legislation that allows that, in effect invites Mr. Ward, and almost compels him, to go and make a formal presentation in every case.



We see as many as maybe 15,000 cases in front of this review board within three or four years. With three people as a required quorum, sheer mathematics indicates that it is just going to grind to a halt. They can handle probably five cases a day, and will sit five days a week at the maximum. So we have our fears on that score.

**Senator Phillips:** When you quote figures, I can understand your concern.

**The Acting Chairman:** I apologize to the committee. I do not think that when Mr. Hodgson made his opening statement I asked him to introduce his staff. For the record, maybe other senators will want to address questions to them, so would you please introduce your staff?

**Mr. Hodgson:** Certainly, Mr. Chairman. I would point out that some of those present are not members of the staff of the department. Mr. Anderson, President of the Canadian Pension Commission, of course reports directly to the minister. Dr. Richardson is the Chief Medical Adviser of the Pension Commission. Mr. Kendall is the special assistant to the minister. Mr. Reynolds, who is in the Department of Justice, is Legal Adviser to the Department of Veterans Affairs.

**The Acting Chairman:** Shall we proceed with the next section, "the benefit of the doubt" clause?

**Mr. Chadderton:** Mr. Chairman, this next section deals with "the benefit of the doubt" clause. Before reading it I would point out to the members of this committee that I have in my hand a 65-page history of "the benefit of the doubt" which I had the privilege to prepare when I was Secretary of the Woods Committee, and this history is available to anyone who is interested in going into the background of it. I make that statement only to point out that this is a time-honoured sort of concept in pension legislation, and we make no apologies for dealing with it even at this late date in the study of this bill.

Clause 87 of Bill C-203 provides a new "benefit of the doubt" provision which would require the pension adjudicators to:

- (a) draw every reasonable inference in favour of the applicant;
- (b) accept in the applicant's favour all credible evidence that is not contradicted; and
- (c) in weighting such evidence, resolve any doubt in the applicant's favour.

The existing benefit of doubt, under section 70 of the Pension Act, provides that the adjudicating authority must give the benefit of the doubt to the applicant, in that all reasonable inferences and presumptions will be drawn in his favour, and that it is not necessary for him to adduce conclusive proof of his claim.

In our view, the new clause is no stronger than the existing section 70 and may be less advantageous to the applicant. The existing clause states that he does not require "conclusive proof" of his claim; the new provi-

sion is that he will require evidence that is not contradicted.

In our opinion, the recommendation of the Woods Committee, in respect of the benefit of the doubt, provided the ultimate solution of the wording of this contentious clause. It attacked the question of "preponderance" head-on, stating that this normal requirement in civil law would not be applied as a test under the Pension Act. The adoption of the Woods recommendation would have permitted the adjudicating authority to rule in favour of the claim, without requiring the applicant to establish a "preponderance" in his favour, so long as there was doubt.

The Chief Pensions Advocate, speaking as the representative of the Minister of Veterans Affairs, advised the Standing Committee on Veterans Affairs at its session on September 17th 1969, as follows:

The recommendation is accepted almost completely except for the insertion of one word. The word 'credible' should be added before the word 'evidence' in the Woods Committee recommendation. Otherwise the recommendation is completely accepted.

I trust it is clear we are referring here to a statement made by the Chief Pensions Advocate in which he told the Commons committee that the Woods recommendation was accepted.

It is of interest as well that the Standing Committee on Veterans Affairs, after many months' study, endorsed the recommendation of the Woods Committee.

It is a matter of some importance to the national veterans' organizations of Canada that, despite the previous acceptance by the minister, together with the endorsement of the Standing Committee on Veterans Affairs, the essential feature of the "benefit of the doubt" proposal developed by the Woods Committee was ignored in the drafting of a new benefit of doubt clause in Bill C-203. To repeat, that feature dealt with the question of "preponderance". The criminal law requirement concerning benefit of the doubt could not, of course, apply in pension adjudication. Essentially it is a matter of civil law, where the decision rests on "preponderance".

If the veteran is truly to be given a concession which is greater than might normally apply, it would have to be in this specific area. The justification for such concession has been recognized from the inception of this clause in our pension legislation in 1930; that is, the fact that conditions of service, lack of essential information and other compelling factors, make it more difficult for the veteran to prove his claim than is the case in ordinary civil law.

The national veterans' organizations of Canada consider that the wording of the Woods Committee recommendation more adequately reflects the intent of Canada's legislators, in respect of the need to create an effective climate for adjudication of pension claims. We suggest, therefore, that clause 87 of Bill C-203 should be amended to reflect the Woods Committee recommendation.

**The Acting Chairman:** Are there any questions?



**Senator Smith:** I wonder if this is an appropriate time to have the views of the department officials on this particular point?

**Mr. Hodgson:** This is a highly technical matter. Perhaps I might call upon Mr. Reynolds of the Department of Justice, who is an expert on these matters.

**Mr. Reynolds:** It is the view of the department, and I share that view, that the proposed clause does bring about a considerable improvement over the old clause. It provides that all reasonable presumptions or inferences must be drawn from the evidence adduced. It also provides that any fact that a veteran has to prove and establish his claim, if he produces any credible evidence, that is any evidence at all, that any reasonable person can believe, any reasonable evidence, then he has established that part of his case.

It goes further to say that if, after weighing all the evidence, after reasonable inferences have been drawn from the evidence adduced, and after the credible evidence has been accepted in proof, there is any doubt left after that, that doubt must be resolved in the applicant's favour.

This goes just about as far as any legislation could in providing a favourable climate for having a favourable decision reached.

The Woods Commission recommended that even though the preponderance of evidence was against him, the claim could still be allowed. I think honourable senators would agree that that is going a bit further than the Government could be expected to go in spending taxpayers funds. Even if the weight of evidence is against an applicant's claim they can still grant it.

This section goes as far as to say if there is any evidence at all, and if reasonable inference from that evidence has been drawn in favour of the applicant; and if there is any doubt left at all in the mind of the adjudicating body it will be resolved in favour of the applicant and he will be allowed a pension.

**The Acting Chairman:** Would you go a little further and say how the benefit of doubt differs from the present act?

**Mr. Reynolds:** The present section does not require the commission to accept as proven any fact that any credible evidence submitted by the applicant does not contradict. I think that is an important part of the clause. If the applicant himself appears before the entitlement board and gives evidence that he had bronchitis in Italy in 1944 and that the bronchitis had bothered him ever since, it would appear to me, on the basis of evidence of that kind, that the Pension Commission should and would grant entitlement.

**Senator White:** May I ask Mr. Reynolds if he would comment further on section B? He mentioned something about credible evidence, and then says "if that is not contradicted." If it is contradicted does it mean that that evidence is not accepted?

**Mr. Reynolds:** The use of the word "evidence" in the past practice of the commission—and presumably the intention is the same in this act—does not mean evidence that would be accepted in a court. The word "evidence" is used very loosely, to include any oral or written statement that is relevant to the applicant's claim. If evidence of that kind is produced which does appear to be reasonable, possible and consistent with the records, then that would be credible evidence.

"Contradicted" means that there is evidence of some other kind statement or oral evidence, which casts doubt on the credibility of the evidence. It might be evidence of a doctor saying that it was quite impossible for a particular disease to have developed on a particular occasion as alleged by the applicant. I would say that if there were evidence of that kind then the evidence given by the applicant would have been contradicted. Does that answer the honourable senator's question?

**Senator White:** Yes, thank you.

**Senator Phillips:** Mr. Acting Chairman, personally I am very much concerned about the use of the word "evidence". Perhaps legal people understand its use far better than I do. When I hear the word "evidence" I think of people sitting on review boards, and so on, deciding whether a certain statement constitutes evidence.

I had suggested that the word "submission" would be a far better word than "evidence". May I hear from Mr. Reynolds on the legal aspect of using the word "submission" as opposed to the word "evidence"?

**Mr. Reynolds:** As I mentioned, Mr. Acting Chairman, the use of the word "evidence" here does not remotely resemble the word "evidence" as considered by a court of law, where there are very strict rules of evidence, things like hearsay and written statements, and a number of other things that are not admissible in a court of law.

In tribunals of the type we are dealing with here, and, in fact, in most administrative tribunals, any statement, written or oral, that is relevant to a claim is accepted as evidence. It does not need to comply with the rules of evidence as applied by a court. Letters written by the applicant, letters written by witnesses to the applicant or the commission or the Pension Board are all accepted as evidence. So, used very, very broadly, it includes almost anything that is relevant to the claim. It will not go as far as a submission, because a submission is something made on behalf of someone.

A letter to the commission from an applicant submitting his own claim and containing factual material in support of his contention that he had been injured in France in 1944 would be evidence in his submission. Evidence is used so broadly that it includes almost anything in this context.

**Senator Phillips:** My question, to be more specific, is what is the legal connotation of substituting the word "submission" for "evidence" in section 87 (b)?

**Mr. Reynolds:** Submission need not be factual, but this must. A person can submit that black is white, but I do



not think submission is intended here. It means something that is factual, or facts. "Submit any credible facts in support of evidence", if you like, but I think it must be factual, not just a submission.

**Senator Phillips:** The word factual conveys the meaning of proof; it may not be factual unless it is proven. I am still greatly concerned that this section, by the use of the word factual, in essence proof, still puts the burden of proof back on the veteran.

**Mr. Reynolds:** It does cast the burden on him of establishing a prima facie case; there is no doubt about that. He must produce evidence to say that he served and that he had symptoms of some illness during his service which developed into the disease for which he is now claiming a pension. He must go that far.

**Senator Phillips:** I wish I had not asked that question, Mr. Reynolds; you leave me even more concerned with the section than I was before.

**Senator White:** Mr. Reynolds, do you think that the interpretation of this clause, benefit of any doubts, will have an effect on the interpretation of the next clause, presumption of physical fitness on enlistment, which is contained at page 10 of the bill?

**Mr. Reynolds:** They should be read together when the facts are applicable.

**Senator White:** At page 10 where physical fitness appears, the word "presumed" is used. If there is a doubt, I presume it is to be in favour of the veteran?

**Mr. Reynolds:** Yes, it is a presumption that the man's condition is as shown on his enlistment medical documents.

**The Acting Chairman:** I think, Senator White, we are coming to that under another section; perhaps we could stay with the benefit of doubt.

Under the law as it stands, the burden of proof remains with the veteran. It is my understanding that the effect of the Woods committee report and recommendation would change the situation so that the veteran must submit evidence on which to base a claim but, the burden of proof would then shift to the pension commission. Is that embodied in the present legislation?

**Mr. Reynolds:** I would think so. If he submits evidence which is uncontradicted, then the first part of the subsection would apply and he would be entitled to pension. The onus would be cast on the commission to find evidence to rebut that which he has submitted.

**The Acting Chairman:** Let us consider the case of a veteran who has had a leg amputated above the knee. In that condition he will not be too mobile and will not be able to exercise. He will probably not exert himself too much and become overweight in time, resulting in a coronary. Would he receive the benefit of doubt when submitting that the coronary was related to his war disability?

**Mr. Reynolds:** Not without further evidence. He would have to produce evidence from a doctor to say, first of all, that the amputation of his leg caused him to become overweight and that condition caused his coronary.

**Senator Smith:** You refer to medical evidence?

**Mr. Reynolds:** Yes.

**Senator Inman:** Does this board always sit in Ottawa? Do veterans ever appear personally before it?

**Mr. Chadderton:** Veterans appear before the appeal boards in various centres throughout Canada.

**Senator Phillips:** Perhaps Mr. Anderson could indicate the number of cases presently under appeal involving the benefit of doubt clause?

**Mr. Anderson:** Mr. Chairman, the benefit of the doubt is a section of the act, so we must apply it to every case we deal with.

**Senator Phillips:** You apply the whole act, Mr. Anderson, so that really is not the point I wish to make. I would like to know the number of cases. You gave us a figure of 8,000 or 9,000 cases waiting for appeal. How many of them invoke the benefit of doubt clause as part of their appeal?

**Mr. Anderson:** It is difficult to answer that because they do not actually say anything in the summary of evidence or the information which is put before the commission with reference to the benefit of doubt section at that stage. It is a question of the commission in adjudicating on all claims keeping in mind this particular section and applying it where it is obviously appropriate.

For example, a man with a leg shot off above the knee in the war does not need benefit of doubt; he has a disability incurred by service and receives a pension. Where it is a claim for disability incurred during previous service, there must be evidence.

The commission has not yet considered all these cases, so I do not even know what the claims are and I will not know before they come before us.

**Senator Phillips:** Perhaps the witnesses would like to comment?

**Mr. Chadderton:** Mr. Chairman, to come directly to the point raised by Senator Phillips: it is my interpretation that in submitting a case for consideration by the commission the advocate would not necessarily ask for a ruling as to whether a pension could be granted under section 70 of the Pension Act, benefit of doubt. However, in the commission's decision it is usually set out, if the commission has to say no, that full consideration was given to section 70 and notwithstanding this the commission could not find in favour of the veteran.

In view of that I do not believe it would be possible to ascertain through our records how many cases the commission considers at any one time for pension under section 70. We just assume that it is applied in every instance.



I would like to comment on a number of points that have been made in discussion of section 87(b) of Bill C-203. This is the clause to which Brigadier Reynolds was referring. It says:

...any credible evidence submitted by him that is not contradicted.

My contention is that the Canadian Pension Commission right now certainly takes that into account. If I thought for a moment that the Pension Commission was not giving full weight to credible evidence that has not been contradicted, speaking for veterans, we would be up in arms. So I do not really think that that particular subsection is adding anything to the present situation. I hate to bring up the history of it, but I would go back to the original section 70 and just point out to your committee what it says:

...it is not necessary for him to adduce conclusive proof of his right to the pension...

It goes on to say that the:

...the body adjudicating on the claim shall draw from all the circumstances of the case, the evidence adduced and medical opinions, all reasonable inferences and presumptions in favour of the applicant.

It goes on to say that he shall have the benefit of the doubt on those grounds.

I am no lawyer; I do not profess to know the law, but I do know the history of the "the benefit of the doubt" section. It is certainly my contention, and the contention of the veterans' organizations, that "the benefit of the doubt" as submitted in Bill C-203 in 1971, 41 years later, really does no more than the original benefit of the doubt. To support my contention I simply refer you to some 30 pages of comment written by the Woods Committee which did consist of three legal minds, and very good minds, in my view. Their feeling was that "the benefit of the doubt" is merely words. You can shuffle them—and they have been shuffled seven times in the history of Parliament—any way you like, but they are merely words until you attack the question of preponderance, because in civil law that is what it is all about. If you are really going to give the veteran a break—because of his service and because of the difficulty of getting records, and everything—in the civil law arena you have to attack the preponderance, and what the Woods Committee suggested was that it was not necessary for you to have a preponderance of evidence, if there was doubt. I come back to something that Brigadier Reynolds said. I do not think the Woods Committee intended a giveaway, but their theory was that if you put it on the scale and it went against the veteran and there was doubt, you had to say to yourself, "There is sufficient doubt that if we really knew about the missing facts they would tip it in his favour." Naturally, the Woods Committee did not say how much doubt, because what is the magic in figures, but they, the Woods Committee, said that is the only way, after 2½ years study that you could bring about a more effective "benefit of the doubt".

I am sure that Mr. Justice Woods and his colleagues would back up the next statement I would like to make, and they would say right now that unless you can attack

the preponderance element, go ahead and reshuffle it, but you are really not giving the veteran any more in your new "benefit of the doubt" than they had back in 1930. I remind you that it was reshuffled seven times and, in our opinion, nothing ever came out of it, because it was always up to the Commission to interpret it. We feel very keenly on the side of the Commission. They have tried to interpret the present "benefit of the doubt" to the best of their ability, but they are men of conscience and they sit down and look at a case and they say, "There is just too much doubt here. We take a look at it and we say that the preponderance is against the veteran and, in all conscience, it is taxpayers' money and we cannot put it through." But if somebody said, "Okay, remove the element of preponderance. Now could you put it through?" If they could, then they would have done something.

**The Acting Chairman:** Mr. Chadderton, take clause 1A, under the title of "Construction." Does that enlarge the scope for giving the benefit of the doubt, in your opinion?

**Mr. Chadderton:** No, I do not think it does. Mind you, we are very pleased to see the new sort of intent spelled out in a section of the act, and I might also say that I am sure the Woods Committee made that recommendation because they said you have to draw a distinction between "the benefit of the doubt" and the "intent". So they said, "Have a new intent, and say that the intent shall be to do the most you can for the veteran."

Coming back to "the benefit of the doubt", what it really was was an extra weight which you could put on the scales, and somebody had to sit down and make a decision. You could almost visually see it as being an extra weight, and when it was just slightly against the veteran somebody could pick up that "benefit of the doubt" weight and put it on the scale and say, "All right, our conscience is clear. He should have it because of the benefit of the doubt." But it was something that was applied only to the adjudication process. The intent is something that you carry right throughout. The reason that was done was so many people would walk into, let us say, an office of the Canadian Pension Commission and say, "I broke my leg in 1941 when I was serving." The file was silent and there was no evidence, and the veteran said, "There is doubt. You have to give me a pension". You just cannot apply the benefit of the doubt, as the Woods Committee saw it, to what a clerk over the counter may do, but the intent of the act, yes, you can say that if he is involved in pension administration he is required in section 1A of the act now to operate under that intent, to do everything he possibly can to assist the veteran. We like it. We think it is a great improvement but we do not think it is going to affect the benefit of the doubt in the adjudication process.

**The Acting Chairman:** Mr. Hanmer, would you care to add any further comment?

**Mr. Hanmer:** No, I have nothing further to add, Mr. Chairman.

**Senator Inman:** I am interested in what could be done in a case like this. As we know, a lot of the boys at the



end of the war wanted to get out of the service as fast as they could. I know of a case where a chap had a very bad back injury and he was in a plaster cast on two occasions. There was a question whether the military or service doctors did not want to operate because they would not take a chance to have him end up crippled for life. Anyway, when he came out of the service he said that he came out perfectly all right, with nothing wrong with him. Some years after he had to have his back operated on at his own expense. In that case he applied for a pension. I think that he got about \$5 a month. But when he came out he had said that he was feeling perfectly all right, although it happened that he was not all right. When he came out they gave him a bottle of a thousand Aspirins to relieve the pain. What would you do in a case of that kind?

**The Acting Chairman:** Are there any more questions?

**Senator Phillips:** Does not Senator Inman get an answer?

**Mr. Chadderton:** I would say from the veteran's viewpoint—and perhaps Mr. Slater should emblish this a little—what would happen is, we would advise him to go through the normal procedures of the commission. Then, when he has exhausted his rights there, he can appeal either to the Legion or some other veterans' organization to handle an appeal in front of the Appeal Board; or he can go to the Veterans' Advocate Branch of the department. Once it has gone through an appeal board, then you go on the hunt for more evidence. You go on the hunt to try to indicate that somewhere in the service this did happen to him. You write to people, the names of whom he will give you, people with whom he served, and that type of thing. And you will go out to attempt to get medical opinions from doctors now, and you might try to relate the fact that it occurred during his service.

I think you have put your finger on what I would call a classic pension case, and it requires a lot of work on the part of many people. I would like to say to the committee that although the veterans' organizations work hard on these cases, so does the Pensions Advocates' Branch, and so does the Commission itself. If they can dig the evidence up somewhere along the line he would have a good chance of getting a pension, but if his files are completely silent on it and he in effect discharged himself and said, "I am all right" it makes it very difficult.

**Senator Inman:** He did.

**The Acting Chairman:** I would like to ask on this "benefit of the doubt" matter, how does the benefit of the doubt apply to the adjudicating commissioner? I understand every case is adjudicated by three members of the Pension Commission. Do they adjudicate each case? Does each commissioner make his separate and independent adjudication, or does he do it in conjunction with the other two?

**Mr. Anderson:** It depends, Mr. Chairman, on what stage the claim is at at the time. For instance, under the old legislation they could come forward for an initial

ruling which was dealt with by the commissioners. It would be dealt with strictly on the basis of written evidence. If the claim was rejected at the initial hearing by an initial decision, then of course he could come back for a renewal hearing on the production of new evidence. He can come back, and it is almost automatic. But from then on if he wants further renewal hearings he must produce additional evidence in support of his claim, before we grant it. In point of fact we seldom reject them at any level. They can come back as often as they like for renewal and it can be renewed.

Under the old legislation a serviceman, a veteran, had a first hearing and a second hearing and then he had to go to appeal from there. These claims are dealt with in a variety of ways. If it is a perfectly straightforward case and there is no argument about it, one man will write a federal decision and two or more will look it over and if they agree they will sign it.

**The Acting Chairman:** If there were three commissioners adjudicating the case separately and there was a doubt in the mind of one commissioner, what would happen then?

**Mr. Anderson:** Where three people are dealing with a claim at the appeal stage, if there is a doubt in the mind of one commissioner he will press to have that doubt considered and that may well result in the claim being granted.

**The Acting Chairman:** I was not quite satisfied with the answer that Mr. Reynolds gave earlier. I understood that he said that under the new legislation the burden shifted from the veteran to the commission. In the example that I gave, because a fellow had only one leg and became overweight there was no presumption that his coronary resulted from his being overweight and he would not get the benefit of the doubt that his overweight condition was due to his being an amputee.

**Mr. Reynolds:** There would have to be medical evidence established first that the amputation caused his condition of overweight, and further medical evidence to show or establish that in the opinion of some specialists the coronary arose from the fact that he was overweight. Once that evidence had been produced and the commission were satisfied, the onus would then rest with the commission. If they wished to try to rebut this evidence by securing other evidence to show that that was not the case, then they could do so.

**The Acting Chairman:** The essence of the case is in proving that he became overweight because he was not sufficiently mobile, that he was in a sedentary occupation. Medical evidence would have to prove that?

**Mr. Reynolds:** Yes. People become overweight for many reasons.

**Senator Smith:** And quite a lot of people get coronaries.

**The Acting Chairman:** Senator Inman asked a question. Perhaps Mr. Hanmer could reply to that.



**Mr. Hanmer:** Under the new legislation an opportunity will be afforded persons who have gone through the whole gamut of application to appeal board, and so forth, and who at the moment would not be able to make a further application, that when this new legislation becomes law they will be free to start from the beginning and process an application right through again as though nothing had happened in the past, except that the evidence from the earlier applications would be available. I think that might be important to other members of the committee who might know of persons who are interested and who might want to follow this up.

**Senator Inman:** Thank you very much.

**The Acting Chairman:** Are there any further questions on this section?

**Mr. Chadderton:** I was very pleased to have Brigadier Reynolds' explanation as to why the Government had not in the final analysis accepted the Woods recommendation. In our brief we were told that at one time the Woods recommendation was acceptable, but it obviously was not because it did not appear in the bill. This is the first time that we have had the explanation that it was felt by the Government that the Woods recommendation on the benefit of the doubt was going too far with the words used. We were not aware of that before this meeting.

**Mr. Hanmer:** Presumption of physical fitness on enlistment, clause 7(3): Bill C-203 provides that the presumption as to the medical condition of a person on enlistment may be rebutted on the basis of "medical evidence" that the disability or disabling condition existed prior to such enlistment.

One of the time-honoured concepts of pension law might be summed up in the words "fit to fight—fit for pension"; namely, that if a serviceman was accepted as being physically capable of combat, as indicated by his enlistment records, pension should not subsequently be denied him because of a pre-enlistment medical condition.

The Woods Commission proposed a presumption to the effect that a serviceman's physical condition at time of enlistment be that as indicated by his medical examination on enlistment, subject to rebuttal if there is evidence to indicate that the condition was diagnosed within three months of enlistment; that there is a record of its existence prior to enlistment, or that it was obvious at time of enlistment.

The chief feature of the Woods recommendation was that such presumption could be rebutted only on medical evidence supported by opinions from practitioners outside the employ of the Canadian Pension Commission.

The national veterans' organizations of Canada note, with some concern, that Bill C-203 had ignored the essential feature of the Woods recommendation, and in fact permits rebuttal of the presumption by medical evidence of Department of Veterans Affairs or Canadian Pension Commission medical advisers.

In our opinion, this offers very little improvement over the existing situation, under which a pension application can be refused on the basis of medical advice furnished

by commission or departmental staff, to the effect that the condition in question was possibly of pre-enlistment origin.

We do not object to a legitimate rebuttal of the presumption on the basis of medical evidence, but we do suggest the important proviso that such evidence should be obtained from impartial sources outside of the commission and the department.

We submit that clause 7(3), subsection 5(b) be amended to include the requirement that medical evidence used in rebuttal be "supported by recognized medical practitioners not in the employ of the Canadian Pension Commission or the Department of Veterans Affairs".

**The Acting Chairman:** Are there any questions?

**Senator Phillips:** Mr. Acting Chairman, I am interested in determining the policy that the commission follows in regard to claims such as the one you mentioned a moment ago, that various conditions such as coronaries and kidney conditions were pre-enlistment. In other words, I would like to know where they get their authority in making such statements?

**Mr. Anderson:** I should like to ask Dr. Richardson to answer that question. He is our Chief Medical Adviser. These types of diseases are complicated and I am not a doctor.

**Dr. Richardson:** The commission's medical staff does not originate medical opinion adverse to any applicant's claim. We identify evidence relevant to the claim from medical literature which we document and may quote to the commission as required from medical text books or medical literature.

We do in some areas obtain expert opinion from highly respected consultants employed by the Department of Veterans Affairs or from consultants not in the Public Service. It is on this consensus of expert opinion that the medical adviser packages the evidence of medical comment to present to the commission.

**Senator Phillips:** Do you ever consult with various medical schools or research programs to determine if the policy followed by the department is in agreement with the opinion held by the medical schools? As you know, not every research worker will agree as to what stage in life arteriosclerosis begins. Did you contact these research workers to see if there is any consistency between their findings and the views you hold?

**Dr. Richardson:** This has been done freely; we have consulted freely with members of the staff of various Canadian and non-Canadian universities.

**Senator Phillips:** A case that has always annoyed me is the decision of the commission involving a young chap who was a pharmacist in civilian life. At the time of his enlistment, because there was no need for pharmacists, he joined an infantry regiment. He went through the Italian campaign and then France, Germany. He died of a coronary about two months after he was discharged and the ruling of the commission was that the coronary con-



dition was pre-enlistment and not aggravated through service.

I have never been able to understand how on the one hand we use hardship as the basis of war veterans' allowances and yet the commission can say that his coronary condition was not aggravated by service in the Italian and European campaigns. In my opinion it is just not reasonable.

**Dr. Richardson:** Perhaps we know something more about arteriosclerotic heart disease in 1971 than we did some years ago. I do not recall seeing the claim you mentioned. However, I have no doubt that if the claim were renewed under the new amendments it would be given very careful study and we would obtain the best expert advice we could regarding this particular subject.

**Senator Phillips:** I think you will find it interesting to review my correspondence of 1948 then, Dr. Richardson. I am pleased to hear that you are now ready to reconsider the case.

**Mr. E. H. Slater, Service Officer, Dominion Command, Royal Canadian Legion:** We in the Legion are more concerned with the administrative and procedural work in endeavouring to establish pensions for veterans. We believe this particular section concerning pre-enlistment conditions is probably one of the biggest factors we will have to face when we meet the flood of new cases which will come to our attention, particularly involving those veterans who have served only in Canada. The introduction of the rebuttal of the presumption provisions will open this up. We have found by past experience that the medical advisers, contrary to what Dr. Richardson has said, expressed opinions on the file in their white papers which have gone against the veteran's claim. We do hope that in future the new provisions for evidence and pre-enlistment conditions will make a difference to those claims that come to our attention.

The reason for bringing this matter to your attention is that we hope that the medical evidence referred to in subclause (5) (b) will be medical evidence from others than those in the employ of the department or the commission. In our submission that will make a big difference in those cases we process for adjudication.

**The Acting Chairman:** The brief suggests an amendment that the medical evidence used in rebuttal be supported by recognized medical practitioners not in the employ of the Canadian Pension Commission or the Department of Veterans Affairs.

**Mr. Reynolds:** Yes, that is about the only difference between this and the Woods committee recommendation. It certainly does not exclude it, but I think that the view adopted by the veterans' bureau is that an opinion passed by a medical adviser is not really medical evidence. Therefore, the opinion of a medical adviser would not rebut the presumption.

**Senator Phillips:** Would you mind repeating that statement concerning the advice of a medical adviser in the department?

**Mr. Reynolds:** As I understand it, the view of the veterans bureau is that the medical advisers do not really give medical evidence, by and large.

**Dr. Richardson:** That is correct; we quote medical opinion, rather than producing it ourselves. We, as an advisory staff, do not initiate principles.

**The Acting Chairman:** Does that mean that the medical evidence must come from outside?

**Mr. Anderson:** It necessarily follows.

**The Acting Chairman:** And therefore the amendment would not be necessary?

**Mr. Anderson:** That is our view.

**Mr. Slater:** This may be the case, but only time is going to tell whether we require this particular amendment. We would like to see it written into the legislation. However, if the feeling of the department is that they are already carrying out this practice and will continue, then we will have to wait and see.

**The Acting Chairman:** I gather, then, that the medical adviser only interprets the evidence for the commissioner, is that his function?

**Dr. Richardson:** It is rather difficult, sir, to give an impromptu definition. Naturally, medical advisers have clinical experience; some of them are certified specialists of the Royal College; almost all of them have had military service. Collectively they have a tremendous amount of clinical knowledge and a good deal of sound opinions.

When I suggested that the medical advisory staff does not originate medical opinion evidence, I intended to indicate that we do not offer the commission medical advice which we believe is inconsistent with the consensus of expert opinions. We may not agree with the consensus of expert opinions on a given point, but we act on the basis of the consensus of expert opinion as we understand it from medical literature and personal contact or through correspondence with consultants who are highly respected in their field.

For example, in one area of one specialty, many of the points with which the commission must deal have been the subject of case discussion with one of the best-known and most highly respected consultants in Canada. He happened to be in the employ of the department on a part time basis. It was on the basis of his reply to a long series of questions that medical advice was given in that particular field of medicine. In this sense we were not originating evidence; we obtained opinion evidence from a highly qualified specialist and gave effect to it in our medical advice.

That may not be an entirely satisfactory answer but I would be glad to try again if you wish.

**Mr. Chadderton:** I do not really think we are coming to grips with the main point. We are naturally looking at it from the point of view of the veteran who is applying. This is a very common conversation in the office of a service bureau officer. He will inform an applicant that his application has not succeeded, because the commis-



sion decided that the disability was of pre-enlistment origin. The veteran will enquire who within the commission said this and he will be told it was the view of the medical adviser employed by the commission. On that basis the veteran cannot believe that he has had an even break.

The main point made by the Woods committee was that there should be a rebuttal of presumption and the type of medical evidence to which Dr. Richardson refers should be brought to bear, but it should be absolutely clear that it is not the opinion of a medical adviser or of any medical officer employed by or in any way connected with the commission or the department. In other words, it should state: "‘Dr. Harry Jones’, who is a specialist in this field in the department, gave this opinion and here it is". I think the veterans’ organizations would be quite satisfied if that were the case, if we could say to the veteran, "Your presumption was rebutted on the basis of an opinion from a recognized medical specialist who has no connection with the department." But we are afraid that the way the legislation reads in Bill C-203, we are right back in the same old ball game and that a medical adviser will write a white slip which will be called a medical precis, and that medical precis will say, "The opinion of the medical adviser is that this is a pre-existing condition." If we can have the assurance that this is not going to happen and that these presumptions will be refused only on grounds of opinion from people not employed within the D.V.A., then I think we would be quite satisfied. Incidentally, we in the veterans’ organizations do not want to get hung up on a legal definition of the difference between "opinion" and "evidence". As far as we are concerned, somebody made the statement it was pre-existing. Whether it is opinion or evidence, it does not matter; it has been sufficient to turn a man down.

**The Acting Chairman:** Mr. Chadderton, your amendment would not take care of that situation, because if you brought in an outside specialist, the medical adviser is still going to assess.

**Mr. Chadderton:** That is quite all right; we have no objection to that:

...supported by recognized medical practitioners not in the employ of the Canadian Pension Commission or the Department of Veterans Affairs.

Naturally, we can see the situation where the medical adviser of the commission is going to prepare a medical précis, but not on his own opinion or something that he read in a book. He has to get an opinion, the same as we do.

**The Acting Chairman:** But the medical adviser may not consider this specialist’s opinion as in keeping with the general opinions of specialists in this particular field, and he is still in a position where he can advise the Pension Commission to that effect, and the commission would act on his advice, and there would be nothing binding on the commission to act on the advice of the outside specialist.

**Mr. Chadderton:** You are quite right, Mr. Chairman. We do not expect that this amendment would solve the issue entirely, but it would at least establish the ground rule that if the commission is going to rebut the presumption, or the pension adjudicator is going to rebut the presumption, he has to get an opinion from someone outside of the department. That is the thing that is very difficult to explain to the veteran, that he was turned down by an opinion from somebody in the employ of the Minister of Veterans Affairs.

**Senator Lang:** Justice must seem to be done.

**Mr. Chadderton:** That is it exactly, Senator Lang.

**Senator Phillips:** I have one further question for the medical director. This is a question I have been asked a good many times in connection with the pre-enlistment claims. The veteran says, "Why didn’t the medical officer find it on enlistment?" I have never been able to give a satisfactory answer to the veteran on that. I am wondering just how much attention you do pay to the enlistment records when giving your medical opinion.

**Dr. Richardson:** In developing medical advice for the commission we do examine the records minutely, the records as they stand, and also in light of our knowledge of the circumstances under which the medical examinations were carried out at various times and places. We know that many records are deficient because it was the policy of the Department of National Defence at the time to limit medical enquiries or medical examinations.

Perhaps I should say that the entire medical staff, including the Chief Medical Adviser, have read the Pension Act repeatedly, including present section 70, and we make very honest efforts not to draw inferences which are not fully established on the records available to us. We are not really hostile advisers, if I might say so.

**Senator Fournier (De Lanaudière):** Mr. Chairman, we have been discussing this at quite some length. So far as I can see, it leads nowhere, and so far as I personally am concerned I am sufficiently informed that I would be prepared to put the question in order to put an end to that dry discussion.

**Senator Phillips:** I rather regret the terminology "dry discussion". It may have been a lengthy discussion, but I found it most interesting and helpful, and I hope that other members of the committee found the same.

**Senator Fournier (De Lanaudière):** I was not insinuating anything against the honourable senator.

**The Acting Chairman:** Are we ready to move on to the next section?

**Senator Fournier (De Lanaudière):** I ask that the question be put now...

**The Acting Chairman:** We are moving on to the next section now.

**Senator Fournier (De Lanaudière):** ...or that we adjourn. I would prefer that the question be put now, but if it cannot be, I would move the adjournment because



we do not have only this to do when we are the party in power. For the Opposition that is another affair.

**The Acting Chairman:** I am not quite sure what question you want to put.

**Senator Fournier (De Lanaudière):** That the question be put now, that we vote, "Those in favour of the bill say yea, and those against nay".

**Some hon. Members:** No, no.

**The Acting Chairman:** I do not think that would be fair to the witnesses, Senator Fournier. I think we must continue and hear their brief. We have undertaken to do that.

**Senator Fournier (De Lanaudière):** I move the adjournment. I cannot stay any longer, and I move the adjournment until next week.

**The Acting Chairman:** We have a motion to adjourn, and it is not debatable. I have to put the question, and I hope that everyone is listening this time.

**Senator Phillips:** This is not debating, but a question for clarification. Until when shall we adjourn?

**Senator Fournier (De Lanaudière):** Next week.

**The Acting Chairman:** Until Tuesday I suppose.

**Senator Fournier (De Lanaudière):** No.

**Senator Smith:** Let us see if we can resolve our various conflicts which seem to come up from time to time. I have not been here all the time because I was called out to another meeting. Are there no prospects of our continuing and making more progress?

**The Acting Chairman:** We are about half way through the brief.

**Mr. Chadderton:** More than that.

**The Acting Chairman:** I think we have dealt with the most contentious part. There is only one other coming up that I see we might spend some time on, and that is "exceptional incapacity". I have a motion to put.

**Senator Smith:** May I ask Senator Phillips or anyone else: Are there any other contentious issues which they seek to raise?

**Senator Phillips:** I have not read the brief, Senator Smith and I cannot comment on what is left in it. Despite your opinion that I had seen the brief beforehand, I assure you that I did not and I have no idea what is in the brief. I am willing to continue. I would like a further meeting because I want to move an amendment.

**The Acting Chairman:** I must put the motion. Those in favour say yea, and contrary nay. The nays have it.

**Senator Phillips:** Perhaps at this time we could arrive at agreement that we finish hearing the brief and then adjourn. Probably that would be satisfactory to everyone.

**Senator Smith:** If we could get through one phase of it, we could then deal with it expeditiously at the next opportunity we have.

**Senator Phillips:** Yes. As I say, at the next meeting I intend to move a couple of amendments, but I would like to have the brief finished today.

**Senator Smith:** Could you give notice of those because that would be helpful to the department, or would you care not to?

**Senator Phillips:** I think that I can have my secretary draft them this afternoon, and give them to you.

**The Acting Chairman:** How many are prepared to sit and, at least, deal with the brief? We have the witnesses here.

**Some hon. Senators:** Agreed.

**The Acting Chairman:** Very well, we will continue. There are no more questions on this section on the presumption of physical fitness? Can we move on to "leave to re-open"?

**Mr. Hanmer:** Leave to re-open, clause 68: The national veterans' organizations of Canada are strongly of the opinion that the position of the pension review board as envisaged in the new legislation will be jeopardized by the proviso to the effect that the commission will not re-examine a case without the prior consent of the board.

This apparently means that, even where there is ample new evidence, or where there has been an error, the commission will not look again at the application until instructed to do so by the pension review board.

This provision is contained in clause 68, despite the recommendation of the Standing Committee on Veterans Affairs to the effect that the grounds for "leave to re-open" before the commission be considerably broadened, so as to make it possible for the commission to rehear a case if there is any indication that in so doing it would be able to come up with a favourable decision.

It is difficult to understand the basis for the restriction in the proposed legislation which would prohibit the commission from giving reconsideration to applications, where new evidence exists or where there has been an error in the previous determination. To impose the burden of having to grant leave to re-open in such instances upon the review board is, in our view, to place upon it a responsibility which is inconsistent with its role as an appellate body. If there is reason to expect that the adjudicators at the first level would have made a different decision on the basis of new evidence, or if there has been an apparent error, it should be a question for reconsideration by the commission. Generally speaking, the function of the appellate body should be restricted to a review of the case when there is no further possibility that the lower body can reach a favourable decision.

The evidence given to the Standing Committee on Veterans Affairs by departmental representatives would seem to indicate, firstly, that to have an unrestricted "leave to re-open" policy could result in congestion at the



commission level. The contention of the national veterans' organizations is that, if such congestion is unavoidable, it is possibly less damaging to the interests of pension administration to have this occur at the first and second stages, for example, at first decision before the commission or before an entitlement board of the commission, than to run the risk of overloading the review board with responsibility to consider such applications, and return them to the commission if grounds for "leave to re-open" exist.

As with the Government proposed pension review board, we reluctantly take the attitude on "leave to re-open" that only time will tell, as to whether the proposal in Bill C-203 is the correct one. We firmly believe that the principle of forcing the applicant to go to the review board, even where there is new evidence or where the initial adjudication has presumably been in error, is entirely wrong. In our view, however, there is nothing to be gained now by attempting to secure an amendment to the legislation. It is perhaps sufficient now for us to place our views on record, so that we would have legitimate grounds to propose a change in the legislation, if in fact experience indicates the need to permit the commission to re-open its own cases where new evidence or error exists, without a prior decision of the pension review board.

**The Acting Chairman:** Do you have any comment to make on that, Mr. Reynolds?

**Mr. Reynolds:** I have only a brief comment to make. It must be remembered that before an applicant appears before the pension review board he will have had his case considered on first application. Any new evidence that he has he can produce again on the second application. If he is not satisfied with that, he goes before the entitlement board where again he can produce new evidence.

The chances are that in most cases all new evidence that a man has to produce will be produced at the entitlement board hearing, No. 4, and when it gets up to the review board it is not a question of considering new evidence but a question of appeal on the evidence that already exists.

As far as backlog and overwork in the pension review board is concerned, it must be remembered that no case will go to the pension review board unless it first has had an entitlement board hearing. That will limit the number of cases that can go before the entitlement board. There is not likely to be any backlog. I repeat what was said by Mr. Ward that any backlog likely to exist in this legislation is more likely to be with the commission and the entitlement board than it is with the pension review board.

If a man has been to the entitlement board, has new evidence, and does not want to proceed to have the case finally disposed of by the pension review board, there is provision in the legislation that if he applies to the pension review board and says that he has new evidence he can ask the board to refer the case back to the commission for further consideration, and the pension review board has jurisdiction to do that.

As Mr. Slater has said, only time will tell how this will work; but it is the feeling of the department that the plan as laid down in the legislation is more likely to work if it was left unlimited at the commission level. It could go round and round, from the commission to the entitlement board, back to the commission with new evidence, and then to the entitlement board again, and then back to the commission. We feel that this other plan is more orderly and more likely to work.

**The Acting Chairman:** You speak of the Pension Commission, the initial hearing and the entitlement board. Is the initial hearing done in the department or is it done by the Pension Commission?

**Mr. Reynolds:** It is done by the commission; that is the first application, the second application, the Canadian Pensions, and the entitlement board.

**The Acting Chairman:** When you are speaking of the two bodies, they are really the same body?

**Mr. Reynolds:** That is right, but performing two functions.

**The Acting Chairman:** This is no different from what it has always been. The Pension Commission has always held the initial hearing and granted the entitlement. There is no change.

**Mr. Reynolds:** There is no change.

**The Acting Chairman:** I find it a little confusing when you speak about three separate bodies. Actually there are only two bodies, the Pension Commission and the pension review board. When you say the initial hearing and the entitlement board you are talking about the same body?

**Mr. Reynolds:** No, sir. It is not an initial hearing any more. The first application takes the place of the initial hearing, and the second application takes the place of the renewal hearing. In the past we went to the appeal board, but it will now be the entitlement board.

**The Acting Chairman:** But the entitlement board is now the Pension Commission?

**Mr. Reynolds:** Yes. The only new thing is the pension review board.

**Senator Phillips:** Would it be fair to say that this provides leave to re-open only with the approval of the review board?

**Mr. Reynolds:** Yes, you have to advise the pension review board.

**Senator Phillips:** Direction to re-open with leave of the review board. As I understood the previous legislation you could re-open in special cases with the approval of the appeal board. There is very little difference. In other words, this bill provides very little benefit in this clause.

**Senator Inman:** Let us finish reading the brief before having any further discussion.

**The Acting Chairman:** We have only one section left. We could leave further questions to another meeting.



**Senator Phillips:** Yes.

**Mr. Chadderton:** Exceptional incapacity, clause 59: The bill proposes that provision be made for allowances for exceptional incapacity of not less than \$800 and not more than \$2,400 per annum, over and above the rate for 100 per cent disqualification in the unskilled labour market.

The Woods Commission recommended an upper limit of such allowances of \$7,950 per annum. The veterans organizations of Canada endorsed the recommendation of the Woods Commission as being reasonable compensation for the approximately 250 pensioners involved. Notwithstanding, in view of the economic circumstances which existed in Canada in 1970, we agreed to a compromise at the "half-rate" above 100 per cent, which would have resulted in a maximum allowance of approximately \$3,975.

The Standing Committee on Veterans Affairs, in its report of June 1970, suggested an upper limit for the highest level of exceptional incapacity of \$3,500.

The cost of implementing the Standing Committee's recommendation of \$3,500, compared with the upper limit of \$2,400 proposed in Bill C-203, has been given variously as between \$500,000 and \$750,000 per annum. Representatives of the National Veterans' Organizations of Canada met in study sessions with officials of the Department of Veterans Affairs and the Canadian Pension Commission, in order to reach realistic estimates of the cost of this and the other proposals in the Woods Committee report. We readily admit that the estimate of \$500,000 for the additional cost of implementing the Standing Committee recommendation could be low.

We do wish to comment, however, that in our five-month study of the Woods Committee report and the White Paper on Veterans' Pensions, the Veterans' Organizations did take into careful account the cost factors in regard to proposals for revision of our pension legislation. In this respect, we deferred requests based on Woods Committee recommendations, the implementation of which would have cost an estimated \$18,635,000. These recommendations included:

No. 61—Payment of war disability pensions to personnel remaining in Regular Force	\$ 1,290,000
No. 106—Pension to widows of personnel in receipt of less than 48% pension at death	10,000,000
No. 108—Pension for child to be continued to age 25 when undergoing course of instruction	2,560,000
Nos. 127 and 128—Improper conduct	1,000,000

It was our feeling that by doing this, we would be making it easier for the Government to establish priorities in regard to other recommendations which should be given precedence. One of these recommendations was, of course, the requirement for a very significant increase in the compensation under the Pension Act for those with Exceptional Incapacity or multiple disabilities. In fact, the entire cost of the recommendations in Bill C-203, as it stands, has been estimated by a study group composed of

officers of the Department of Veterans Affairs and the National Veterans' Organizations of Canada at approximately \$5,750,000. The Government's liability for payment of war disability pensions has been decreasing at the rate of approximately \$2,500,000 per year.

I might add here that that does not take into account the credits which might come about with the new 10 per cent which we hope will go before the house for April 1. At the present time it has been decreasing at that rate of about \$2½ million per year. The cost of these as we see them will be a little better than \$5 million.

We cite these figures as an indication that the over-all cost involved in establishing an adequate ceiling for payment of Exceptional Incapacity allowances, even at the maximum estimate of \$750,000 a year, does not appear large in comparison with other essential Government expenditures.

We consider it would be justified to request an amendment to Bill C-203 at this time, to increase the maximum Exceptional Incapacity award to \$3,500. It is not the intention, however, to unduly delay the passage of this long-awaited legislation. Therefore, it would satisfy the situation, so far as we are concerned, if the limitation of \$2,400 in Bill C-203 becomes law in the near future so long as, in the Senate Committee stage, there is support for the higher limit. This might well pave the way for further consideration of an increase in this maximum when it is possible to re-open the Pension Act before Parliament.

The other major point, in respect of Exceptional Incapacity, concerns Clause 59(3). Specifically, this clause would have the effect that an allowance may be decreased if pension authorities decide that the disability can be lessened by wearing a prosthesis. This could have the effect of reducing the allowance for severely-disabled veterans, should they attempt to overcome their disability by the use of artificial arms or legs. This proviso is in direct conflict with a recommendation in the Report of the Standing Committee on Veterans Affairs of June 22nd, 1970, which proposed that such allowances be paid as of right, and included the statement:

This right will not be affected by the pensioner's means or his degree of rehabilitation.

The Committee Report was concurred in by the House of Commons on June 23rd, 1970.

We recognize, of course, the medical principle that a good-fitting prosthesis can be of considerable assistance to an amputee. We must, however, give priority to the rehabilitation aspect, and it is our experience that an incentive is often needed to encourage a severely-disabled person to make use of artificial limbs. Hence, our objection in this matter is based on the simple fact that it will represent an economic penalty for the disabled pensioner who attempts to overcome his handicap. It will place him at a disadvantage in relation to his fellow pensioner who does not make the effort to use a prosthesis.

It is emphasized that, in many instances, an amputee may very well be reluctant to wear the often-crude prosthetic device. We are convinced that the type of pros-



theses available through the Canadian Government for war amputees, is comparable to any produced throughout the world. It should be borne in mind, however, that an artificial limb falls very far short as an adequate replacement for the natural limb, despite advances in the prosthetics field. To the severely disabled amputee, suffering as he does from phantom limb pain, excessive sweating, irritable nerves and a great degree of general discomfort, the added difficulty of strapping on a prosthesis to keep himself mobile cannot be dismissed lightly. If, however, he does make this effort, it seems unreasonably cruel to penalize him, in respect of any compensation which he might otherwise expect for his disability.

It is perhaps significant that the principle of reducing pension compensation by reason of any remedial effect achieved through external prostheses such as artificial arms and legs, is frowned upon by international rehabilitation authorities. The emphasis lies in encouraging the amputee to overcome his disability and most countries are very careful to write protection into their pension laws, to ensure that any rehabilitative gains are not wiped out by paying less pension for the disability itself.

We have no objection to the provision that the remedial effects of *treatment* should be taken into account. We submit, however, that when the treatment phase has been completed, and he is ready to wear his artificial limbs, his assessment for pension purposes should be made. Also, we have no objection to clause 59(4), which we interpret to mean that an exceptional incapacity allowance may be reduced if the amputee unreasonably refuses to use a prosthesis.

We emphasize that the only case we are interested in protecting is the legitimate instance where the amputee is doing his level best to cope with his situation through using prostheses—and we cannot see justification in penalizing him for any success in this regard.

In conclusion, Mr. Chairman: we again express appreciation to the Senate Committee on Health, Welfare and Science for the opportunity of making this submis-

sion. We feel that your committee's deliberations will have particular importance, as they probably represent the final "round" in a series of studies which commenced with the inception of the Woods Committee in September of 1965.

That is submitted on behalf of the National Veterans' Organizations of Canada.

**The Acting Chairman:** Thank you, Mr. Chadderton.

We have now gone as far as we can today. I would ask the witnesses to be available at our next sitting, some time next week, for further questioning.

On behalf of the committee I express our thanks to Mr. Chadderton, the Secretary of the National Council of Veterans' Associations, Mr. Hanmer of the Royal Canadian Legion, Dominion Command, and his assistants, Mr. Slater and Mr. Donphy. We also thank Mr. Anderson, President of the Canadian Pension Commission, Dr. Richardson, the Chief Medical Adviser, Mr. Hodgson, the Deputy Minister of Veterans Affairs, Mr. Reynolds, his legal adviser, and Mr. Kendall of the minister's office.

**Senator Smith:** Mr. Chairman, it might be well to point out that it will probably be possible to give concluding consideration to this bill next Wednesday morning. This is not firm yet, but it will likely be around 11 o'clock in the morning. I think we will avoid conflicts if we meet at that time, which will provide adequate time for the issue of notices.

I do not think we should close the meeting without pointing out to those members and others who may not be aware of the fact that it is a great pleasure to have Senator Carter in the Chair during a discussion of veterans' affairs. He went overseas at 15 years of age in World War I and put in four years in World War II.

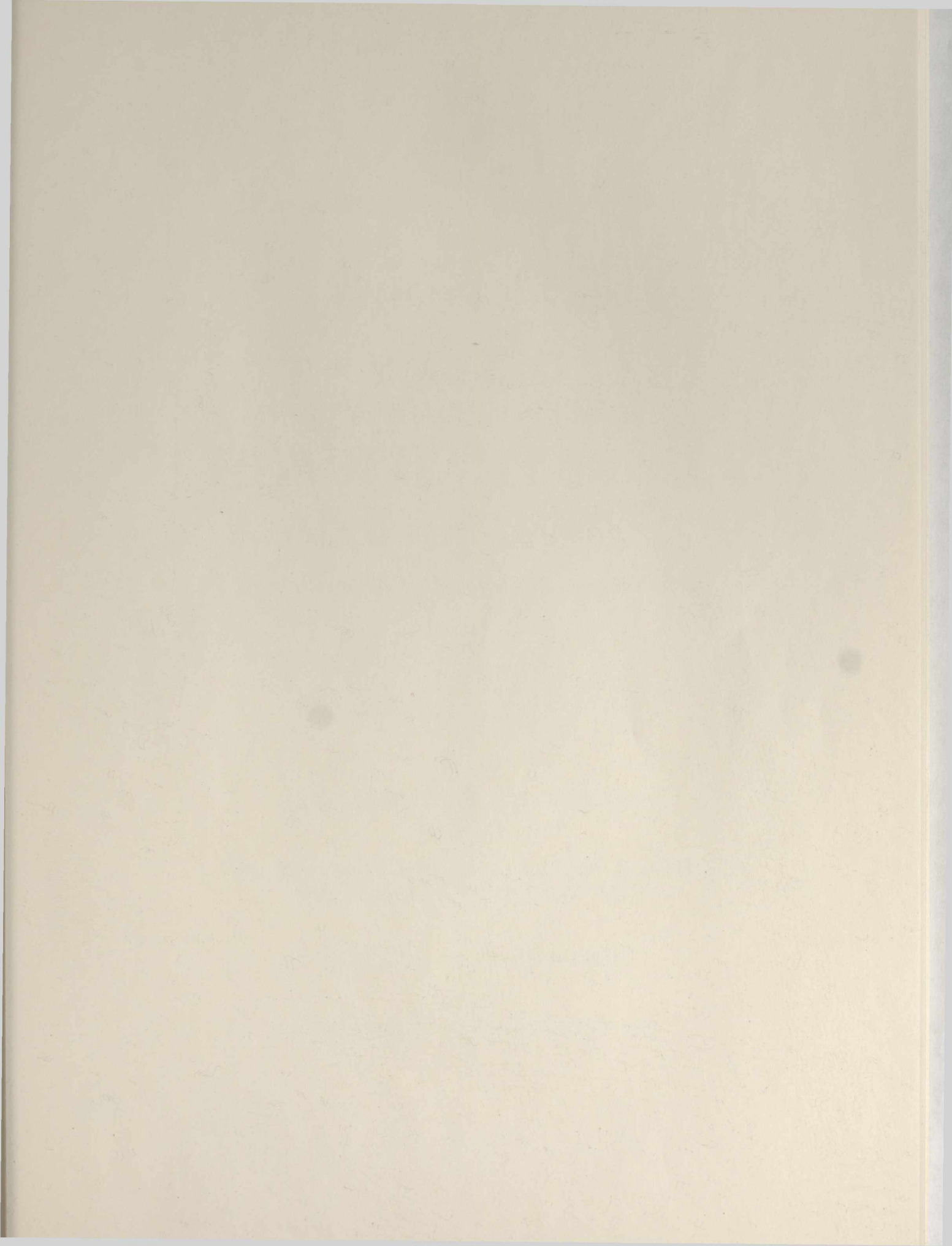
**The Acting Chairman:** Thank you very much. The meeting will adjourn at the call of the Chair; the notice will be issued when we decide on a suitable time.

The committee adjourned.

























THIRD SESSION—TWENTY EIGHTH PARLIAMENT

1970-71

THE SENATE OF CANADA

PROCEEDINGS

OF THE

STANDING SENATE COMMITTEE ON

HEALTH, WELFARE  
AND SCIENCE

The Honourable C. W. Carter, Acting Chairman

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No. 4

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WEDNESDAY, MARCH 17, 1971

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Second and Final Proceedings on Bill C-283  
intituled:

"An Act to amend the Pension Act and the Civilian  
War Pensions and Allowances Act"

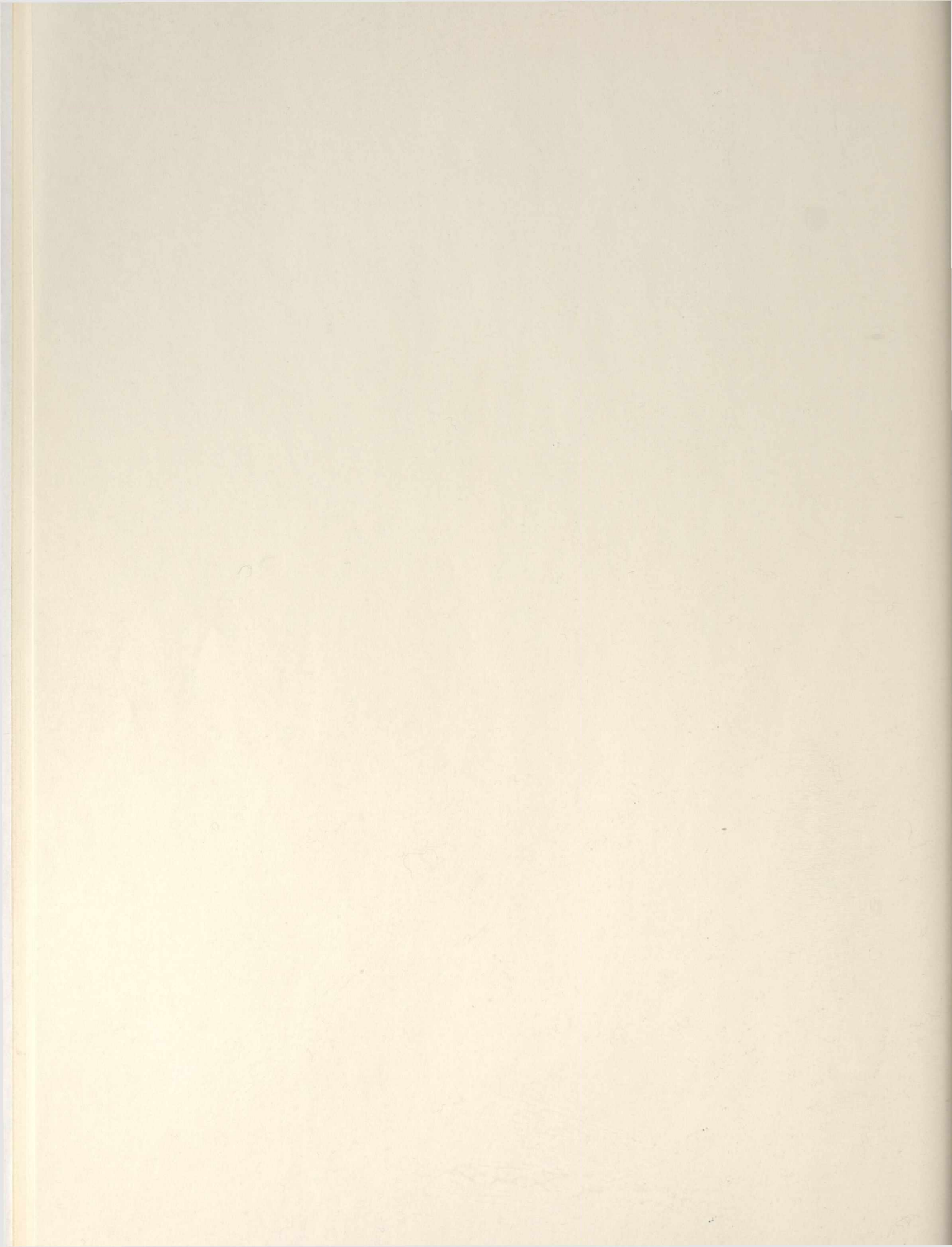
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REPORT OF THE COMMITTEE

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(Witnesses:—See Minutes of Proceedings)









THIRD SESSION—TWENTY-EIGHTH PARLIAMENT

1970-71

THE SENATE OF CANADA  
PROCEEDINGS  
OF THE  
STANDING SENATE COMMITTEE ON  
**HEALTH, WELFARE  
AND SCIENCE**

The Honourable C. W. Carter, Acting Chairman

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No. 4

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WEDNESDAY, MARCH 17, 1971

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Second and Final Proceedings on Bill C-203  
intituled:

“An Act to amend the Pension Act and the Civilian  
War Pensions and Allowances Act”

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REPORT OF THE COMMITTEE

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(Witnesses:—See Minutes of Proceedings)





THIRD SESSION—TWENTY-EIGHTH PARLIAMENT

1970-71

THE SENATE COMMITTEE ON HEALTH,  
WELFARE AND SCIENCE

Chairman: The Honourable Maurice Lamontagne

The Honourable Senators:

Bélisle	Hastings
Blois	Inman
Bourget	Kinnear
Cameron	Lamontagne
Carter	Macdonald ( <i>Cape Breton</i> )
Connolly ( <i>Halifax North</i> )	McGrand
Croll	Michaud
Denis	Phillips
Fergusson	Quart
Fournier ( <i>de Lanaudière</i> )	Robichaud
Fournier ( <i>Madawaska- Restigouche</i> )	Roebuck
Gladstone	Smith
Hays	Sullivan
	Thompson
	Yuzyk—(28)

*Ex officio* Members: Flynn and Martin

(Quorum 7)

WEDNESDAY, MARCH 12, 1971

Second and Final Proceedings on Bill C-203

intituled:

"An Act to amend the Pension Act and the Civilian  
War Pensions and Allowances Act"

REPORT OF THE COMMITTEE

(Witnesses:—See Minutes of Proceedings)







# Minutes of Proceedings

Order of Reference

Wednesday, March 17, 1971.  
(4)

Pursuant to adjournment and notice the Standing Senate Committee on Health, Welfare and Science met this day at 11:00 a.m.

*Present:* The Honourable Senators: Carter (*Acting Chairman*) Bélisle, Denis, Hastings, Inman, Kinnear, Macdonald (*Cape Breton*) McGrand, Phillips, Robichaud, Smith, Sullivan, and Thompson. (13)

The following Senators, not members of the Committee, were also present: The Honourable Senators Macnaughton and White.

*In attendance:* Mr. E. Russell Hopkins, Law Clerk and Parliamentary Counsel.

On Motion duly put it was Resolved to print 800 copies in English and 300 copies in French of these proceedings.

The Committee proceeded to the consideration of Bill C-203, "An Act to amend the Pension Act and the Civilian War Pension and Allowances Act".

The following witnesses were heard in explanation of the Bill:

- Mr. C. Chadderton, Secretary, National Council of The National Veterans' Organizations of Canada;
- Mr. J. S. Hodgson, Deputy Minister, Department of Veterans Affairs;
- Mr. T. D. Anderson, President, Canadian Pension Commission;
- Dr. H. Richardson, Chief Medical Adviser, Canadian Pension Commission;
- Mr. P. E. Reynolds, Director, Legal Branch, Department of Veterans Affairs.

The following were also present but were not heard:

- Messrs. H. Hanmer and E. H. Slater, Service Officers, Dominion Command, Royal Canadian Legion.

The Honourable Senator Phillips moved that the said Bill be amended as follows:

"that subsection 3, section 59 be eliminated and the following subsections renumbered."

After debate the question being put, the Committee divided as follows:

Yeas-4 Nays-7

The motion was declared passed in the negative.

The Honourable Senator Phillips moved that the said Bill be amended as follows:

"that subsection 4 be eliminated."

After debate the Honourable Senator Phillips withdrew his Motion.

The Honourable Senator Phillips moved that the said Bill be amended as follows:

"that lines 13 to 19 on page 39 be removed and the following substituted therefor:

"and where the evidence has been considered and all reasonable inferences drawn in his favour, and any doubt exists as to whether the applicant or member has established his case, such applicant or member shall be entitled to the benefit of such doubt, in that his claim may be allowed even though he may not have established it by a preponderance of evidence."

After debate, the question being put, the Committee divided as follows:

Yeas-4 Nays-7

The Motion was declared passed in the negative.

At 12:50 p.m. the Committee adjourned to the call of the Chairman.

ATTEST:

Denis Bouffard,  
Clerk of the Committee.



# Report of the Committee on Health, Welfare and Science

## Evidence

Wednesday, March 17, 1971.

The Standing Senate Committee on Health, Welfare and Science to which was referred Bill C-203, intitled; "An Act to amend the Pension Act and the Civilian War Pensions and Allowances Act", has in obedience to the order of reference of March 10, 1971, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

Chesley W. Carter,  
Acting Chairman.

The Acting Chairman: We shall now call on the witness Mr. Chadderton of the National Council of Veterans Associations and Mr. Hodson of the Royal Canadian Legion who made their presentation. Mr. Hodson, you indicated that you would like to speak by replying to their evidence. Before I call on Mr. Hodson I understand Mr. Chadderton has a letter which he would like to have placed on the record.

Mr. C. Chadderton, Secretary, National Council of Veterans Associations: Yes, I would, Mr. Chairman. The purpose of this statement is to clarify the position of the National Veterans Organizations with regard to the question of delay. We referred to it last week. This statement or letter is addressed to Senator Carter and merely says:

The National Veterans Organizations of Canada appreciate the opportunity of appearing again before your Committee to answer questions arising out of our submission of March 11th.

We desire to emphasize that, in our opinion, any delay in the passage of this legislation will be of serious consequence to veterans and their dependents. It is hoped, therefore, that the deliberations of this Committee will be carried out with all possible despatch.

Yours very truly,

H. C. Chadderton,

for NATIONAL VETERANS ORGANIZATIONS OF CANADA.

The Acting Chairman: Thank you, Mr. Chadderton.

Mr. J. E. Hodson, Deputy Minister, Department of Veterans Affairs: I would like to assure the committee that my only purpose is not to say anything at all that is controversial, but to state as factually and clearly as I can the Government's position with two of the questions that were raised in the brief that was considered at the last meeting of the committee. Both of these questions

relate to the matter of exceptional incapacity. The committee will recall that one of the questions that was asked was the matter of the maximum amount of allowance for exceptional incapacity. In this regard I think I can do no better than to read the statement on this point which the Minister of Veterans Affairs made in the House of Commons Committee on January 18:

A second question raised, referred to the maximum amount of allowance. The White Paper had indicated that the maximum might be \$1,700 a year, the Standing Committee suggested \$3,000 and the Bill says \$2,400. Several members urged that the \$1,500 figure be used. Mr. Chairman, all of us I am sure will agree that this is a field where one cannot fully compensate in money for physical and psychological pain and suffering, particularly in those cases where military service has caused not merely 100 per cent disability but pension purposes but also exceptional incapacity. Therefore there is no quantitative formula for selecting any particular figure as being the only correct one. However, I would remind members that, in response to the committee's recommendation, the government has doubled the maximum figure published in the White Paper.

The allowance should be considered in its full financial context, rather than in isolation. After April 1st a 100 per cent widower, married but without children, who receives the maximum allowance for incapacity and the maximum attendance allowance, will receive, first a pension of \$4,404 a year, second an attendance allowance of \$3,000, third an exceptional incapacity allowance of \$2,400.

Making a total of \$9,804 a year apart from other allowance. As all these payments are exempt from income tax, they are the equivalent of a gross income, if taxable, of \$13,500. These amounts will apply to all of the most severe cases. Also they are payable for life and with pension survivor benefits, and therefore no provision need be made from them for superannuation or retirement income.

The minister also said that if the pensioner was over 65 years of age he might in addition receive under the Old Age Security Act a further \$3,000 raising the total to the equivalent of a gross income, if taxable, of something over \$16,500. I do not wish to comment on the statement. This is simply what the minister said.

I would now like to move on to the other point which is in regard to the matter of the wearing of a prosthetic. The bill, as it presently stands, is quite clear in this regard. The Canadian Pension Commission to take into account in







# The Standing Senate Committee on Health, Welfare and Science

## Evidence

Ottawa, Wednesday, March 17, 1971.

[Text]

The Standing Senate Committee on Health, Welfare and Science, to which was referred Bill C-203, to amend the Pension Act and the Civilian War Pensions and Allowances Act, met this day at 11 a.m. to give further consideration to the bill.

**Senator Chesley W. Carter** (*Acting Chairman*) in the Chair.

**The Acting Chairman:** We shall now resume our discussion of Bill C-203. When we ended our last sitting we had as witnesses Mr. Chadderton of the National Council of Veterans Associations and Mr. Hanmer of the Royal Canadian Legion who made their presentations. Mr. Hodgson, you intimated that you would like to speak by replying to their evidence. Before I call on Mr. Hodgson I understand Mr. Chadderton has a letter which he would like to have placed on the record.

**Mr. C. Chadderton, Secretary, National Council of Veterans Associations:** Yes, I would, Mr. Chairman. The purpose of this statement is to clarify the position of the National Veterans Organizations with regard to the question of delay. We referred to it last week. This statement or letter is addressed to Senator Carter and merely says:

The National Veterans' Organizations of Canada appreciate the opportunity of appearing again before your Committee to answer questions arising out of our submission of March 11th.

We desire to emphasize that, in our opinion, any delay in the passage of this legislation will be of serious consequence to veterans and their dependents. It is hoped, therefore, that the deliberations of this Committee will be carried out with all possible despatch.

Yours very truly,

H. C. Chadderton,

(for NATIONAL VETERANS' ORGANIZATIONS OF CANADA)

**The Acting Chairman:** Thank you, Mr. Chadderton.

**Mr. J. S. Hodgson, Deputy Minister, Department of Veterans Affairs:** I would like to assure the committee that my only purpose is not to say anything at all that is controversial, but to state as factually and clearly as I can the Government's position with two of the questions that were raised in the brief that was considered at the last meeting of the committee. Both of these questions

relate to the matter of exceptional incapacity. The committee will recall that one of the questions that was mentioned was the matter of the maximum amount of allowance for exceptional incapacity. In this regard I think I can do no better than to read the statement on the subject which the Minister of Veterans Affairs made at the House of Commons Committee on January 15:

A second question raised, referred to the maximum amount of allowance. The White Paper had indicated that the maximum might be \$1,200 a year, the Standing Committee suggested \$3,500, and the Bill says \$2,400. Several members urged that the \$3,500 figure be used. Mr. Chairman, all of us I am sure will agree that this is a field where one cannot fully compensate in money for physical and psychological pain and suffering, particularly in these cases where military service has caused not merely 100 per cent disability for pension purposes but also exceptional incapacity. Therefore there is no quantitative formula for selecting any particular figure as being the only correct one. However, I would remind members that, in response to the committee's recommendation, the government has doubled the maximum figure published in the White Paper.

The allowance should be considered in its full financial context, rather than in isolation. After April 1st a 100 per cent pensioner, married but with no children, who receives the maximum allowance for incapacity and the maximum attendance allowance, will receive, First a pension of \$4,464, a year, Second an attendance allowance of \$3,000, Third an exceptional incapacity allowance of \$2,400,

Making a total of \$9,864 a year apart from clothing allowance. As all these payments are exempt from income tax, they are the equivalent of a gross income, if taxable, of \$13,600. These amounts will apply to all of the most severe cases. Also they are payable for life and with pension survivor benefits, and therefore no provision need be made from them for superannuation or retirement income.

The minister also said that if the pensioner was over 65 years of age he might in addition receive under the Old Age Security Act a further \$3,060 raising the total to the equivalent of a gross income, if taxable, of something over \$16,000. I do not wish to comment on the statement. This is simply what the minister said.

I would now like to move on to the other point which is in regard to the matter of the wearing of a prosthesis. The bill, as it presently stands, in clause 59(3) authorizes the Canadian Pension Commission to take into account in



measuring exceptional incapacity, the degree to which incapacity is lessened by treatment or the use of prosthesis. Subsection (4) authorizes the commission again, in its discretion, to reduce to not more than one-half the allowance for exceptional incapacity in a case of a person who unreasonably refuses the use of a prosthesis.

Mr. Chairman, I would like to emphasize that the proposed allowance on exceptional incapacity is a completely new principle. It is not compensation for disability or added compensation for multiple disability. Indeed, clause 59(2) indicates the particular criteria that relates to this allowance and they are not identical with the criteria which relates to the pension itself. It is the pension which represents compensation for disability. The exceptional incapacity allowance relates to a person who is suffering from exceptional incapacity that is a consequence of or caused in whole or in part by such disability. It is stated that account shall be taken of the extent to which the disability has left the member in a helpless condition or in continuing pain or discomfort or resulted in loss of enjoyment of life or has shortened his life expectancy.

I might illustrate by taking two persons, both of whom for pension purposes have been assessed as 100 per cent pensioners. One only has one disability, whereas the other has a number of different disabilities. If one added these up arithmetically, separately assessed, his total disability might have looked like 180 per cent, yet one could easily have a situation where one disability of 100 per cent completely incapacitates a veteran, whereas the other gentleman with a variety of disabilities may be reasonably mobile and not as seriously incapacitated. The bill is to measure the incapacity and not to enumerate the disabilities.

Next is the matter of a prosthesis. It is natural when speaking of a prosthesis to think in terms of artificial limbs, which are familiar forms of prostheses. There are a great number of other kinds of prostheses as well, such as the pace-maker which is inserted to control the action of the human heart. There is the metal plate which goes into the head, without which a person may really be incapacitated, but with which he may be reasonably mobile. There is a prosthesis which aids vision and another which aids hearing. I do not say this lightly, but these matters are relevant. Take for example a veteran who has a considerable variety of disabilities, one of which is serious optical impairment—he can hardly see. Without glasses that veteran might be completely incapacitated, but with glasses his life might be transformed and he may become reasonably mobile. Subsection (3) of the bill says it is not necessary to appraise for exceptional incapacity purposes this veteran as if he were wearing no glasses. One may recognize the fact that the use of glasses may change the character of his life.

May I just refer to two other kinds of cases. One is the case of where the veteran has used a prosthesis. Had he unreasonably refused to do so his allowance might have been reduced, but he did not, he used the prosthesis and as a result he is reasonably mobile. Another veteran would like to use a prosthesis, but for medical reasons he is not suffering from the kind of disability that permits

him to use one. In the case of an amputation perhaps it is a condition where, medically, prosthesis cannot be applied to the stomach. It is not necessarily a matter of will power, but a medical fact in the case that I am hypothesizing. The bill is saying that this person who is inevitably and completely incapacitated may be regarded as one notch more seriously incapacitated than the one who is less incapacitated by reason of treatment or by reason of prosthesis.

Mr. Chairman, I have tried to explain the viewpoint of the Government in preparing these subsections.

**The Acting Chairman:** Thank you, Mr. Hodgson. I should have explained to members not present at our last meeting, that we had a brief presented by Mr. Chadderton on behalf of the National Veterans organizations. We went through that brief, section by section, and came to the last one which was entitled "Exceptional Capacity". Our mode of operation was that we would take each section separately. We had no opportunity to question the witnesses on the last section of their brief. There was only time to read it into the record.

**Senator Phillips:** It is not correct procedure to hop from one witness to another without the opportunity to question. We should finish with one witness and then question him, otherwise we are wasting time.

**The Acting Chairman:** I was suggesting that we finish the subject of exceptional capacity. They read their chapter into the record and we have dealt with all the other sections of their brief except this one. At the conclusion of reading it into the record at the last meeting Mr. Hodgson asked if he could be heard on this particular section.

**Senator Phillips:** Once he speaks he opens himself up to questioning and I would like to question him. Could I have your figures concerning the total amount received by veterans again?

**Mr. Hodgson:** Yes. I might point out that these were the figures used by my minister. This refers to a 100 per cent pensioner, married with no children, who receives the maximum allowance of incapacity and the maximum attendance allowance. First, a pension of \$4,464 a year; second, an attendance allowance of \$3,000; and third, an exceptional incapacity allowance of \$2,400, making a total of \$9,864.

**Senator Phillips:** Which you gave as equivalent to \$13,000?

**Mr. Hodgson:** The minister states these are the equivalent of a gross income if taxable of \$13,600. He went on to mention OAS and GIS.

**Senator Phillips:** The thing that disturbs me is the fact that you are creating the impression that those receiving 100 per cent disability are receiving an equivalent of \$13,600. There are approximately 5,000 veterans receiving 100 per cent disability. How many receive the \$3,000 attendance allowance?

**Mr. Hodgson:** Mr. Chairman, without having the figures available at the moment, I certainly did not intend



to imply that every 100 per cent pensioner would receive all of these payments. This, of course, is not the case. This is why I think the minister's statement refers to the person who is 100 per cent pensioner and who is also getting the maximum allowance for incapacity and the maximum attendance allowance. This would be the minority of the 5,000. I do not have the exact proportion.

**Senator Phillips:** What will be the average allowance for those under exceptional incapacity allowance, the average grant per year?

**Mr. Hodgson:** The intention of the bill, Mr. Chairman, is that the exceptional incapacity will be graduated in figures up to \$2,400. No one has yet assessed the individual cases and no true average can be found yet, but one might surmise that the average will be close to half of \$2,400.

**Senator Phillips:** How many receive the attendance allowance? Surely someone in the department must know how many of the 5,000 are receiving it.

**Mr. Hodgson:** Perhaps the chairman of the Pension Commission can answer that one.

**Mr. T. D. Anderson, President, Canadian Pension Commission:** I cannot give you the exact figure. Are you speaking of those receiving the maximum?

**Senator Phillips:** I would like to know the number given the maximum.

**Mr. Anderson:** I would estimate it to be somewhere in the region of 200 people.

**Senator Phillips:** That is 200 out of the 5,000.

**Mr. Anderson:** If you are speaking of the maximum attendance allowance, that is correct.

**Senator Phillips:** This is presenting of course the most favourable side of the picture. I suppose it is only human to do that. I would still like to know what the average is to be received. Surely in the department when you are drawing up the legislation, which you have had since 1965, you must have made a projection of some type. What will be the average income for a veteran drawing exceptional incapacity allowance?

**Mr. Anderson:** In the first place he would have to be in a 100 per cent tax bracket. As the deputy minister said, the average will probably work out half way between.

**Senator Phillips:** Then it would be safe to say that the actual average will be \$5,400 as opposed to the \$9,000 given in the minister's statement.

**Mr. Anderson:** I would not like to answer yes to that, because I am afraid I have not had an opportunity to work that out.

**Senator Phillips:** Do you expect it to be any more?

**Mr. Anderson:** It is a figure incidentally which has not been worked out yet. I am not in a position to give a categorical yes or no.

**Mr. Hodgson:** Mr. Chairman, if it should be the case that this person was receiving 100 per cent pension and receiving half of the other two, he would then be receiving \$4,464 plus \$1,500, plus \$1,200.

**Senator Phillips:** You are getting back to the 200 or 5,000? I am trying to establish for the \$4,800 that remains.

**Mr. Hodgson:** What I was trying to do was to assume that the people would get half as much as stated in the minister's statement, which would be very much more than 200 people.

**Senator Phillips:** If I understood Mr. Anderson correctly, you have 200 people drawing attendance allowance.

**Mr. Anderson:** This is an estimate. I would not say that it is a completely accurate figure.

**Senator Smith:** It is a case where you will not be able to get any kind of an accurate figure until you have tested all the cases which will not be reassessed under this proposed legislation.

**Mr. Hodgson:** This is true in regard to the exceptional incapacity allowance. We know, for example, that the average will not be just \$400 and \$2,100. The margin of error cannot be that wide and \$1,200 is perhaps not a bad figure.

**Senator Smith:** \$1,200 for an average then.

**Mr. Hodgson:** For exceptional incapacity and one-half of the attendance allowance, which would be \$1,500 plus the 100 per cent pension. This would give a total of \$7,164, non-taxable, instead of the \$9,864.

**Senator Smith:** Let us take an average figure and have a comparison between what the situation was as of April 1 last year or before this new proposal comes into effect.

**Mr. Hodgson:** First of all, the 100 per cent pension would be \$4,056.

**Mr. Anderson:** Yes, under the new schedule.

**Mr. Hodgson:** \$4,056 presently for a married 100 per cent pensioner. Then, whatever one wishes to put for the attendance allowance, either the full amount or half amount—\$1,500. This gives a total of \$5,556. There is no exceptional incapacity allowance at the moment.

**Senator Smith:** We are coming quite a long way from what the legislation has been up to this time in the possibilities as well as the actions.

**Mr. Hodgson:** It is a maximum of \$200 a month exceptional incapacity plus, of course, a 10 per cent increase in basic rate of pension.

**Senator Inman:** This is for a married man without children. What about a married man with children?

**Mr. Hodgson:** There is a slight amount added with regard to the number of children. Under the act as it now stands a 100 per cent pensioner would receive for one child, \$408 a year and for two children, \$720 a year and each additional child an additional \$240 a year.



These rates are to be increased also by 10 per cent under a separate piece of legislation to be effective from April 1.

**Senator Inman:** How much more is that from what they are getting now?

**Mr. Hodgson:** It is 10 per cent in the case of one child which would increase the \$408 a year to \$449 a year.

**Senator White:** Mr. Anderson, of the 5,000 veterans who get 100 per cent, are there any who get no assistance allowance at all?

**Mr. Anderson:** Yes, there are some.

**Senator White:** Could you say roughly how many of the 5,000 have no other payments over their 100 per cent pension?

**Mr. Anderson:** These figures are available but I am sorry I do not have them with me here.

**Senator White:** Could you guess?

**Mr. Anderson:** There might be more who received no additional allowance.

**Senator White:** Then you are down to a very low number of people.

**Mr. Anderson:** When you are talking about those receiving the maximum, it is not very much.

**Senator White:** Am I correct that only the veteran who receives the maximum would get the assistance of the special benefits?

**Mr. Anderson:** Not necessarily. The only requirement for the exceptional incapacity allowance is that, first of all, he should be 100 per cent pensionable. In most cases I would say he would get the maximum if he is exceptionally incapacitated.

**Senator Belisle:** Would someone inform me, out of that 5,000 have we any women veterans receiving benefits with 100 per cent disability?

**Mr. Anderson:** Yes.

**Senator Inman:** Would a pensioned widow come under the same allowance?

**Mr. Anderson:** This does not apply to widows.

**The Acting Chairman:** Are there any more questions on this exceptional incapacity clause of the brief?

**Senator White:** Mr. Chairman, if you are finished with that I would like to ask Mr. Hodgson two questions. If you look at page 24, subsection (2) the very last words, "have any assessable disability". Would you say the word "any" would include disability as one, two, three or four per cent?

**Mr. Hodgson:** I am under the impression that the minimum assessment is five per cent.

**Senator White:** Does that clause mean that any Hong Kong veteran, who has a disability at one, two, three or

four per cent would then receive a 50 per cent disability pension? Is that the correct interpretation of the word "any"?

**Mr. Hodgson:** Yes, that is correct.

**Senator White:** Then Mr. Hodgson, in Supplementary Estimates (c) there is a schedule for the increase in pensions set out in 21 classes. Class 21 is: "Disabilities below 5 per cent—All ranks—A final payment not exceeding \$378.00". My suggestion is that there should be some kind of an amendment made to clause 2 to the effect that the provisions of Class 21 will not apply, because at one place you say it is going to be 50 per cent, and in another place you say that if the disability is below 5 per cent there is a final payment of \$378. It may not be necessary, but I think there are two different meanings.

**Mr. Hodgson:** Mr. Chairman, the purpose of subsection (2) on page 24 of the bill is to make a special arrangement with regard to those veterans who are members of the Hong Kong Forces and other prisoners of war of the Japanese. It is to say that these people had such an experience as prisoners of war under the Japanese that it is very difficult to assess them. It is for this reason that if they have any disability at all the bill proposes to grant disability assessed at 50 per cent which enables them to pass on a pension to their widows if they should die. This subsection does not apply to the many other veterans who might have a one per cent assessment.

**Senator White:** Would not this bill and the present act be in conflict if all pensions related to what you call Schedule A which distinctly says that all disabilities below 5 per cent will only get \$378.

**Mr. Hodgson:** Mr. Chairman, the legal officer felt this subsection indicated clearly this was a special deal for a special group of people, and there was no conflict.

**Mr. Anderson:** I would like to answer that. If you look carefully at paragraph 2, you will note that it says, "A pension in an amount equal to the pension payable for a disability assessed at fifty per cent..." You are not assessing the man at all really, but simply paying an amount equivalent to a 50 per cent pension.

**Senator White:** Mr. Anderson, could you give an example of the amounts paid for one, two, three or four per cent disabilities?

**Senator Smith:** How much money is involved?

**Mr. Anderson:** The amount payable to anything under five per cent is set forth in the schedules.

**Senator White:** Mr. Hodgson, in respect of the section dealing with the Hong Kong veterans, which provides for a payment to a widow whose husband died before this act came into effect, was there any discussion or consideration that such a widow would have her pension paid perhaps not retroactive to the date of the death of her husband, but retroactive to a reasonable time? Suppose he died five years ago. Now, would you not think her allowance should date back some short distance anyway?



**Mr. Hodgson:** That was considered along with a variety of other possible permutations. The decision was made to draft the bill in this form.

**Senator Phillips:** May I interrupt and ask what procedure we are going to follow? Are we coming to the bill later on?

**The Acting Chairman:** We are still on this "incapacitated" section of the brief.

**Senator Thompson:** We are interested in knowing how many of the Hong Kong veterans are left. A large number of those unfortunate fellows have since died.

**Mr. Anderson:** I have that figure; it is 1,217.

**Senator White:** How many Hong Kong veterans now receive a pension?

**Mr. Anderson:** There are only about seven or eight who have not some sort of pension. Probably the only reason they have not is because they have never asked for anything.

**Senator Inman:** I know of widows of these pensioners who need an attendant and who certainly suffer a loss of income at their husband's death. They require a woman or a nurse in attendance all the time; they cannot move from a wheel chair, dress themselves or go to the bathroom. Should not some consideration be given to such cases?

**Mr. Hodgson:** The legislation as it stands provides attendance allowance in respect of the veteran, but not in respect of other persons.

**Dr. H. Richardson, Chief Medical Adviser, Canadian Pension Commission:** The awards under the Pension Act are in respect of members of the forces and in respect of the disabilities needing an attendant, or the incapacity of members of the forces. The widow of a member of the forces, if not herself a member of the forces, is not a person to whom or in respect of whom disability is pensionable. People who depend upon members of the forces and are in poor health and necessitous circumstances, including a wide range of people such as wives, children, parents, and so on, are not provided for under the act in respect of their own disability.

**Senator Inman:** I certainly think they should be.

**Senator Phillips:** I tend to agree with you, because in many of these cases when the husband's death was attributed to service causes he would have been in a position to assist her. Now she is left with the one income, out of which she has to provide an allowance for an attendant. I think it is an excellent suggestion.

I realize that from the legal standpoint it is not included in this bill, but I see no reason why the committee should not make a recommendation that consideration be given to this aspect.

**Senator Inman:** There probably would not be very many.

**The Acting Chairman:** Dr. Richardson, you said that there are only about six or seven Hong Kong veterans not receiving a pension. How many widows are there?

**Dr. Richardson:** We expect that approximately 37 widows of Hong Kong veterans would benefit under this section.

**Senator Phillips:** I do not wish to harp on this, but I am concerned by the fact that the attendance allowance is included as income. As members of the Senate we receive an allowance which is not included in our income. I wonder what the veterans' organizations think of this? Do they consider the allowance to be part of income, or are they opposed to it?

**Mr. Chadderton:** We have never considered attendance allowance to be part of the pensioner's income as indemnification for his disability. In that connection recommendation No. 87 of the Woods Report recommended that attendance allowance not be considered part of pension. In the evidence given to the Standing Committee on Foreign Affairs on September 18, 1969, Mr. Ward of the department advised that this recommendation was accepted by the Government.

Therefore we were greatly surprised to see that in totalling the amount which a seriously incapacitated veteran would receive, \$13,600 including the income tax concession, the department and the minister include that figure of \$3,000. That money is encumbered income paid to the seriously disabled veteran so that he can hire attendants. In fact, its origin was that patients were discharged after World War I and in lieu of the department looking after them they received money to hire nurses. In many cases the money is given to the wife, but the fact that if she has to stay at home to look after her husband she is deprived of work outside must be considered.

We dispute the inclusion of that \$3,000 attendance allowance as part of the veteran's income as indemnification for his disability.

**The Acting Chairman:** It is an expense allowance, because he has these additional expenses.

**Mr. Chadderton:** Yes, it is an encumbered expense allowance; it is gone before he even receives it. There are only 200 or so of these involved, as Mr. Anderson has said, who are so seriously disabled that they require full time attendance at home. He certainly has to hire an attendant with the allowance, or his wife does it. He also has to pay for many other services, such as snow shovelling, which he can no longer do himself.

**The Acting Chairman:** Mr. Chadderton, have you anything further to add respecting this section of the brief.

**Mr. Chadderton:** Without becoming involved in an argument, Mr. Chairman, I do feel obligated to say one more word on this question of prostheses. We continually hear different definitions of it. I happen to be a member of the Canadian, United States and International Associations of Prosthetics. When they speak of prostheses they are referring to artificial limbs and prostheses of that



nature. Even braces are not considered to be prostheses any more but, orthoses.

We are afraid that if the commission means a pacer, which helps the man and is medical, naturally his disability is lessened, but if the legislation means that by using a pair of artificial legs this man will or may receive less incapacity allowance than a man who does not or cannot use his artificial legs, then we have to say that the emphasis has been placed on entirely the wrong motive. We say that the seriously disabled man should be encouraged to wear his prosthesis and if he does he certainly should not stand to lose part of his exceptional disability allowance. This enters semantics again, but if the department has in mind artificial limbs which, per se, is the general connotation of prostheses, we have already placed our views before the committee: we object strenuously.

**Mr. Hodgson:** The word prosthesis is used in the bill in the dictionary meaning of the word and therefore would apply to all kinds of prostheses and not merely to one kind.

**The Acting Chairman:** Are you referring to a medical dictionary, or to an ordinary dictionary?

**Mr. Hodgson:** The ordinary dictionaries which are used by the jurists.

**Senator Thompson:** Does this mean that a veteran who is encouraged to wear a prosthesis and does so will lose part of his pension?

**Mr. Hodgson:** Section 59 (4) provides that if he unreasonably declines to use a prosthesis the commission may reduce his exceptional incapacity allowance. However, subsection (3) provides that if by treatment or prostheses his actual disability, incapacity, is lessened, the commission may take this into account, as against the person who just could not wear one even if he wanted to.

**Senator Sullivan:** How often does that occur? Have you any idea of the frequency, of the number of people who will not wear the prosthesis when they are disabled?

**Mr. Hodgson:** There is a section in the Pension Act now which deals with the point and perhaps that would give it a lead. Can Mr. Richardson deal with it, perhaps?

**Dr. Richardson:** I am not aware of any penalty having been actually applied to veterans by reason of their refusing to wear a prosthesis. We have examined the files of several hundred pensioners who are totally disabled and who appear to be applicants for this. We did not encounter a single case in which there was the slightest suspicion of refusal, nor the slightest suspicion that this section might ever be invoked and in fact it seems to be very unlikely that it ever will be invoked.

**Senator Sullivan:** On the basis that some psychiatrist is of the opinion, or is it only on the veteran himself?

**Dr. Richardson:** It is based on an examination of the facts and records. The records do not proscribe people who unreasonably refuse.

**Senator Sullivan:** And not on the opinion of the psychiatrist who tells him not to wear a prosthesis? I would like to know the answer to that one.

**The Acting Chairman:** Are there any more questions on the brief? If there are no more questions, I will express thanks to Mr. Chadderton and Mr. Hanmer for the brief and the information given us in reply to questions.

Honourable senators, from there, we will proceed with the bill itself.

**Senator Phillips:** In expressing thanks, Mr. Chairman, I would like it noted that my amendments would meet their objections.

**The Acting Chairman:** Honourable senators, this bill is a rather lengthy bill and there is no controversy except for two or three clauses. Would it be agreeable that we leave clause 1 open for the general questioning, and then proceed with those clauses where members have points to raise, instead of going through it clause by clause?

**Hon. Senators:** Agreed.

**The Acting Chairman:** Senator Phillips gave notice of amendments that he had in mind at our last meeting, and he was good enough to provide us with copies of these amendments, in advance.

**Senator Phillips:** Mr. Chairman, before that, may I ask one or two questions? In studying the bill, certain things rather impressed me. I would like to refer to page 11, which deals with subsection (3), covering subsections (5) to (7) of section 13 of the act. It refers to the disabling condition which was apparent at the time or would be apparent to an unskilled observer on examination of the member at that time.

When I read that, honourable senators, I say that everyone knows there are different opinions amongst medical and even dental officers in the service, and I wonder what is meant here by a non-skilled observer examining a member at the time?

**The Acting Chairman:** It is at the top of page 11.

**Dr. Richardson:** An example might be the absence of an external ear. We believe this defect would be obvious to an unskilled observer, that is, a person of average intelligence who looked at that side of the man's head.

**Senator Phillips:** Fine. I understand the purpose of this now. The next is page 13, section 28A, which deals with an additional pension for loss of a paired organ or limb. This refers to a clause to which I have no objection, but I have just one question. There is an increased allowance, providing an increased pension of 50 per cent. Does that continue after the death of the veteran or does the widow revert to the previous rate?

**Mr. Anderson:** The rates payable to the widow and the rates payable to the veteran are in two separate schedules. The only relationship between the widow's pension and the veteran's pension is, if the pensioner at the time of his death received a pension of 48 per cent or more, the widow is then entitled—if she is otherwise



entitled, of course—to a widow's pension under schedule B. So the two are not really related.

**Senator Phillips:** If there is an increased pension for the loss of another leg, it does not continue after the death?

**Mr. Anderson:** That is correct.

**Senator Phillips:** On page 15, on the proposed rent subsection 5, it refers to a claim for specially made wearing apparel. He is entitled to an allowance of \$108 per annum. It is my understanding that at present someone requiring custom made boots gets them provided by the department. Will that be affected by the allowance of \$108?

**Mr. Richardson:** There would be an allowance under this section only if there were evidence of abnormal wear of the clothing worn by this pensioner. The facts are ascertained in each case.

**Senator Phillips:** I am still not quite clear. If someone has to wear a boot that is filled up, is he now required to purchase that out of the \$108?

**Mr. Richardson:** No, sir.

**Senator Phillips:** My next question is on the so-called survivor's benefit. I have two questions there. The first begins at the top of page 20. This refers to the fact that a widow of a veteran who is remarried and is now rewidowed or divorced or legally separated, can be reinstated under the pension of the first husband, but the act states that she must be dependent.

What would you consider to be a dependent person? I am thinking of a case where she may be making a small amount of money and getting a war veterans allowance, bringing the income up to a certain stage. Is that widow considered to be dependent, under this legislation?

**Senator Inman:** If she remarried I would think so.

**Mr. Reynolds (Director, Legal Branch, Department of Veterans Affairs):** "Dependent condition" is defined on page 2 of the bill, clause 2(2)(g).

**Senator Phillips:** Under the section, then, would you consider a widow receiving War Veterans Allowance to be in a dependent condition?

**Mr. Reynolds:** I think they would have to elect which they were going to proceed under the Pension Act or the War Veterans Allowance Act. I doubt if they could proceed under both.

**Senator Phillips:** You disturb me, Mr. Reynolds, by saying that you "think". I would like to have it a bit more definite than that, please.

**Mr. Reynolds:** Well, I say if they get War Veterans Allowance they are not in a dependent condition.

**Senator Phillips:** That is the point I wanted to establish. That will then create a situation where one widow, getting War Veterans Allowance at the present time, will be unfairly treated with respect to another who can revert to her first husband's pension.

**Mr. Reynolds:** She can elect. She does not need to apply for War Veterans Allowance if she is eligible to reapply as a widow for her late husband's pension.

**Senator Phillips:** Let me attempt to clarify the situation a bit more, then, Mr. Reynolds. After all, there are hundreds of widows who have remarried veterans. If the second husband has since died and the widow is receiving War Veterans Allowance, then, as a result of a probably small pension received by the second husband, I am concerned that such widows are going to be left in a far inferior position to that of those who have married non-veterans and have become widowed and can thus revert to their first husband's pension.

**Mr. Reynolds:** In my opinion, a widow of a pensioner who then marries a non-veteran and becomes widowed again would not be eligible for War Veterans Allowances as a widow.

**Senator Phillips:** That is what I am saying. But under my interpretation of this act she can revert to her first husband's pension.

**Mr. Reynolds:** When a second husband who has a 48 per cent pension or more dies, if his wife was drawing widow's pension before she remarried then she can apply, if she is in a dependent condition, to have the widow's pension reinstated.

**Senator Phillips:** I should like to suggest to the Pension Commission that this is an aspect that is going to have to be studied further in order to make sure that there is no discrimination between the two groups.

**The Chairman:** Mr. Reynolds, what would be the position of a veteran's widow who marries a non-veteran and becomes separated. Can she revert back? And what if she is divorced?

**Mr. Reynolds:** If she is divorced she can reapply for her first husband's pension. If she is just separated she cannot.

**Senator Phillips:** I am interested in Part V of the act, on page 25. I referred to this part in my remarks, when I said that it is unreasonable to reduce the allowance, and it is my intention to move an amendment.

I move that subsection (3) of section 59 be eliminated and that the subsequent subsections be renumbered. This would have the effect of removing the authority of the Pension Commission to reduce to half the exceptional incapacity allowance from the amount originally granted, if the veteran learns to use a prosthetic device. I think it is very unfair to say to a veteran who has suffered a disability that since he has now learned to use an artificial device he should therefore be penalized.

**Senator Smith:** Mr. Chairman, on a point of order, in my opinion, as a non-legal person, there would be at least some doubt as to the capacity of the Senate to deal with an amendment of that kind. In that respect I would ask for the opinion of the law clerk.

**The Chairman:** Yes. I was going to ask our law clerk to give us his opinion on this amendment.



**Mr. E. Russell Hopkins, Law Clerk and Parliamentary Counsel:** Mr. Chairman, honourable senators, I am a war veteran. I say that merely by way of preamble. I am a war veteran, however, and I have sympathy for war veterans.

There are peculiar difficulties in reaching an official decision on any of these three amendments suggested by Senator Phillips, because in these cases the question of law depends ultimately on a question of fact. Let me put it this way: the Ross Report has been the classic position taken by the Senate and has been reiterated many times. The only safe course we can take is to rely upon the Ross Report, in my opinion. The Ross Report was adopted by the Senate and was based upon opinions expressed as long ago as 1918. The essential part of the Ross Report reads as follows:

That the Senate of Canada has and always has had since it was created the power to amend bills originating in the Commons, appropriating any part of the revenue or imposing a tax by reducing the amounts therein; but has not the right to increase the same without the consent of the Crown.

Now, what are the questions of fact involved in the three amendments suggested by Senator Phillips?

**The Chairman:** Shall we confine ourselves to the first amendment?

**Senator Smith:** Yes, what is said with respect to the first amendment may or may not be applicable to the other two amendments.

**Mr. Hopkins:** Dealing with the first amendment, then, I should like to ask the departmental officials what their opinion is in the light of the evidence submitted by Dr. Richardson to the effect that he knows of no case where this might apply. Or perhaps that evidence was in connection with subsection (4).

**Mr. Reynolds:** It was subsection (4), I think.

**Mr. Hopkins:** Reverting to subsection (3), then, it depends on that question of fact. We can do everything in the Senate except that we have no licence to print money. We cannot pass out money. Much as we might like to, that is one of the things that, in my opinion, we cannot do. There are close cases, and this may be one of them. I would ask the departmental officials to tell the committee whether this would increase the charges upon the people.

**Senator Smith:** Not whether it would but whether it could increase the charges upon the people by the very terms of the amendment. Would you agree with that correction, Mr. Hopkins? Because they do not perhaps know yet. They have to examine all these cases.

**Mr. Hopkins:** I should like to hear Mr. Reynolds' reply.

**Mr. Reynolds:** I am not a medical man, Mr. Chairman, but as a layman in medical matters it would seem to me that if a person did not undergo treatment and if this section were deleted from the bill it would be likely to increase or could increase the amount of the allowance that he would paid.

**Senator Phillips:** Are you suggesting, Brigadier Reynolds, that this section is in there for the purpose of reducing the exceptional incapacity allowance? When you say that, you must be implying that the exceptional incapacity allowance will not be paid in most cases.

**Dr. Richardson:** If a condition is reduced by treatment, then it will reduce the amount of the allowance. It would be expected that a lesser allowance would be paid when a condition is improved by treatment and there is less disability. This section provides for that.

**Senator Phillips:** If I may address a question to the Law Clerk: this is not a taxation bill and I would like him to explain to me, from his lofty heights, the manner in which he sees this becoming involved in a money bill. As he knows, in the Ross Report it was generally accepted, and I have heard a good many senators state this, including Government leaders, that the interpretation applied to money bills only.

**Mr. Hopkins:** It applies not only to tax measures, but to appropriation measures. Never in the history of the Senate have we amended an appropriation bill as such. Therefore, in passing this bill, in effect we are authorizing the expenditure of the money. This has been the attitude taken in many committees in which I have participated, unless the particular amendment does not have the effect of increasing the charges upon the people.

Now, the Pension Act, although it is designed to help the veterans, nevertheless in its pith and thrust involves the expenditure of money, some sections more than others. It is very difficult, as I said at the beginning, to draw a very fine line.

The Statistics Act, for example, does not have the thrust and burden of spending the taxpayers' money. Maybe I am a conservative in these matters, with a small "c", but I would entertain a measure such as that if it were shown to me that it would cost the Treasury money.

**Senator Phillips:** Has the department shown you that it is going to cost money?

**Mr. Hopkins:** If it is not going to cost money, we can do it.

**Senator Sullivan:** Mr. Chairman, in spite of all this legal repartee...

**Senator Smith:** It will save our time if we can settle this point of order before we go into the merits.

**Senator Sullivan:** I intend to speak to the point of order.

**Senator Smith:** I wish you would keep to it.

**Senator Sullivan:** I speak here not as a member of the legal fraternity, but as a surgeon, which I have been for some period of time. Surely an individual who is suffering from a disability that is incapacitating and by some means of a surgical interference, which would probably have to be very drastic for that type of individual, has some improvement and alleviation of pain, is not going to



have his pension reduced. Is that the meaning of this section?

**Mr. Hopkins:** That is a question of policy; I would still like more clarification from the department as to what this amendment would mean in terms of money.

**Senator Smith:** That is the point I was making; I did not intend to interrupt my good friend, the doctor, but he was speaking of the subclause rather than this point of order.

**Mr. Hodgson:** Perhaps it will be helpful if I explain that one might have a case where a person has a complete or serious incapacity and where by reason of treatment that incapacity is, shall we say, completely remedied, to take the extreme case. This subsection provides that in such a case the Pension Commission may in its discretion reduce the amount of the incapacity allowance, not the amount of the pension. This particular subsection does not refer to the amount of the pension, but that of the incapacity allowance. Therefore, if this section were not included that reduction would be impossible and increased expenditure would in fact take place.

**Senator Macdonald:** Is it your interpretation that any amendment which might indirectly have the effect of increasing costs to the Government would be out of order?

**Mr. Hopkins:** I would not like to say indirectly. However, we must be realistic about it. This is a bill which, if passed, will affect the revenues. Not necessarily this section, but the whole thrust and burden of the Pension Act is to extract from the public suitable amounts of money to pay the veterans suitable recompense, of which I am all in favour.

**Senator Macdonald:** But do we not arrive at the point where we must make a decision between directly and indirectly? Certainly this will not directly affect the revenue; that is not the purpose of the amendment. However, indirectly it probably would.

**Mr. Hopkins:** I do not wish to be dogmatic in this regard, because this matter has never been resolved by the Supreme Court of Canada; it has never got anywhere near it. It can only be considered on the merits from first principles. I have always taken the position that if it would increase a charge upon the people—and this is a close case because it might or it might not—but if it did it would at least be of doubtful constitutionality. Not being in the position of knowing whether it would or it would not, that is about as far as I can go.

**Senator Phillips:** May I ask the Law Clerk then how he relates his viewpoint to the statement made by the chairman of the Pension Commission recently, that they do not normally spend the full amount of the money provided by Parliament, which is provided yearly? I fail to see how this will increase taxation when we have already had the commission state before this committee last week that they do not spend their full amount.

**Mr. Hopkins:** I have considered that question; that is appropriation, not taxation, of course. It sometimes hap-

pens that there is enough money left to take care of certain of these matters.

**Senator Phillips:** It is my argument that if the appropriation is already made by Parliament we are not increasing it, but giving directions as to how the appropriation may be spent.

**Mr. Hopkins:** If that is the fact in this case, I am still in the hands of the department. I thought they said a few moments ago that it would be the opposite.

**The Acting Chairman:** Honourable senators, we have had quite a discussion on this point.

**Mr. Hopkins:** I think that Senator Phillips' point should be answered and dealt with by the department. I am speaking in general terms; it may well be that this item would not require any further appropriation whatever. In fact that case it would be a matter of meritorious decision by this commission.

**Senator Smith:** May I ask the Law Clerk, if this amendment involved the expenditure of money as a result of it having been passed by the Senate and then sent over to the House of Commons, would that be beyond the capacity of the Senate, to change a bill, with the effect of increasing expenditure of money? Whether or not the moneys are in the till today, the point is that we will not by virtue of changing the bill the amount that would be taken out of the till. Therefore it involves the expenditure of money.

I have been brought up in that Philadelphia legal school which tells me we have not got that power.

**Mr. Hopkins:** I have always been a conservative constitutionalist; I think everyone knows that. However, there are close cases and I would not go beyond saying that if I have any answer to this question, it is that the amendment is of doubtful constitutional validity, but I could not absolutely rule it out.

**Senator Smith:** It is obvious that we should ask Mr. Hodgson to put it in as plain language as he honestly can: would this section involve the extra expenditure of moneys?

**Mr. Hodgson:** I think departmental officials would reasonably expect the amendment would increase the actual cash outlays, not only in the coming year, but in subsequent years. By how much they would be increased, one can only speculate.

**Senator Inman:** What would be the position of someone who had treatment, for instance, of ulcers of the stomach when they left the service? This is a case of which I have knowledge. A man had an operation and apparently recovered and seemed all right for some years and then there was a recurrence of the ulcer condition. Could he be reinstated?

**Mr. Hodgson:** Yes, any veteran can be re-assessed both in relation to his pension disability and, if this came into effect, possibly also in relation to allowance for exceptional incapacity.



**Senator Sullivan:** I have one short question. Will the Senate not have to deal with money matters when some of the legislation comes over for the increase of salaries or pensions for themselves?

**Mr. Hopkins:** Yes, but we could not increase our own salaries very easily.

**Senator Smith:** The Senate has not got the power to initiate such legislation. We can reject it when it comes over to us from the other side.

**Senator Sullivan:** That is a shoe on another foot.

**Senator Belisle:** Could the Senate not initiate bills in relation to its own staff, without going to the House of Commons?

**Mr. Hopkins:** That is authorized by existing statutes.

**Senator Phillips:** We have no authority to initiate taxation. I very strongly of the view that, in initiating taxation, it is a separate appropriation from this bill altogether, and this is an important thing to remember in dealing with this subject.

**Mr. Hopkins:** I would not say "taxation" but "appropriation".

**The Acting Chairman:** I think I have to cut off discussion on this, as we have two other amendments, and we do not seem to be making any progress. There are two courses. One is to make a ruling on the amendment, to rule it out, or rule it in and have a vote on it. I am in an embarrassing position because I have not got a firm answer of fact on which to rule. Since there is an element of doubt, I think the benefit should go to the mover and I am prepared to rule it in technically and take a vote. Those in favour say aye.

**Senator Smith:** What are you asking for, Mr. Chairman? If you make a ruling, as far as I am concerned I do not appeal your ruling and—

**The Acting Chairman:** I am ruling the amendment in. I do not have firm grounds on which to rule it out. There is a doubt.

**Senator Inman:** Which amendment?

**The Acting Chairman:** Senator Phillips moved that subsection 3 of section 59 be deleted and the following subsections renumbered.

**Senator Smith:** Let us have the question. I do not want to turn down the chairman's ruling at all. What is the question?

**The Acting Chairman:** The question is on Senator Phillips' amendment with respect to section 59. He moved that subsection 3 of section 59 be eliminated and the following subsections renumbered. Have you all heard the question? Are you ready for the question?

**Senator Smith:** Mr. Chairman, Just because I still do not agree that we have the power to do such a thing, and not for lack of sympathy, which I hope is understood by everybody in this room, I must register the fact that I intend to vote against it.

**Senator Kinnear:** Mr. Chairman, would you not consider Mr. Hodgson's answer a firm answer?

**The Acting Chairman:** He said he could "reasonably expect" and that was the word he used. I have to balance that against Mr. Hopkins decision that there was a doubt and there was further doubt as to whether it would apply to this particular expenditure or to the appropriation as a whole. So it is very complex. I would prefer to have a clearcut decision one way or the other and then we would dispose of it.

**Some hon. Senators:** Question.

**The Acting Chairman:** Those in favour please raise their hands. Those against? I declare the amendment lost.

**Senator Phillips:** Mr. Chairman, I had intended to move that subsection (4) also be eliminated, but in view of the vote on subsection (3) I will skip that and move to clause 87. This is one which has concerned veterans organizations for a great many years and, as explained before the committee last week, veterans organizations are concerned that we are placing the onus on the veterans to provide a "preponderance of evidence". Therefore, I move:

That lines 13 to 19 on page 39 be removed and the following substituted therefore:

"And where the evidence has been considered and all reasonable inferences drawn in his favour, and any doubt exists as to whether the applicant or member has established his case, such applicant or member shall be entitled to the benefit of such doubt, in that his claim may be allowed even though he may not have established it by a preponderance of evidence."

Honourable senators, this is re-establishing the principle that the veteran not be required to provide a preponderance of evidence; and I would ask your support for this amendment.

**Senator Inman:** That is a saving clause.

**Mr. Hodgson:** This is a technical matter and I wonder whether Mr. Reynolds might comment on the legal aspect of it.

**Mr. Reynolds:** Mr. Chairman, as Mr. Chadderton stated at the last meeting, an effort has been made over the last forty years to find words to include in this section, which we are now considering, which would ensure that applicants for pension receive the benefit of the doubt in the adjudication of their claim. The difficulty encountered in the present section 70, that is, the benefit of the doubt section which is now contained in the act, is that it is extremely difficult to interpret. Witnesses appearing before Mr. Justice Woods and his committee when they were holding their hearings, were asked to define what they understood section 70, the benefit of the doubt section, to mean. Practically all the interpretations given varied, that is, it meant a different thing to one person than to another. That was the difficulty with the old section 70. It was ambiguous and confusing.

In drafting clause 87 of Bill C-203, an effort was made to make it abundantly clear that the applicant was enti-



tled to the benefit of the doubt. A further effort was made to word the section in such a way that its intent was clear and unambiguous to pension applicants, their representatives, and the adjudicators.

When clause 87 was being drafted, very careful consideration was given to adding words very similar to the words proposed in the present amendment. The words in the present amendment are very much the same as the words that appeared in the report of the standing committee after they considered the Woods report, that is, that the claim may be allowed even though it may not have been established by a preponderance of evidence. That is really the effect of this amendment.

After the draftsmen had considered at great length whether this principle of preponderance of evidence should be introduced into the Pension Act, a decision was reached that the addition of these words did not in any way assist the applicant. The reason for this decision is that the operative portion of both clause 87 as drafted and the proposed amendment—the operative portion of both the amendment and the section as drafted—is “any benefit of the doubt”. That is what the applicant has to convince the adjudicators of: that there is doubt—any doubt.

This is the issue that the adjudicator must direct his mind to when he reaches the stage of the adjudicating process. The amount or quality of evidence required to create any doubt is less than the amount of evidence required to establish a preponderance of evidence. That is, the principle of the preponderance of evidence has never had anything to do with pension adjudication to this date. And to establish a case on the basis that there is a doubt is easier to do than to establish it by a preponderance of evidence. It requires better and more evidence to establish a thing by a preponderance of evidence than it does to create a doubt.

Therefore, if the adjudicator finds that he has a doubt after considering all the material before him, that doubt must be resolved in favour of the applicant. It is immaterial whether or not that doubt arises from the production of more or less than a preponderance of evidence. So long as there is a doubt in the mind of the adjudicator the applicant is entitled to the benefit of that doubt.

If the evidence was less than a preponderance but failed to create any doubt, then even if the proposed amendment was adopted the applicant's claim would not be allowed. That is, he has to create the doubt, regardless of the preponderance of evidence.

Without the proposed amendment, if the evidence produced is less than a preponderance but does create a doubt, the claim would be allowed pursuant to clause 87. That is, so long as there is a doubt created it does not matter whether he has established his case by a preponderance of evidence or by less than a preponderance of evidence. It is the creation of the doubt that is the important factor in establishing the case.

The concept of the preponderance of evidence has not been used in pension adjudication cases in the past and the suggestion is that its introduction in the Pension Act at this time might serve to confuse the relatively simple

issue of determining whether or not there is any doubt. It has been suggested that clause 87 as drafted in Bill C-203 clearly and simply sets forth what an applicant is required to do to establish his claim, and sets forth the duty of the adjudicator of deciding it to ensure that the applicant does in fact receive the benefit of the doubt.

**Mr. Hopkins:** May I just ask Brigadier Reynolds a question, Mr. Chairman? Do I understand from the nature of your answer, sir, that you see no financial implications?

**Mr. Reynolds:** I do not see that this amendment changes the effect of the section in any way at all.

**Senator Phillips:** Mr. Chairman, we have all received correspondence from the National Association of Veterans Organizations, and I think we should now hear any comments that their representatives may wish to make in answer to what Mr. Reynolds has just said.

**Mr. Chadderton:** Mr. Chairman, I am in a position where I can only refer your committee back to the voluminous evidence of the Woods Committee under the chairmanship of the honourable Mr. Justice Woods. I was secretary of that committee, and in my opinion Mr. Justice Woods and his colleagues would not at all agree with the comments which have just been made by Brigadier Reynolds.

Having said that, I speak now as the representative of the veterans organizations. In our opinion the veteran has always had the benefit of the doubt. It has been in the legislation since 1930. I do not read anything new in Brigadier Reynolds' comments when he says that this new section of the act would give the veteran the benefit of the doubt. I think that in 1930 the government intended to give the veteran the benefit of the doubt. Where this legislation has fallen short over some 40 years is that although the veteran has had the benefit of the doubt, the enabling sort of clauses in the legislation were not such that that benefit of the doubt could in fact be given to him.

The approach which was taken by Mr. Justice Woods and his colleagues was, in my opinion, simply that the only practical way in which the Committee could see that the benefit of the doubt would actually be given to the veteran would be in the question of the preponderance of evidence.

I agree with Brigadier Reynolds when he says that it is more difficult to establish a preponderance than it is to establish a doubt. That is exactly what the Woods Committee recommendation was all about. It said that, if there is doubt, it shall be applied in the sense that the veteran shall not have to establish a preponderance, and, consequently, the adjudicator, in adjudicating a claim, even though he would come to the conclusion that the preponderance of evidence was in effect against the claim, if he found that there was a reasonable doubt, could say, “There is a reasonable doubt there and although I do not feel that the veteran has established a preponderance, I can still in all conscience approve his claim.”

So we simply come down again to semantics, and, as I say, it is not something that can be resolved in five



minutes. You have to go back and read the history of the "benefit of the doubt" aspect and see why it has failed.

That leads us to our conclusion that the present amendment is not going to do any more than the existing act. Unless you adopt the proposal as suggested by the Woods Committee, which was to lay it right on the preponderance line and say, if the veteran does not have a preponderance, but there is a doubt, the adjudicator is still free to approve that claim.

**Senator Phillips:** Mr. Chadderton, Brigadier Reynolds stated that he did not feel that the amendment improved the section very much from a legal point of view. This is very closely related to the recommendation of the Woods Committee. Does the National Council of Veterans Associations feel that it would improve their condition any by having it specified that there be not a preponderance of evidence?

**Mr. Chadderton:** Yes, Mr. Chairman, the national veterans organizations of Canada endorsed the Woods Committee recommendation in the first place. We were pleased to see the evidence put in front of the Committee on Veterans Affairs earlier to the effect that the Government endorsed this Woods Committee recommendation. Thus we were surprised when we saw that the new bill contained a less effective wording.

With respect to the motion you moved this morning—and I understand the gist of it, although I am just looking at it now for the first time—we feel that it would be a more effective legislative amendment than the one proposed in Bill C-203. How much more effective we do not really know. But our feeling is that the present benefit of the doubt clause in Bill C-203 does little more, if anything more, than the present section. We feel that this amendment would certainly do quite a bit more than that.

**Senator Phillips:** Thank you.

**Senator Thompson:** Mr. Reynolds, have you any further remarks to make in view of what Mr. Chadderton has just said?

**Mr. Reynolds:** I should like to point out that I do not think the amendment goes anything like as far as the Woods Report recommendation—that is, that a claim may be allowed even though the preponderance of evidence is against granting the claim. That goes a lot farther than the proposed amendment does. I do not think you can really relate the amendment with the Woods Report recommendation.

**Senator Thompson:** As I understand it from what Mr. Reynolds is saying now, the amendment is really superfluous; everything is covered in the clause as stated in the bill.

**Mr. Reynolds:** That is what I say, yes.

**Senator Thompson:** And with respect to an interpretation of preponderance of evidence—which has been a matter of concern for the veterans organizations—you feel that the difficulty they have had in the past has been clarified by the way this bill is now put.

**Mr. Reynolds:** Yes.

**The Acting Chairman:** How could there be a doubt, if a veteran has a preponderance of evidence? How would a doubt arise there? Every case has pros and cons, has it not? You have to weigh the evidence for and the evidence against.

**Mr. Reynolds:** As I said before, the principle of preponderance of evidence has no place in a pension adjudication. Lawyers talk about the preponderance of evidence, but here it is a question of creating a doubt. It is the benefit of the doubt we are concerned with. It is less difficult to prove the benefit of the doubt than it is to establish a point by a preponderance of evidence. I think that to introduce a concept of the preponderance of evidence confuses the simple matter of deciding whether or not there is any doubt.

**Senator Phillips:** But the amendment states, Mr. Reynolds, that the veteran may not have established it by a preponderance of evidence. I want to make it perfectly clear that he does not have to do that.

**Mr. Reynolds:** No, he does not.

**Senator Phillips:** That is all that this amendment does.

**Mr. Reynolds:** He never had to establish a case by a preponderance of evidence. There is no word about a preponderance of evidence anywhere in the Pension Act, and it is an expression that is rarely, if ever, used in pension adjudication.

**Senator Phillips:** I can present a host of people to you, Mr. Reynolds, who would not take the point of view that they did not have to present a preponderance of evidence. I still feel, and the veterans do, that this is a requirement. This amendment will only specifically state that a preponderance of evidence is not a requirement.

**The Acting Chairman:** Could I ask you, Mr. Reynolds, is it your opinion that the introduction of this new phrase "preponderance of evidence" into the act would be a disadvantage to the veteran claimant?

**Mr. Reynolds:** I think it can add to confusion due to the wording of the amendment, in which the commission or the adjudicating body may grant the case even though there is not a preponderance of evidence. They have a discretion. The introduction of the concept of preponderance of evidence might lead people to believe that the general rule was that a case had been established by that preponderance of evidence and even if there was less than a preponderance of evidence they could still grant. However, if they felt like it they did not need to grant. I say they never did have to prove a case by preponderance of evidence; all they had to do was create a doubt, not even a reasonable doubt, but a doubt.

**The Acting Chairman:** Are you ready for the question? Those in favour say aye? Those contrary, say nay?

In my opinion the nays have it. However, it is very close. Do you wish to have a show of hands?

**Hon. Senators:** Yes.



**The Acting Chairman:** Those in favour please raise your hands? Those against? I declare the amendment lost.

Are there any further questions?

**Senator Thompson:** There are no qualifications required by the bill for appointment of members to the Pension Board. I do not know if this is the general practice in an act, but I would hope on principle that the qualifications for representation on the board would give consideration first to experience in the armed forces. It should not be just one branch of the armed forces, although I am prejudiced towards the senior service. I believe it should be a balanced representation, emphasizing the Canadian armed forces, which I believe to be a fairly obvious remark. Those appointed should also be

very knowledgeable with regard to both the Woods committee and the whole background of this bill.

**Senator Inman:** I certainly support that.

**The Acting Chairman:** This question was raised at the last meeting and answered by Mr. Anderson.

Shall I report the bill without amendment?

**Hon. Senators:** Agreed.

**The Acting Chairman:** Thank you very much, senators, and, on your behalf, I thank Mr. Hodgson, Mr. Reynolds and his staff, Mr. Anderson and Dr. Richardson, for being present and for their assistance.

The committee adjourned.

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# HEALTH, WELFARE AND SCIENCE

The Honourable CHESLEY W. CARTER, Acting Chairman

No. 5

WEDNESDAY, MARCH 17, 1971

THURSDAY, MARCH 18, 1971

Complete Proceedings on the following bills:

Bill C-25 "An Act respecting Canadian Environment-Week"

Bill S-11 "An Act to provide for the obtaining of information respecting weather modification activities"

REPORTS OF THE COMMITTEE

(Witnesses:—See Minutes of Proceedings)









THIRD SESSION—TWENTY-EIGHTH PARLIAMENT  
1970-71

THE SENATE OF CANADA  
PROCEEDINGS

OF THE

STANDING SENATE COMMITTEE ON

HEALTH, WELFARE  
AND SCIENCE

The Honourable CHESLEY W. CARTER, *Acting Chairman*

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No. 5

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(Witnesses:—See Minutes of Proceedings)





THE SENATE COMMITTEE ON HEALTH,  
WELFARE AND SCIENCE

Chairman: The Honourable Maurice Lamontagne

The Honourable Senators:

Bélisle	Inman
Blois	Kinnear
Bourget	Lamontagne
Cameron	Macdonald ( <i>Cape Breton</i> )
Carter	McGrand
Connolly ( <i>Halifax North</i> )	Michaud
Croll	Phillips ( <i>Prince</i> )
Denis	Quart
Fergusson	Robichaud
Fournier ( <i>de Lanaudière</i> )	Roebuck
Fournier ( <i>Madawaska- Restigouche</i> )	Smith
Gladstone	Sullivan
Hays	Thompson
Hastings	Yuzyk—(28)

*Ex officio* Members: Flynn and Martin  
(Quorum 7)

WEDNESDAY, MARCH 17, 1971

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Complete Proceedings on the following Bills:

- Bill C-25 "An Act respecting Canadian Environment Week"
- Bill S-11 "An Act to provide for the obtaining of information respecting weather modification activities"

REPORTS OF THE COMMITTEE

(Witnesses:—See Minutes of Proceedings)



# Orders of reference

# Minutes of Proceedings

Extract from the Minutes of the Proceedings of the Senate, Tuesday, 16 March, 1971:

Wednesday, March 17, 1971  
(3)

Pursuant to the Order of the Day, the Honourable Senator Macnaughton, P.C., moved, seconded by the Honourable Senator Robichaud, P.C., that the Bill C-25, intituled: "An Act respecting Canadian National Environment Week", be read the second time.

Pursuant to adjournment and notice the Standing Senate Committee on Health, Welfare and Science met this day at 11:00 a.m.  
Present: The Honourable Senator: Carter (Acting Chairman), Bélisle, Denis, Hastings, Jaman, Kinross, Macdonald (Cap. Brevet), McGowan, Phillips, Robichaud, Smith, Sullivan, and Thompson. (18)

After debate, and—  
The question being put on the motion, it was—  
Resolved in the affirmative.

The following Senators, not members of the Committee, were also present: The Honourable Senators Macnaughton and White.

The Bill was then read the second time.

In attendance: Mr. E. Russell Hopkins, Law Clerk and Parliamentary Counsel.

The Honourable Senator Macnaughton, P.C., moved, seconded by the Honourable Senator Robichaud, P.C., that the Bill be referred to the Standing Senate Committee on Health, Welfare and Science.

On Motion duly put it was Resolved to print 500 copies in English and 300 copies in French of these proceedings.

The question being put on the motion, it was—  
Resolved in the affirmative.

The Committee proceeded to the consideration of Bill C-25, intituled: "An Act respecting Canadian National Environment Week".

Robert Fortier,  
Clerk of the Senate.

The Honourable Senator Macnaughton, sponsor of the Bill, was heard by the Committee in explanation of the said Bill.

Extract from the Minutes of the Proceedings of the Senate, Thursday, March 4, 1971:

On Motion of the Honourable Senator Thompson, it was Resolved to report the said Bill with the following amendments:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Hays, P.C., seconded by the Honourable Senator Denis, P.C., for the second reading of the Bill S-11, intituled: "An Act to provide for the obtaining of information respecting weather modification activities".

1. Page 1, clause 1: Strike out the word "National" in line 5.
2. Page 1, clause 2: Strike out the word "National" in line 8.
3. In title: Strike out the word "National".

After debate, and—  
The question being put on the motion, it was—  
Resolved in the affirmative.

At 11:10 a.m. the Committee adjourned.  
ATTENT:

The Bill was then read the second time.

Denis Bourdard,  
Clerk of the Committee.

The Honourable Senator Hays, P.C., moved, seconded by the Honourable Senator Denis, P.C., that the Bill be referred to the Standing Senate Committee on Health, Welfare and Science.

Thursday, March 18, 1971  
(3)

The question being put on the motion it was—  
Resolved in the affirmative.

Pursuant to adjournment and notice the Standing Senate Committee on Health, Welfare and Science met this day at 10:30 a.m.

Robert Fortier,  
Clerk of the Senate.

Present: The Honourable Senators: Hais, Carter, Denis, Jaman, Kinross, Macdonald (Cap. Brevet), McGowan, Michael, Smith, Thompson—(10).



# Minutes of Proceedings

Orders of Reference

Wednesday, March 17, 1971  
(5)

Pursuant to adjournment and notice the Standing Senate Committee on Health, Welfare and Science met this day at 11:00 a.m.

*Present:* The Honourable Senators: Carter (*Acting Chairman*), Bélisle, Denis, Hastings, Inman, Kinnear, Macdonald (*Cap Breton*), McGrand, Phillips, Robichaud, Smith, Sullivan, and Thompson. (13)

The following Senators, not members of the Committee, were also present: The Honourable Senators Macnaughton and White.

*In attendance:* Mr. E. Russell Hopkins, Law Clerk and Parliamentary Counsel.

On Motion duly put it was Resolved to print 800 copies in English and 300 copies in French of these proceedings.

The Committee proceeded to the consideration of Bill C-25, intituled: "An Act respecting Canadian National Environment Week".

The Honourable Senator Macnaughton, sponsor of the Bill, was heard by the Committee in explanation of the said Bill.

On Motion of the Honourable Senator Thompson, it was Resolved to report the said Bill with the following amendments:

1. *Page 1, clause 1:* Strike out the word "National" in line 5.
2. *Page 1, clause 2:* Strike out the word "National" in line 9.
3. *In title:* Strike out the word "National".

At 11:10 a.m. the Committee adjourned.

ATTEST:

Denis Bouffard,  
*Clerk of the Committee.*

Thursday, March 18, 1971  
(5)

Pursuant to adjournment and notice the Standing Senate Committee on Health, Welfare and Science met this day at 10:30 a.m.

*Present:* The Honourable Senators: Blois, Carter, Denis, Inman, Kinnear, Macdonald (*Cape Breton*), McGrand, Michaud, Smith, Thompson—(10).

5:4

*In attendance:* Mr. E. Russell Hopkins, Law Clerk and Parliamentary Counsel.

On Motion of the Honourable Senator Blois the Honourable Senator Carter was elected Acting Chairman.

On Motion duly put it was Resolved to print 800 copies in English and 300 copies in French of these proceedings.

The Committee proceeded to the consideration of Bill S-11 intituled "An Act to provide for the obtaining of information respecting weather modification activities".

The following witnesses were heard in explanation of the Bill:

Mr. Eymard Corbin, M.P., Parliamentary Secretary to the Minister of Fisheries and Forestry;

Mr. D. J. Wright, Liaison Meteorologist, Department of Fisheries and Forestry.

It was Resolved to report the said Bill without amendment.

At 11:20 a.m. the Committee adjourned to the call of the Chairman.

ATTEST:  
Denis Bouffard,  
*Clerk of the Committee.*

Extract from the Minutes of the Proceedings of the Senate, Thursday, March 4, 1971:  
The Honourable Senator Hays, P.C., seconded the debate on the motion of the Honourable Senator Denis, P.C., for the second reading of the Bill S-11, intituled: "An Act to provide for the obtaining of information respecting weather modification activities."

After debate, and—  
The question being put on the motion, it was—  
Resolved in the affirmative.

The Bill was then read the second time.  
The Honourable Senator Hays, P.C., moved.  
The Honourable Senator Denis, P.C., that  
the Bill be referred to the Standing Senate Committee on Health, Welfare and Science.

The question being put on the motion it was—  
Resolved in the affirmative.

Robert Fortin,  
*Clerk of the Senate.*



# Reports of the Committee on Health, Welfare and Science

## Evidence

Wednesday, March 17, 1971.

The Standing Senate Committee on Health, Welfare and Science, to which was referred the Bill C-25, intituled: "An Act respecting Canadian National Environment Week", has in obedience to the order of reference of Tuesday, March 16, 1971, examined the said Bill and now reports the same with the following amendments:

1. Page 1, clause 1: Strike out the word "National" in line 5.
2. Page 1, clause 2: Strike out the word "National" in line 9.
3. In title: Strike out the word "National".

Respectfully submitted.

Chesley W. Carter,  
*Acting Chairman.*

Thursday, March 18, 1971.

The Standing Senate Committee on Health, Welfare and Science to which was referred Bill S-11, intituled: "An Act to provide for the obtaining of information respecting weather modification activities", has in obedience to the order of reference of March 4, 1971, examined the said Bill and now reports the same without amendment.

Respectfully submitted.

Chesley W. Carter,  
*Acting Chairman.*

Senator Thompson: I move that A be called "Canadian Environmental Week".

Senator Phillips: What is being accomplished by removing the word "National"?

Senator Health: There were several suggestions. One was that it would be interpreted for some people traveling. It is having to do with the Canadian National Railway. Another thing is that it was not said anything in the Canadian Environmental Week and that the word "National" was really important and backward for publicity. There were several opinions expressed by the other side of the house last night. I have no strong views on the matter myself.

Senator Phillipps: Neither do I.

The Acting Chairman: I have a motion to amend Thompson's bill to be called the Canadian Environmental Week bill, and that be amended by Senator Phillips. Are all members in favour of changing the word "National" from the title?

Hon. Members: Carried.

Senator Phillips: The I understand Senator Health's bill is a private bill of the House of Commons which was passed unanimously after being referred to the appropriate committee.

The Clerk of the Committee: It is a private member's public bill; it is not a private bill.

The Acting Chairman: Shall I report the bill as amended?

Hon. Members: Agreed.

Ottawa, Thursday, March 18, 1971.

The Standing Senate Committee on Health, Welfare and Science, to which was referred Bill S-11, is providing for the obtaining of information respecting weather modification activities, and will be at 10:30 a.m. to give consideration to the bill.

Senator Chesley W. Carter, Acting Chairman, in the Chair.

The Acting Chairman: Thank you very much, honorable senators, for making me in private over this meeting. We have before us Bill S-11, as regards the obtaining of information respecting weather modification activities, and with us as witnesses are Mr. Donald Corbin, M.P., Parliamentary Secretary to the Minister of Fisheries and







# The Standing Senate Committee on Health, Welfare and Science

## Evidence

Ottawa, Wednesday, March 17, 1971.

The Standing Senate Committee on Health, Welfare and Science, to which was referred Bill C-25, respecting Canadian National Environment Week, met this day at 11 a.m. to give consideration to the bill.

**Senator Chesley W. Carter** (*Acting Chairman*) in the Chair.

**The Acting Chairman:** I call the meeting to order. Last night Bill C-25 was referred to this committee, but not soon enough to be included in the notices which were sent out. I have been informed that it is a very short bill and that it will take but two or three minutes to dispose of it. We can then proceed to our other business.

**Senator Macnaughton:** The second reading of the bill was moved last night by myself.

**Senator Smith:** I hope this will not hold us up for too long. I should say that I have informed several people this morning that this particular bill would not be before the committee, because it was not on the notice. The only thing in doubt last night, as I recall, had to do with the title—whether it should be simplified or shortened. If the committee wants to deal with that point now I would be quite willing to agree.

**The Acting Chairman:** I am told that the suggestion is that the word "National" be removed from the title, "Canadian National Environment Week"; that it should read "Canadian Environment Week" instead of "Canadian National Environment Week".

**Senator Smith:** The bill declares that there shall be a week known as Canadian National Environment Week. It passed the House of Commons unanimously. As Senator Macnaughton said, he referred it to this committee for a possible shortening of the title by removing the word "National". We can change the title and send it back to the Commons. It is a private bill.

**The Acting Chairman:** Your understanding is that there should be an amendment to the title?

**Senator Smith:** It is an amendment suggested by several members of the house.

**The Acting Chairman:** There was general agreement on the bill. Is it agreeable to the Committee that we set aside fifteen minutes for this matter, and if it is not settled in that time we can adjourn it until another date.

**Senator Thompson:** I move that it be called "Canadian Environment Week".

**Senator Phillips:** What is being accomplished by removing the word "National"?

**Senator Smith:** There were several suggestions. One was that it would be interpreted by some people carelessly as having to do with the Canadian National Railway. Another thing is that it did not add anything to the Canadian Environment Week, and that the word "National" was really superfluous and awkward for publicity. There were several opinions expressed by the other side of the house last night. I have no strong views on the matter myself.

**Senator Phillips:** Neither do I.

**The Acting Chairman:** I have a motion by Senator Thompson that the bill be called the Canadian Environment Week bill, and that is seconded by Senator Sullivan. Are all senators in favour of deleting the word "National" from the title?

**Hon. Senators:** Carried.

**Senator Phillips:** Did I understand Senator Smith to say it was a private bill of the House of Commons which was passed unanimously after being referred to the appropriate committee?

**The Clerk of the Committee:** It is a private member's public bill; it is not a private bill.

**The Acting Chairman:** Shall I report the bill as amended?

**Hon. Senators:** Agreed.

Ottawa, Thursday, March 18, 1971

The Standing Senate Committee on Health, Welfare and Science, to which was referred Bill S-11, to provide for the obtaining of information respecting weather modification activities, met this day at 10.30 a.m. to give consideration to the bill.

**Senator Chesley W. Carter** (*Acting Chairman*) in the Chair.

**The Acting Chairman:** Thank you very much, honourable senators, for asking me to preside over this meeting. We have before us Bill S-11, to provide for the obtaining of information respecting weather modification activities, and with us as witnesses are Mr. Eymard Corbin, M.P., Parliamentary Secretary to the Minister of Fisheries and



Forestry, and Mr. D. J. Wright, Liaison Meteorologist with the Department of Fisheries and Forestry. Mr. Corbin, do you have an opening statement you would like to make?

**Mr. Eymard Corbin, M.P., Parliamentary Secretary to the Minister of Fisheries and Forestry:** No, I do not, Mr. Chairman. I thought that the bill was very well explained in the Senate by Senator Hays. I believe, however, that Mr. Wright would like to make a brief statement on the subject.

**The Acting Chairman:** Mr. Wright?

**Mr. D. J. Wright, Liaison Meteorologist, Department of Fisheries and Forestry:** Thank you, Mr. Chairman. Honourable senators, in broad terms Bill S-11 is really concerned with modification of the weather by man's conscious intervention in weather processes. Weather modification embraces many things; not simply increasing rainfall. It is suppressing hail or lightning, dissipating fog or cloud and perhaps even lessening the strength of incipient hurricanes. In the future it may also be many more things.

But today the technology available for modifying weather processes is largely restricted to the use of seeding agents, and limited success only has resulted under special circumstances.

The World Meteorological Organization, which is a specialized agency of the United Nations, stated in October, 1970, in relation to weather modification activities—and I quote from memory—that weather modification is still largely in the research stages and more information is needed to determine the effectiveness of such activities and to establish the practical benefits.

Now, the objectives of Bill S-11 are really fourfold: (1) to ensure the availability of information on the nature and scope of weather modification activities in Canada; (2) to permit evaluation of the effects of these activities and to assess potential benefits to our economy; (3) to enable provision of information to the public as to where, when and what is going on in the way of weather modification activities; and, (4) to serve as a basis for future legislation that may be needed to regulate and control such activities.

The specific provisions of the bill, with this mind, relate to registration; provision of information in considerable detail; the recording of observed data as the result of activities being carried out; and, the reporting of this data to appropriate authorities.

In summary, I might make one more point. Weather modification is a slowly advancing field. It is quite difficult to legislate for all that might develop in the future. To cite one example that was raised in the Senate *Debates*—the weather parameter of wind—no attempts at modification of wind *per se* are known, but in attempts to modify or to reduce the energy of incipient hurricanes and of building thunder storms, which give rise to squall winds and miniature tornadoes, any success in reducing the energy of either type of storm would, of course, give a natural spin-off or fallout and a reduction accordingly in wind strength. So wind as such was not specifically

mentioned as a weather modification activity, but it is a natural fallout or spin-off of cloud seeding should that be successful.

That is all I have to say at the moment, Mr. Chairman.

**The Acting Chairman:** Have you anything to add to that, Mr. Corbin?

**Mr. Corbin:** No, I do not, Mr. Chairman.

**The Acting Chairman:** We are ready for questions.

**Senator Thompson:** Mr. Chairman, a number of years ago in the province of Ontario there was a drought situation. If I remember correctly, the provincial government negotiated for some rain-making devices to be used in northern Ontario. Can you clarify this as to whether it is a federal jurisdiction rather than a provincial jurisdiction?

**Mr. Wright:** This is a problem presently under consideration in the Department of Justice. It is one consideration that would certainly have to be resolved before, for example, one could proceed to a licensing-type of regulation. Certain provinces have expressed reasonably strong reservations as to jurisdictional aspects in this field.

**Senator Thompson:** If it does not embarrass you, may I ask if the province of Ontario is one?

**Mr. Wright:** Perhaps by inference rather than by direct statement in this regard.

**Senator Blois:** I believe an experiment was carried out in one of the prairie provinces two or three years ago having to do with rain making, I believe.

**Senator Smith:** The Indians did that many years ago.

**Mr. Wright:** I am not exactly familiar with what you have in mind, senator. Specifically, in regard to rain making, I am aware of the severe drought back at that time and the various meetings that were held and the thought that perhaps rain making people should be called in. I am also familiar with the attempts in Alberta by the hail prevention people. In that connection it is rather interesting to note that the commercial firm has restricted its operations or suspended its operations until such time as the results of the Alberta hail project are known. That project is under the aegis of the Alberta branch of the National Research Council and the McGill people—the stormy weather people—and until the results of their findings and the results of the hail suppression methods are known, the commercial firm will stay out of Alberta completely.

This has been one of the problems. Our service is never known, and it is very difficult to give an answer when a constituent writes in and complains about tremendous amounts of rain in a certain area of a province. Other than by the fact that we can find out whether it is a Government activity in terms of rain making, we have no way of knowing for sure what private agency might be operating in an area.

**Senator Blois:** That is the point of this bill, I take it.



**Mr. Wright:** Yes.

**Senator Smith:** I have a very simple question. What is going on in the United States in this field? I refer not only to the field of experimenting with weather modification, but to the controls that the state governments and the federal government have.

**Mr. Wright:** It is quite a mixture. There are some states that have very tight regulatory and control legislation. There are other states that have simply information gathering legislation and there are some others that have no legislation whatsoever. Then again the State of Pennsylvania specifically prohibits any weather modification activity being carried out at all. From the standpoint of the federal Government, the head of the National Meteorological Service, the National Weather Service has made a strong plea quite recently for federal regulatory legislation in this field. They have federal information gathering legislation. But because of the hodgepodge of legislation from one area to another, there is considerable restriction on the operation of any attempt to carry out weather modification activities. There are a number of cases of litigation pending for some years and I think there are one or two on record in which an award has been granted in favour of the complainant who suffered damages, even minor damage of the order of \$5,000 or something like that. There is one such case I can recall in New York City. But there is a great need apparently for an overall agency to co-ordinate legislation and procedure and to control it throughout the country. The feeling from the meteorological standpoint in the States is that weather knows no boundaries and hence it is a matter of federal jurisdiction. But that is simply a statement, and there is currently no action being taken on it as yet from the federal standpoint even in a preliminary sense. So that they have currently in existence in the federal field information gathering services and legislation, and it is quite varied as between one state and another. But some states have no legislation whatsoever.

**Senator Smith:** Mr. Wright, from your standpoint close to the scientific community in looking at these problems, what are the prospects that weather scientists have in their minds about effective control of the weather? Can man eventually control his weather? If so, I suppose we would have to have some kind of dictatorship to say whether the Sunday School picnic shall be held, or whether the crops shall be watered.

**Mr. Wright:** There are many problems. What may be good for agriculture in the way of weather control may be harmful for tourism. There are many potential benefits, unquestionably, but there are many problems that would go along with any effective weather control. But to answer your question specifically, I think there are dreamers in the field who visualize effective weather control in another 10 to 20 years. I think more realistically people feel that some small measure of effective control in terms of individual storm cells of the severe variety such as hurricanes particularly and of hail suppression and fog dissipation in a local airport area may certainly be realized in the next 10 years. Other than

that I cannot give you a really good answer to that question.

**Senator Smith:** I should hope the dreamers are allowed to dream because some dreams do bring results. I think of my own experience in the Province of Nova Scotia over the last 50 years, and of the lives that have been lost at sea because of hurricanes coming up from the Caribbean, and also the effect on the economy of the agricultural community and the tourist industry. I am all in favour of weather modification particularly during a winter such as we have just had when everybody broke his back shovelling snow even in what should normally be a very mild part of the country, namely, Nova Scotia.

**Mr. Wright:** If I might just add a postscript to that, there is a problem there in the specific point you mention. The hurricane as it hits land for the first time in the south-eastern part of the United States, of course, strikes with a full-fledged blow. Then as it continues—and let us assume one that is moving inland—it weakens, but it has drenching rains which may be of considerable value to, say, the agricultural industry, and industry generally in the north-eastern part of the United States. But then as it moves off the land again and heads towards the Maritimes, it has undergone a change. It has been revitalized by the colder air coming from Canada, and has become what we call an extra-tropical storm and has become just as intense as it was originally, and it does damage in the Maritimes. But if, for example, the modifying influence weakened that hurricane so that it moved up through Maine with no significant amount of rain then, of course, it could hinder their industry or their agriculture. You run into this type of problem, senator.

**Senator Smith:** Thank you for adding that. It is very interesting.

**Senator Kinneer:** I was going to ask a question along the same lines as that asked by Senator Smith, but in regard to fog. The fog situation is bad in so many parts of Canada, particularly around the Great Lakes, and I was glad to hear you say that something is being done. I would like you to elaborate on that and to tell me what you are doing with seeding. I know Buffalo, New York, has been doing some seeding and it is unsuccessful. But it is so close to Ontario that the effects would bother us.

**Mr. Wright:** Perhaps this casts a little gloom, but there was a fog seeding experiment done with the co-operation and collaboration of numerous airline companies in Vancouver through the months of December and January. This involved what we call warm air fog. Similar experiments had been reasonably successful around the United States west coast in the past two or three years. Now that experiment concluded at the end of January or the early part of February, and unfortunately the preliminary results did not show much success. It certainly did not show the success that had been anticipated. I am not sure of the reasons for this, but it was the first attempt in Canada in a concentrated way to attempt to break up fog at Vancouver Airport where it was quite prevalent. However, with the temperature regime which is considerably warmer down along the United States west coast, in



the preceding two winters they had considerable success, for very brief periods—enough to let aircraft in and out.

**Senator Kinnear:** What about England? I thought they had made considerable strides in that area.

**Mr. Wright:** They have used various devices ranging from, just after the war, burning off the fog with petrol and installing heating units and so on, but the summary effect of that is to give an extremely temporary lifting of the fog. If you can seed the cloud and disturb the physical content or the matter or energy in the cloud such as breaking up the water droplets, and thinning them out, then you dissipate the whole entity and let the sun do the rest. This is what was hoped would happen in Vancouver. I do not know if it is their intention to try this again, but I think they had only four or five really good cases. They were restricted by limits on taking off at one time, and then they had aircraft problems at another time. They were seeding from aircraft in flight, and when the fog got down to a really critical level, the aircraft would take off and seed the top of the cloud which was quite thin.

There were some technical problems involved, but I think they had only four or five cases to examine. That is why the preliminary information was so quickly obtained and they did not reveal much success one way or another.

**The Acting Chairman:** Are there any international organizations in connection with weather modification?

**Mr. Wright:** The World Meteorological Organization, which co-ordinates statements of meteorological observation and forecasting procedures, is concerned with international standards and observation of air pollution and weather modification, and is taking quite an active role. This organization is almost a hundred years old—its centenary is next year. As a specialized agency of the United Nations it receives data from all over the world. This information is up to date and is distributed. For example, the results of a fog experiment in Canada, and the mechanism used, is passed to meteorological agencies in other countries so that they do not try the same thing without success.

**The Acting Chairman:** Is Canada a member of this organization?

**Mr. Wright:** Yes, an active member.

**The Acting Chairman:** While in the parliamentary reading room last week I saw a magazine which forecast the weather for the whole year. I should tell honourable senators that the forecast for March was not too encouraging. I do not know how accurate it was, but it forecast quite a bit of snow toward the end of March and some even in April. Who would prepare that sort of publication? Is that an assembly of information from all over the world?

**Mr. Wright:** Although unscientific, it is prepared on the basis of reliable statistics over the years. A pattern, say, for the winter of 1970-1971 may compare to that for the winter of 1915-1916, and it might indicate that we could

continue with this type of weather pattern. They do look for anomalies.

**The Acting Chairman:** Cycles?

**Mr. Wright:** Yes, that type of thing. That method is used quite extensively, although there is no astrology involved. As a matter of fact I checked this morning and found that we had exactly twice as much snow this year than we had on the same date last year. The figure was 85 inches as against 170 inches.

**Senator Inman:** I should like to ask the witness how accurate meteorologists in Prince Edward Island are? I was recently speaking to a meteorologist attached to the Air Force there, who told me that it was very hard to predict accurately what the weather would be over Prince Edward Island in view of the fact that we are located in the Gulf of St. Lawrence, and atmospheric conditions have a bearing on our weather. I know that scientists have learned a lot in the last 24 years.

**Mr. Wright:** I spent perhaps the best 10 years of my life in the weather business in Newfoundland.

**Senator Smith:** And in the fishing business also, no doubt.

**Mr. Wright:** I would agree that next to St. John's, Newfoundland, Prince Edward Island presents one of our biggest forecast problems because of the sweep of the sea. There is also the question of knowledge of local conditions. In other words, a person living in the area who is familiar with meteorology in general terms, and who has lived there a number of years, can undoubtedly forecast as well as, if not better than, the professional meteorologist who is preparing a forecast from some distance away. In other words, a person has to interpret the general forecast conditions by his own individual knowledge. This is true throughout the country. That is the way my ancestors functioned on the farm, and the way I was taught to function. No one really ridiculed the forecasters. It was a form of guidance. Hopefully we thought the weather would get better, but sometimes we became discouraged. People should interpret and adapt professional forecasts to their own particular locale, and they can do this quite well.

**Senator Inman:** I was born and brought up in Prince Edward Island. I am not setting myself up as a meteorologist, but I feel that I know what the weather will be like the next day.

**Mr. Wright:** And I think you are probably quite right.

**Senator Inman:** My grandfather was a sea captain and he instructed me very well in how this was done. I was interested in this aspect because, as I mentioned, I was told that it was very difficult to accurately predict what would happen. I was also told that the weather in Australia and other countries in that area has some bearing on what we are likely to have the following year.

**Mr. Wright:** That is not scientifically correct, but certainly the weather we have is directly linked with the atmospheric pattern in the northern hemisphere. There is



no question about that. If there is a system out in the north Atlantic that has stalled, it backs all the way up to the Pacific and affects our pattern of weather here in Ottawa.

**Senator Smith:** I venture to say that there are at least one million amateur meteorologists around the country. They are not really meteorologists at all but many people depend on them. Many retired sea captains who have had a good deal of experience now live ashore. They have a tremendous knowledge, and the witness paid such people a very good compliment. I hope that anyone who has friends who are amateur forecasters should tell them that the pros agree they have something that the pros do not have, in that they have lived long enough in one place to be able to forecast accurately.

**The Acting Chairman:** Thank you, Senator Smith.

**Senator Denis:** A person who wishes to engage in weather modification activities is given instructions on what he has to do. However, weather modification activities may be beneficial to one area but harmful to another. I do not see anything in the bill to prevent a man from engaging in weather modification activities.

**Mr. Wright:** I would refer the honourable senator to section 6:

The Governor in Council may make regulations prescribing any matter or thing that by this act may be prescribed.

It is hoped that with the co-operation of the Department of Justice and other departments involved there will be a tightening up when the specific regulations in terms of the reference are spelled out to handle this type of situation. Otherwise, you are quite correct in what you say.

**Senator Denis:** Do you not think it is important enough that it should be in the bill instead of in the regulations?

**Mr. Wright:** We cannot say. There is not enough scientific or technical evidence, for example, to say with any degree of accuracy or conclusiveness that the modification of weather, in the sense of making rain is sufficiently successful that it would cause more or less rain to fall on a certain area downstream or upstream as distinct from where the rain makers are operating—in other words, whether it would do damage to a particular area. If we knew more about this, we would be able to say one way or the other. Perhaps I gave the wrong impression when I said that what might be good for agriculture might not be good for the tourist industry, but this is looking into the future. The actual status of weather modification at the moment, based on current scientific and technical evidence, certainly does not indicate that one can be successful to a significant degree in modifying the weather. In Canada the last experiment in rain making as up in the Val d'Or area. The Canadian Government operated an experiment there from 1959 to 1963. There were 47 cases altogether in those five years, and the Government found that there were as many cases where rainfall was decreased by a minute amount as there were where rainfall was increased by a minute amount. So that the

sum total of the cloud seeding which was done by aircraft was really completely ineffective so far as revealing one way or the other that there was any significant change.

Where they have found a significant change on the basis of scientific evidence is in certain conditions of mountainous areas where you have the wind blowing up the mountain slopes over a prolonged period of time with a good circulation of moisture embedded in the flow. Then cloud seeding on top of this would tend to continue the precipitation for a longer period than is normally found without the seeding.

To answer your question specifically, I think there is no question but that the status of the science at the moment is such that one cannot say with any degree of accuracy that it would or would not do damage. So far as we know, there is no indication that it would do damage, but there is no indication that it could not.

**Senator Denis:** If I understand you well, the success of the operation is so improbable or so insignificant that no one could tell that such action would be harmful to the neighbourhood or the surrounding area, and so there is nothing to prevent the operation from taking place. But, in my opinion, there should be specific authority, to be used with discretion, given to the Government to forbid such operations. If those kinds of modification are no good, perhaps this bill is useless.

**Mr. Wright:** To come back to your point, senator, if permission was given for weather modification to be carried out in the province of Ontario and it was evident that, while rain was created in a certain area to the east or to the south, there was less rain than normal, and if there was some scientific evidence that it was as a result of more rain falling west of the point, then this would be a certain case where information would be gathered on it and it would be a specific case requiring us to take a look at the need for regulating and controlling this type of activity. There is no question about that.

**Senator Denis:** It would be too late, then.

**Mr. Wright:** On the other hand, we should bear in mind that it is an advancing science, which the scientists in the United States, Russia and Australia feel quite strongly will advance considerably in the next ten years, then we should be prepared to learn all we can about it.

**Senator Denis:** In order to be on the safe side, do you not think there should be a clause in the bill giving the right to the appropriate authority to prevent such an action, or to stop anyone from starting a modification? That would put us on the safe side. As it is, according to this bill if a man wants to modify the weather he just has to fill out a form and that is it, whether it is harmful or not, and the Government cannot do anything to prevent it.

**Mr. Corbin:** Mr. Chairman, perhaps you will allow me to try to answer Senator Denis' objection to the bill as it is written now. In fact, what Senator Denis is saying is that the bill does not go far enough; that it does not provide for the regulation of weather modification activities.



**Senator Denis:** It does not prevent such an action if someone thinks it is going to be harmful to someone else.

**Mr. Corbin:** Naturally, the Government could put its foot down and say there will be no weather modification activities period.

**Senator Denis:** Not according to this bill.

**Mr. Corbin:** Certainly not. This is not the purpose or intent of the bill. It should be made very clear that the purpose of the bill is to gather data which will be evaluated in the months and years ahead and which will supply us with some good, sound scientific evidence on which to build a foundation for regulating weather-making activities later on.

**Senator Denis:** The purpose of the Government would be the same, even if there were a clause preventing someone from doing that, if it was decided that it would be harmful. You could get that data anyway.

**Mr. Corbin:** Here we run into a jurisdictional problem, senator. Many provinces claim complete jurisdiction over the licensing and regulation of weather modification activities.

We have asked the Department of Justice for a legal opinion in this matter, but unfortunately it has not been produced. But, even if we did have their opinion, it is only indirectly related to the matter brought up in this bill. The important thing to remember is that we are gathering information in order to set the scientific basis for future regulations.

**Senator Denis:** I am in favour of that.

**Mr. Corbin:** I might point out that at the moment in the United States there is a certain mess because of varying standards. The various states have been issuing licences for rain-making activities, but their standards vary from one place to another and are not necessarily put on a sound scientific basis so that the result has been that the federal Government feels obliged at this stage to intervene in order to try to put some order into the whole activity. We do not want to go through that in Canada. We would like to gather our scientific data and lay down a scientific basis first and thus act in a sound way.

**Senator Michaud:** Mr. Chairman, I was interested to hear a while ago that some work had been done in Newfoundland. I am from the eastern part of New Brunswick, from the area bordering on the Northumberland Strait. It is generally felt there that we are experiencing much more dry weather during the summer months in that particular area than in other parts of the province—the western part, for instance, or even, for that matter, Prince Edward Island. Is there any scientific explanation or scientific data to determine why one particular area like that would be experiencing more dry weather than another? I am speaking now of the average.

**Mr. Wright:** I would suggest it is a matter of circulation. There is more of a basically protective type of circulation in that area in the summer as distinct from,

say, the southern part of Nova Scotia, for example, or the southern part of New Brunswick. So it is more of a circulation problem, I think, and not dissimilar to certain areas in the Prairies where you get the same type of situation. We used to call them the desert belts or something like that. I am quite familiar with the area you have in mind, and for particular reasons we often long for a good solid alternative for aircraft in that area where the weather was so dry and devoid of many of the weather conditions that occurred further south and southeast. So I would say it is a matter of the fact that you have a protective circulation there in the summer months as distinct from the southern parts of the area.

**Senator Michaud:** Then, according to your explanation, it is recognized as being a dry area.

**Mr. Wright:** Yes, I have seen precipitation contours for that area on a seasonal basis and certainly the precipitation tapers off considerably as compared with other areas.

**Senator McGrand:** Going back to the people who make rain, so to speak, I remember that 1921 was a tremendously dry year in western Canada and the Maritimes. At that time the first rainmaker made his appearance in Alberta, and he had a contract with farmers to produce rain. It seems to me that there was some legislation passed in Alberta at that time and, if I remember correctly, the matter got into the courts. Have you any information on that?

**Mr. Wright:** I have never run across that at all. I might say that Alberta was one of the first provinces that specifically indicated strong support for information-gathering legislation, but at the same time indicated that they would reserve the option of being brought back into the picture should regulatory or licensing legislation be considered or necessary at any time in the future. Now this might infer that possibly there is nothing in the way of a statute currently in existence.

**Senator McGrand:** I asked the question only because you said that perhaps the provinces would want to control this sort of thing.

**Mr. Wright:** They wish to be consulted further, certainly on the jurisdictional aspects and the legal liability aspects, should control legislation be contemplated in the future.

**Senator Inman:** I remember the incident that Senator McGrand speaks about, and I am wondering what would happen in Prince Edward Island—and here I know we do not have to worry too much about whether we have rain because we usually do not have too dry a spell—if, for instance, the people who were tourist operators wanted no rain and the farmers who are in the majority did want rain for crops. How would that be settled?

**Mr. Wright:** I think this is really one of the objectives of this legislation, to gather enough information so that the Government can then sit back and take a look at it and assess the situation to see what is most beneficial to the economy as a whole. Somebody is bound to suffer,



undoubtedly, but in the interests of the economy as a whole, one would have to regulate and control weather modification activities for the benefit of as many segments of the economy as possible.

**Senator Inman:** Potato growers want it dry, and wheat growers want rain.

**Mr. Wright:** That is if it ever comes to the point where it can be controlled.

**Senator Thompson:** Mr. Chairman, clause 2(b), on the first page of the bill, provides:

(b) "Weather modification activity" includes any action designed or intended to produce . . . for the purpose of increasing, decreasing or redistributing precipitation, decreasing or suppressing hail or lightning, or dissipating fog or cloud.

Speaking as a layman, I think there may be some suggestions for the use of atomic power in heating the Arctic, and experiments which really are not exclusively intended to produce changes, and yet they would be very important in studying the effect and getting information on this. I do not know of other experiments, but in connection with such things as this and on a broader basis do you have means of asking for information?

**Mr. Wright:** I certainly think if this were not available through other scientific sources, it would be something that would be laid down in the regulations. Of course, in Canada this would also be governed by such things as the clean air act when it becomes law. I think there are certainly plenty of channels of information on this type of activity.

**Senator Thompson:** Again I am reaching into the future, but assuming the St. Lawrence were to be heated,

I would suggest that would have quite an effect on the weather, and I understand there is considerable experimentation in the Arctic by the Russians in connection with heating the Arctic.

**Mr. Wright:** Here you run into modification on almost a climatic basis, and this is an area that the World Meteorological Organization and its member states have been looking at quite carefully.

**Senator Blois:** For quite a few years the Canadian Government in conjunction with the United States Government has done a great deal of weather experimentation and observation about 15 miles from Fort Churchill. I think that information and data went to Washington as well as to Ottawa. Did they gain much information from that? It was fairly expensive, as far as the Canadian team is concerned they did a magnificent job. I was up there on a couple of occasions, I thought they were doing a marvellous job.

**Mr. Wright:** This is one of the types of work, primarily high atmospheric and stratospheric work which is now extremely useful for both governments in the evaluation, for example, of supersonic transport operations, and also from the standpoint of future development and research into pollution with respect to air movement at various levels and the differential in ozone concentrations. This has been a valuable fallout with respect to how much sun we get or do not get, and how much pollution is retained or not retained in the air. I am not a scientist in the pure or research sense, but it is now becoming even more valuable than was anticipated before.

**The Acting Chairman:** Are there any further questions? Shall I report the bill without amendment?

**Hon. Senators:** Agreed.

The committee adjourned.

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THIRD SESSION—TWENTY-EIGHTH PARLIAMENT

1970-71

THE SENATE OF CANADA

PROCEEDINGS OF THE

STANDING SENATE COMMITTEE ON

HEALTH, WELFARE  
AND SCIENCE

The Honourable CHESLEY W. CARTER, *Acting Chairman*

No. 6

WEDNESDAY, APRIL 7, 1971

Complete Proceedings on the following Bills:

Bill C-232, "An Act to amend the Civilian War Pensions and Allowances Act"

Bill C-233, "An Act to amend the War Veterans Allowance Act, 1952"

Bill C-234, "An Act to amend the Pension Act"

REPORTS OF THE COMMITTEE

(Witnesses and Appendices—See Minutes of Proceedings)









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1970-71

THE SENATE COMMITTEE ON HEALTH,  
WELFARE AND SCIENCE

THE SENATE OF CANADA

Chairman: The Honourable Maurice Lamontagne

The Honourable Senators:

Bélisle	Inman
Blois	Kinnear
Bourget	Lamontagne
Cameron	Macdonald ( <i>Cape Breton</i> )
Carter	McGrand
Connolly ( <i>Halifax North</i> )	Michaud
Croll	Phillips
Denis	Quart
Fergusson	Robichaud
Fournier ( <i>de Lanau dière</i> )	Roebuck
Fournier ( <i>Madawaska- Restigouche</i> )	Smith
Hays	Sullivan
Hastings	Thompson
	Zuzyk—(27).

Ex officio Members: Flynn and Martin

No. 6 (Quorum 7)

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# Orders of Reference

# Minutes of Proceedings

Extract from the Minutes of the Proceedings of the Senate, April 6, 1971:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator McDonald, seconded by the Honourable Senator Croll, for the second reading of the Bill C-232, intituled: "An Act to amend the Civilian War Pensions and Allowances Act".

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

The Bill was then read the second time.

The Honourable Senator McDonald moved, seconded by the Honourable Senator Croll, that the Bill be referred to the Standing Senate Committee on Health, Welfare and Science.

The question being put on the motion, it was—  
Resolved in the affirmative.

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After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

The Bill was then read the second time.

The Honourable Senator McDonald moved, seconded by the Honourable Senator Bourget, P.C., that the Bill be referred to the Standing Senate Committee on Health, Welfare and Science.

The question being put on the motion, it was—  
Resolved in the affirmative.

Robert Fortier  
Clerk of the Senate

Wednesday, April 7, 1971.  
Pursuant to adjournment, the Standing Senate Committee on Health, Welfare and Science met this day at 2:30 p.m.  
The Honourable Senator White, not a member of the Committee, was present.  
On Motion of the Honourable Senator Bourget, the Honourable Senator White was elected Acting Chairman.  
The Committee proceeded to the consideration of the following Bills:  
Bill C-232, "An Act to amend the Civilian War Pensions and Allowances Act."  
Bill C-233, "An Act to amend the War Veterans Allowance Act, 1952."  
Bill C-234, "An Act to amend the Pension Act."  
The following witnesses were heard in explanation of the Bills:  
Mr. D. M. Thompson, Chairman, War Veterans Allowance Board.  
Mr. J. E. Hodgson, Deputy Minister, Department of Veterans Affairs.  
The following witnesses were also present but were not heard:  
Mr. C. K. Kendall, Special Assistant, Department of Veterans Affairs.  
Mr. J. E. Walsh, Director, Financial Management Directorate, Department of Veterans Affairs.  
Mr. R. E. Reynolds, Director, Legal Branch, Department of Veterans Affairs.  
Mr. F. Benoit, Executive Assistant, War Veterans Allowance Board.  
Mr. R. N. Juras, Commissioner, Canadian Pension Commission.



# Minutes of Proceedings

Orders of Reference

Wednesday, April 7, 1971.

(6)

Pursuant to adjournment and notice the Standing Senate Committee on Health, Welfare and Science met this day at 9.30 a.m.

*Present:* The Honourable Senators: Bourget, Cameron, Carter, Fergusson, Inman, Phillips, Quart and Robichaud.—(8).

The Honourable Senator White, not a member of the Committee, was also present.

On Motion of the Honourable Senator Bourget, the Honourable Senator Carter was elected Acting Chairman.

On Motion of the Honourable Senator Robichaud, it was Resolved to print 800 copies in English and 300 copies in French of these proceedings.

The Committee proceeded to the consideration of the following Bills:

Bill C-232, "An Act to amend the Civilian War Pensions and Allowances Act".

Bill C-233, "An Act to amend the War Veterans Allowance Act, 1952".

Bill C-234, "An Act to amend the Pension Act".

The following witnesses were heard in explanation of the Bills:

Dr. J. S. Hodgson, Deputy Minister,  
Department of Veterans Affairs.

Mr. D. M. Thompson, Chairman,  
War Veterans Allowance Board.

The following witnesses were also present but were not heard:

Mr. C. K. Kendall, Special Assistant,  
Department of Veterans Affairs.

Mr. J. E. Walsh, Director,  
Financial Management Directorate,  
Department of Veterans Affairs.

Mr. P. E. Reynolds, Director,  
Legal Branch,  
Department of Veterans Affairs.

Mr. P. Benoit, Executive Assistant,  
War Veterans Allowance Board.

Mr. R. N. Jutras, Commissioner,  
Canadian Pension Commission.

6:4

On Motion of the Honourable Senator Robichaud, it was Resolved to report the said Bills without amendment.

It was Resolved to print as an appendix an explanation of the Pension Act and a copy of an advertisement published by the Department of Veterans Affairs. They appear as Appendix "A" to these proceedings.

It was also resolved to print copies of letters received from The Royal Canadian Legion and from the National Council of Veterans Associations. They appear as Appendix "B".

At 10.30 a.m. the Committee adjourned to the call of the Chairman.

ATTEST:

Denis Bouffard,  
Clerk of the Committee.

ERRATUM

The Order of Reference in the English version of issue No. 3 of the Proceedings of this Committee should be the same as the Order of Reference appearing in issue no. 4.



# Reports of the Committee

and Science

Evidence

Ottawa, Wednesday, April 7, 1971

Wednesday, April 7, 1971.

The Standing Senate Committee on Health, Welfare and Science to which was referred Bill C-232, intituled: "An Act to amend the Civilian War Pensions and Allowances Act", has in obedience to the order of reference of April 6, 1971, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

Chesley W. Carter,  
*Acting Chairman.*

Wednesday, April 7, 1971.

The Standing Senate Committee on Health, Welfare and Science to which was referred Bill C-233, intituled: "An Act to amend the War Veterans Allowance Act, 1952", has in obedience to the order of reference of Tuesday, April 6, 1971, examined the said Bill and now reports the same without amendment.

Respectfully submitted.

Chesley W. Carter,  
*Acting Chairman.*

Wednesday, April 7, 1971.

The Standing Senate Committee on Health, Welfare and Science to which was referred Bill C-234, intituled: "An Act to amend the Pension Act", has in obedience to the order of reference of Tuesday, April 6, 1971, examined the said Bill and now reports the same without amendment.

Respectfully submitted.

Chesley W. Carter,  
*Acting Chairman.*







# The Standing Senate Committee on Health, Welfare and Science

## Evidence

Ottawa, Wednesday, April 7, 1971

[Text]

The Standing Senate Committee on Health, Welfare and Science, to which were referred Bills C-232, to amend the War Veterans Allowance Act and Bill C-234, to amend the Pension Act, met this day at 9.30 a.m. to give consideration to the bills.

**Senator Chesley W. Carter** (*Acting Chairman*) in the Chair.

**The Acting Chairman:** Honourable senators, we have Bills C-232, C-233 and C-234, before us for consideration. Is it your pleasure to consider each bill separately, or to take all three of them together. I might add that the three bills deal with the same topic. It would be simpler if we considered the three together.

**Hon. Senators:** Agreed.

**The Acting Chairman:** We have as witnesses this morning Dr. J. S. Hodgson, Deputy Minister of Veterans Affairs, Mr. P. Reynolds, Legal Adviser, the Department of Veterans Affairs. From the War Veterans Allowances Board we have the Chairman, Mr. Don Thompson who is well known to all of us here, and we have Mr. Kendall from the Pension Commission. Then there are Mr. Jutra from the Canadian Pension Commission, and Mr. Benoit.

**Doctor J. S. Hodgson, Deputy Minister of Veterans Affairs:** Mr. Chairman, Mr. Walsh, the Director of Financial Management of the Department of Veterans Affairs, is also present.

**The Acting Chairman:** Bill C-232 is a routine bill. It increases the pensions rates by a certain percentage. Bill C-234 does the same thing, while Bill C-233 deals with the War Veterans Allowances Act and is slightly different.

Do you wish to make an opening statement, Dr. Hodgson?

**Dr. Hodgson:** Mr. Chairman, I have no prepared statement, but I wonder if it is the wish of the committee that I read what the Minister said with regard to the War Veterans Allowance bill when it was under consideration in the other place. This summarizes the changes.

**The Acting Chairman:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**Dr. Hodgson:** The Minister said:

The second of the measures now before the Standing Committee is a bill to amend the War Veterans' Allowance Act. This bill is also straightforward: it would authorize a 15 per cent increase in basic rates of War Veterans' Allowances, and increases of the same dollar amounts—not percentages—in the WVA ceilings. Thus for example the maximum rate for a married recipient will rise from \$175. to \$201. per month, and the "maximum total annual income" (that is the ceiling) will in this case rise from \$2,940. to \$3,252. The rates for orphans and blind persons are being similarly increased. The present rates have been in effect since 1966, which explains why the WVA increase is 5 per cent higher than the pension increase.

This Bill contains no amendments other than the changes in rates. However, a number of concurrent changes are taking place, and I would like to describe them in general terms for the information of the Committee. In my statement in the House on December 2nd I mentioned that the regulations would also be changed, effective as of April 1, 1971, to provide that recipients who are also eligible for Old Age Security and Guaranteed Income Supplement—which are also being increased—will be deemed to be receiving the full amounts to which they would be entitled under those programs. I mentioned that their WVA will then be adjusted to supplement their OAS and GIS payment to bring their incomes to the level of their relevant income ceilings. This procedure is being given effect by amendments to the WVA Regulations. Mr. Chairman I might explain that the WVA Act authorizes the making of regulations "defining income for the purposes of this Act, and prescribing the manner in which income is to be determined" (Section 22e).

During January, notices were sent to veterans affected, advising them to make application for benefits under the Old Age Security Act if they had not already done so. They were reminded of the importance of making this application in order to avoid a loss of income.

Mr. Chairman, I can assure the committee that this change in procedure will be handled as reasonably and flexibly as the circumstances permit. For example, as I mentioned in the house in the adjournment debate, in the case of a veteran who has made application for GIS before April 1st but is not yet receiving it, the procedural change will be postponed until the Department of National Health and Welfare begins his GIS payments. In other words, no one will be penalized for delays that are outside his control.



Members of the committee will be aware that war veterans allowance is exempt income under the Income Tax Act, while payments under the Old Age Security Act are not. It will of course be appreciated that I am not in a position to speculate upon the possible provisions of the government's future budgets. I can say however that the White Paper on Taxation mentions that the government proposes to increase the basic personal exemption for a single person as well as for a married couple.

Another effect of the new procedure is that some veterans, who have other sources of income, will cease to be eligible for WVA payments because of the amounts they will be receiving under the Old Age Security Act. Under the Veterans Treatment Regulations these veterans remain eligible for medical and hospital treatment at departmental expense. This will also mean that they will remain eligible for consideration under the Veterans' Burial Regulations provided that, before death, they have been found eligible for WVA if it were not for OAS or GIS that was or could have been in payment.

Mr. Chairman, we are also amending the Treatment Regulations to permit us to continue to pay medicare and hospital insurance premiums in respect of those veterans who, but for the receipt of payments under the Old Age Security Act, would be eligible for WVA.

I should perhaps mention the effect of the new procedure upon the special awards provided under section 5 of the WVA Act. This section provides in general terms that where a married recipient dies, his widow may receive WVA at the married rate for one year. Mr. Chairman, in cases where the receipt of OAS payments removes a veteran from WVA, this death benefit will remain available for a period of a year from the time he ceases to receive WVA.

Of course, this benefit would no longer apply at the end of the twelve months, but this has always been the case with regard to persons who go off WVA for any reason whatever. For example, a disability pensioner whose pension may be increased by as little as 5 per cent, or a person who ceases to be eligible for WVA because of an increase in superannuation, would be treated in exactly the same way.

Finally, I would like to explain one more aspect of the adjustments being made by the changes in the regulations. It will be recalled that on four occasions since 1966 the rates of Old Age Security have been raised, in recognition of rises in the cost of living. These four escalations have been exempted from income for purposes of WVA. In other words, WVA recipients over 65 who have been getting OAS have been receiving more in total than younger recipients, who are still getting the same as in September, 1966. The present 15 per cent increase in WVA rates recognizes the changes in costs and prices since 1966, and therefore the exemptions of the OAS escalations will be discontinued as of April 1st. From that date, the whole amount of OAS/GIS received will count as income for purposes of WVA.

In other words, the conditions affecting all recipients will again be the same whether they are over or under age 65. This consolidation of OAS exemptions at a time of WVA increase is not a new principle: it was done previously in 1964.

**The Acting Chairman:** Thank you, Dr. Hodgson. Mr. Thompson, do you have anything to add?

**Mr. D. Thompson, Chairman, War Veterans Allowance Board:** Non, I have nothing to add, Mr. Chairman.

**The Acting Chairman:** Are there any questions?

**Senator Phillips:** I will start the questioning by referring to the removal of the allowance paid a widow per year. This is a point that disturbs me in the change of regulations. Let us take the case of a veteran who is 65. He would be forced to apply for OAS and GIS, and this removes him from War Veterans Allowance. If he were allowed to continue, his widow, being over 55, would have received some benefits. What position is she in now with regard to benefits?

**Dr. Hodgson:** Mr. Chairman, if he should die and was not on WVA because of the receipt of OAS/GIS, she would remain eligible for that payment for one year from the time that he went off WVA. This is the same as for other people who go off WVA for any other reason.

**Senator Phillips:** Yes, but if he died two years from now, after he was off, she would not be eligible for benefits. But if this regulation had not been changed, she would have been eligible for benefits.

**Dr. Hodgson:** If he had remained on WVA until his death she would have been eligible. This is so. It will be appreciated, of course, that this death benefit consists of a payment of the married rate to the survivor. The survivor, even though not eligible for the married rate, may be eligible for the single rate in his or her own right.

**Senator Phillips:** Yes.

**Dr. Hodgson:** So it is only the differential that is at stake.

**Senator Phillips:** Yes. The point I want clarified is, will she be at any time eligible for the single rate? I knew she would not be eligible for the married rate.

**Mr. Thompson:** Yes, Mr. Chairman, as a widow she could be considered for eligibility in her own right and in consideration of her own financial circumstances.

**Senator White:** Were she under 55 would she still be eligible?

**Mr. Thompson:** If she is medically unfit to provide for her own maintenance, or there is a combination of medical, physical and economic circumstances, she can be granted the allowance under age 55.

**Senator White:** But if the widow does not have any of those benefits, then under these changes she is losing a decided benefit, because if at the date of the death of her



husband he was under allowance she would get the allowance for the year and then go on the single rate. So if she is under 55 and her husband is not under the allowance, she would not get the allowance of the double rate for the year and she would not be eligible for the single rate—that is correct, is it not?

**Mr. Thompson:** Yes, this would be so if she failed to qualify in her own right.

**Senator White:** Then why put the widow at that very decided disadvantage? In these days of women's liberation and all the other things going on, do you not think you are doing a great injustice to the widows?

**Dr. Hodgson:** I quoted the minister's text, to the effect that all people who go off WVA are, for that reason, in the same position.

**Senator White:** The reason for making this change in the regulations is simply for the purpose of making the veteran in many cases eligible for income tax. After all, he will get exactly the same amount of money. Why make all these changes and make the poor veteran, who has to live, subject to income tax? I realize that is policy, but if all these things are policy, then someone should be here from the department to give an explanation of the reasoning for some of these decisions, because older veterans like myself cannot understand it.

**Dr. Hodgson:** As the minister said in his statement, it is not possible for him to predict whether income tax will arise or not. All he could mention was the White Paper on Taxation which indicated an intention to raise the exemptions. As to the point that a veteran who had been off WVA for longer than a year would not be entitled to the so-called death benefit, that is something that has always been the case. It is not a new provision.

**Senator White:** But by the change in the regulations, as I understand it, a veteran is forced to apply for these extra benefits under Old Age Security, and is actually being forced off WVA.

**Dr. Hodgson:** The regulations state that eligibility for OAS and GIS, will be counted as part of a person's income. Such a person would go off WVA only if he had another source of income as well.

**Senator White:** Why was it necessary to make that change? The amount that he will get in the end is exactly the same, whether part of it comes from OAS or the Department of National Health and Welfare.

**Dr. Hodgson:** It is a little difficult for Mr. Thompson and I to give a categorical answer concerning the reasons for the policy. These payments come from the Estimates of the Department of National Health and Welfare as part of the overall general OAS pool of funds, and it therefore becomes unnecessary for the Department of Veterans Affairs to increase its Estimates for this specific group of persons.

**The Acting Chairman:** Senator White, I do not think the deputy minister is in a position to discuss policy.

**Senator White:** I appreciate that, but the change will cause a great deal of further bitterness among veterans, especially older veterans who do not understand the reason for it. However, I realize that the deputy minister cannot give an answer on this point.

**The Acting Chairman:** Dr. Hodgson, under the present tax system, with the present exemptions, is it possible that if a person, who has just enough income to go off WVA, has to pay income tax he will be worse off in the final analysis? Will his total take-home pay, his total useable income, be less? Are there circumstances when it would be less than if he were on WVA?

**Dr. Hodgson:** It will be recalled that as of April 1 there is a 15 per cent increase in WVA. Regarding whether any recipient will in fact pay income tax in future years, as the minister pointed out this is something on which it is difficult to speculate. I would be astonished if any single individual were receiving less after April 1 than before.

**Senator White:** Dr. Hodgson, when you were before the committee of the other place you were asked a question which was not answered. I wonder if you would say whether this is correct. I think the person who asked the question was entirely wrong. His question was:

A person receiving War Veteran's Allowance can live outside Canada for a year, if he went with a friend to Florida for example, and still draw his War Veteran's Allowance. But if he is under Old Age Pension, of course he has to stay in Canada for part of the year. He can only live outside for so many months. I am not sure what the exact regulation is.

The member continued with his question but you did not answer him. Is that not entirely wrong?

**Mr. Thompson:** At the present time if a person, who is receiving any portion of a War Veteran's Allowance, leaves the country longer than the time permitted under the OAS Act and regulations, his War Veteran's Allowance could be increased. However, if he is not receiving a War Veteran's Allowance and is on OAS, he would come under that act and those regulations. A recipient of a War Veteran's Allowance can leave the country after he has been here for the required time.

**The Acting Chairman:** Indefinitely?

**Mr. Thompson:** Indefinitely.

**Senator White:** What about an Old Age Pensioner? Can he live outside the country and still receive it?

**Dr. Hodgson:** In the case of Old Age Security benefits, the period is shorter. If a person ceases to be eligible for OAS he may become eligible again for WVA, because the only sums that will be taken into account are those under OAS that a person is eligible to receive.

**Senator Inman:** What happens regarding a pensioner who cannot live in this climate? A person in my own province, Prince Edward Island, may find he cannot live near the sea and must move somewhere where it is dry and high. Can he not receive his Old Age Pension? I have in mind cases of emphysema.



**Mr. Thomson:** That comes under the Old Age Security Act, and I would not want to say what the regulations are. My understanding is that there is a restriction as to the length of time, but there may be a provision for extenuating circumstances. That does not come under our jurisdiction.

**Senator Phillips:** I will have a number of questions to ask during the hearing. I do not want to prevent others from asking questions. First, I should like to say that I realize that the deputy minister cannot give an answer on this although he may have had something to do with the recommendations. I should like to express my objection to the way this change in the regulations is being effected. A notice went out in January without any notice being given to Parliament, and it was not until a few days ago that an explanation was given to Parliament. When an act is being changed, any changes in the regulations should be included in the act rather than advantage being taken of section 22. This is a rather unusual tactic to adopt when an act is being amended.

First, I should like to ask why a veteran is not allowed to take advantage of the 2 per cent increase in the cost of living allowance in OAS and GIS? At the present time a veteran and his wife, both of whom are over 65, can receive an Assistance Allowance of \$16 per month. Am I correct in that? That is above the \$255. At the present time our cost of living index affecting the allowance for OAS and GIS has been 2 per cent a year. In eight years this will be completely eliminated, and four years from now 50 per cent of the benefit given veterans under the Assistance Allowance will have been worn away by simple attrition. I fail to see why, if we are going to have that allowance, it is not continuing.

**Dr. Hodgson:** Mr. Chairman, perhaps I might refer again to the minister's statement. He mentioned that on December 2 he had announced in the House the changes that were to be made. This was the announcement which preceded the notices sent to veterans during January. With regard to the question of the 2 per cent escalations, the minister pointed out:

In other words, WVA recipients over 65 who have been getting OAS have been receiving more in total than younger recipients, who are still getting the same as in September, 1966. The present 15 per cent increase in WVA rates recognizes the changes in costs and prices since 1966, and therefore the exemptions of the OAS escalations will be discontinued as of April 1st. From that date, the whole amount of OAS/GIS received will count as income for purposes of WVA. In other words, the conditions affecting all recipients will again be the same whether they are over or under age 65. This consolidation of OAS exemptions at a time of WVA increase is not a new principle: it was done previously in 1964.

As to what might happen with regard to future escalations of Old Age Security and Guaranteed Income Supplement this, of course, is something on which Government policy has not been announced and I could not speculate as to what the policy might be.

**Senator Phillips:** But, as it stands now, unless there is a change the benefit of War Veterans Allowance to those over the age of 65 will gradually be lost as the non-veteran receives an increase of 2 per cent each year.

**Dr. Hodgson:** Mr. Chairman, this would be so if neither of two things happened: if an order in council is not passed to exempt the future escalations, and if the War Veterans Allowance ceilings themselves did not rise.

**Senator Phillips:** Considering the length of time it took to have the ceilings raised from 1966 to now, I predict that this will be eroded by the cost of living and that benefit completely lost.

I inquired yesterday what happens in the case of a veteran receiving assistance allowance in British Columbia and any other province that decided to supplement the Guaranteed Income Supplement? This will raise him above the ceiling.

**Mr. Thompson:** We are aware of the situation raised by Senator Phillips, and it is receiving very careful study.

**Senator Phillips:** I realize you are studying it. However, may I make a recommendation that the study not take as long as some have. The problem has to be solved quickly. We should reach a solution earlier than has been our experience with other studies.

**Mr. Thompson:** Mr. Chairman, I assure Senator Phillips, through you, that we have been meeting with respect to this. A meeting is scheduled for this afternoon in an effort to resolve the situation in a way that we hope will work to the advantage of the veterans concerned.

**Senator Phillips:** I believe it can be exempted under section 2 (b). You have the authority under certain sections of the act to exempt certain income.

**Mr. Thompson:** That is correct, by regulation.

**Senator Phillips:** You could exempt it as income under section 22, could you not? That section is being used to change this now.

**The Acting Chairman:** For the sake of those who may read our record and to make it meaningful to them, I wonder if Mr. Thompson might say a few words to describe the problem. I personally feel that our record might not indicate what we are discussing.

**Senator Phillips:** Have I been so indefinite, Mr. Chairman?

**The Acting Chairman:** What is the definite problem in British Columbia?

**Mr. Thompson:** The provincial government provides supplementation to certain individuals over the age of 65. This is based on a needs test in cases of exceptionally high costs for food, lodging and other general items. The needs test is rather close and the allowable amount of personal property is not as generous as under the War Veterans Allowance Act. Therefore it is not a simple case



of all War Veterans Allowance recipients over the age of 65 being eligible.

The problem is in determining how much of this money can in fact be exempted as income under the regulations. It is rather complex because of the way the supplement is made up, but certainly we are doing our best to find an early solution to the problem.

**Senator Phillips:** In my remarks yesterday I raised the question of nursing homes. This is a problem that I meet more and more in my correspondence. A veteran has to enter a nursing home and the War Veterans Allowance does not cover the complete cost. The difference has to be made up by the individual's family or the province. I feel that this regulation should be changed, that a family should not be penalized because the veteran has to enter the home and we should not pass the problem on to the provinces. I think it is strictly a matter for the Department of Veterans Affairs and I would like to know what is being done to meet this.

**Mr. Thompson:** I am not quite clear whether it is a matter that affects War Veterans Allowance or treatment under regulations for domiciliary care. I am not clear on which point it bears.

**Senator Phillips:** I refer to the situation of a veteran who suffers a stroke and is hospitalized. Unfortunately there are insufficient hospital beds to accommodate such a patient and he is transferred to a nursing home. While in the hospital he has received full treatment, which was paid for, once he is transferred to a nursing home the payments are discontinued, and I believe this to be wrong.

In Prince Edward Island the nursing homes are largely operated by a provincial Crown corporation. The veteran must sign over his War Veterans Allowance to that corporation and then the province requests the family, if they are able, to make up the difference. In the event the family is unable to do this the province does. This difference is that between the normal charge to a patient in the nursing home and the amount received under War Veterans Allowance.

**Dr. Hodgson:** This is really another question of policy, as to what changes should be made in the present provisions. I am unable to make any comment, except to say it is something that officials will study, but it is difficult to predict what the outcome of that study might be.

**Senator Phillips:** You sound very much like a minister answering a question rather than a deputy minister! I will move on, then and ask another question. What kind of investigation is carried out when someone applies for GIS?

**Dr. Hodgson:** GIS is operated by the Department of National Health and Welfare and we do not really have first-hand information on the extent to which they investigate. We do know, however, that a person may not apply for GIS until he has already been taken on the rolls for OAS, so they have some basic information on him before his application for GIS is officially received. What happens after that I do not know.

**Mr. Thompson:** We have no way of knowing; we do not process it.

**The Acting Chairman:** That is the responsibility of National Health and Welfare. My own impression is that the recipient must on his application form submit his total income and justify his need for this supplement. The department carries out spot checks here, there and everywhere at different times. I think that is how they keep check, by spot checks.

**Senator Phillips:** When a veteran becomes a recipient of war veterans allowance he has to prove his inability to work, his lack of income wants. Are we forcing him to do that again and subjecting him to this humiliation maybe twice in two years, or have you made some arrangement with National Health and Welfare to accept the application as accepted for war veterans allowance?

**Mr. Thompson:** To my knowledge there is no such arrangement, but it is my understanding that the GIS does not go into a detailed individual examination of each case. The war veterans allowance recipients who are established as recipients and are over the age of 60, or 55 in the case of a widow, are not interviewed and questioned and visited each year. This is something that is done at the discretion of the district officers, but it is not done on a regular annual basis. I believe, too, that GIS may make use of verification of assets or verification of income through the income tax records, which undoubtedly would save a good deal of their investigation.

**Senator White:** I should like to ask Dr. Hodgson two more questions. I understand that at the present time the age is 60 for veterans applying for allowances and 55 for a widow. Now that the old age pension age is reduced to 65, has there been any consideration or discussion of the question of reducing the age for a veteran from 60 to 55 and the widow from 55 to 50?

**Dr. Hodgson:** I am not aware of any discussion on changes in the age. It will be appreciated that totally disabled under those ages may also be considered eligible.

**Senator White:** I have been looking at the report of the committee of the other place. In the minister's statement, where dealing with change in the regulations, in speaking about certain payments, he says:

This will also mean that they will remain eligible for consideration under the Veterans' Burial Regulations provided that, before death, they have been found eligible for WVA if it were not for OAS or GIS that was or could have been in payment.

The words I want you to explain are:

provided that, before death, they have been found eligible for WVA.

Does that mean they would have had to have made an application, or does it mean that on examination of what their assets were, if it had not been for the old age pension and GIS they would have been eligible for allowances?



**Mr. Thompson:** As it stands over the years, since the treatment regulations were amended to permit of treatment being given to those who but for OASP or GIS would be eligible for treatment by the department, it has been our longstanding procedure whereby the person makes application and receives a ruling to the effect that but for OASP and GIS he would be eligible for war veterans allowance, that then clears the way under treatment regulations to be treated. The same procedure is provided for in the burial regulations. If a person receives that ruling, it is on the record at the time of death and the way is cleared for the burial regulations to apply.

**The Acting Chairman:** Could you elaborate a little on the treatment regulations? Does the War Veterans Allowance Board draw up its own treatment regulations or do you adopt the treatment regulations of the Pension Commission or the department as a whole? Is there one set of treatment regulations that applies right through the department or does each body draw up its own?

**Mr. Thompson:** There is one set of treatment regulations that applies.

**The Acting Chairman:** And that is passed by order in council?

**Mr. Thompson:** That is correct.

**Dr. Hodgson:** These are regulations under the Department of Veterans Affairs Act. The section of the regulations under discussion is section 12, which says that treatment may be given to a veteran whose service limited income and other circumstances would entitle him to be a recipient under the act if the pension being paid to him, his spouse, or both under the Old Age Security Act was deducted from his income.

**Senator White:** When you replied to my question about the ruling, I was not quite clear. Did you infer or mean that the veteran would have had to make an application and had some ruling in his lifetime, and after he dies nothing could be done then?

**Mr. Thompson:** Yes, this is correct.

**Senator White:** So if a veteran dies and has not made this application and got a ruling in his lifetime, none of these things would apply?

**Mr. Thompson:** This is so. It stems from the fact that the person normally in his lifetime, in order to benefit from the department's provisions for treatment, obtains a ruling that but for OASP and GIS he would be eligible for war veterans allowance. That entitles him to treatment during his lifetime. The burial regulations are merely, one might say, an extension of that principle.

**Senator White:** I think the statement said that you were going to put a full page advertisement in the Legion magazine explaining the change. Would you by any chance have a draft copy of that, or could you explain what has been covered?

**Dr. Hodgson:** A full page ad that has been put in the Legion magazine. I do not have it here. It refers principally to the many amendments that were recently made in the Pension Act.

**Senator White:** Will there be an advertisement about the changes in the War Veterans Allowance Act?

**Dr. Hodgson:** I am unable to comment on that. I am aware of the full page ad, which principally refers to the many changes in the Pension Act. However, we are doing everything we can to make sure that all these veterans are informed how they would be affected. We have been doing this since January, and will continue to do so on a person to person basis for every individual.

**Senator Inman:** Would it be possible to have copies of that advertisement supplied by the department?

**Dr. Hodgson:** I will make a note and supply copies for the committee.

**The Acting Chairman:** Thank you.

**Senator Phillips:** I wonder how many veterans over age 65 will be affected by the change in regulations?

**Dr. Hodgson:** Mr. Chairman, we did a rough calculation some little time ago and at that time we believed that between 12,000 and 15,000 veterans would cease to be recipients under WVA but would be in this other category of persons who would be eligible for WVA if they were not receiving OAS-GIS, and about another 40,000 whose payments from us would be diminished because they would be getting funds under the Old Age Security Act, but of course their total funds, taking the two together, would be greater because of the 15 per cent increase in WVA.

**Senator Phillips:** So 55,000 veterans have been affected by a change in regulations rather than a change in legislation. How many veterans who were receiving a small percentage of disability pension and war veterans allowance to bring them up to the maximum will be removed from the war veterans allowance as a result of applying for OAS and GIS?

**Mr. Thompson:** We would not have that figure on a breakdown, Mr. Chairman, because the amounts would vary. We do not have a separate breakdown.

**The Acting Chairman:** While you are on this subject of widow's allowance, is the widow's allowance under the War Veterans Allowance Act comparable with the widow's pension under the Pension Act?

**Mr. Thompson:** No, Mr. Chairman, the widow's allowance under the War Veterans Allowance Act is not as high as the widow's pension under the Pension Act in the same way that the maximum rate under the War Veterans Allowance Act for a single person is not the equivalent of the maximum 100 per cent pension.

**The Acting Chairman:** What is the average age of First World War veterans who get WVA?



**Mr. Thompson:** The average age of World War I recipients is 76.9 years.

**The Acting Chairman:** Practically 77 years. How many World War I veterans are left now that have applied and have been disqualified under the 365-day clause?

**Mr. Thompson:** I could not answer that, Mr. Chairman. I am not certain that we would have figures that would reveal that. I am not certain that records are maintained on that basis. Once they are on and eligible, they are recipients. If they applied and were not eligible on those grounds, it would be the same as though they were not eligible for some other grounds.

**The Acting Chairman:** I was just wondering if any cost estimates have been made recently for including them. If we eliminated that 365-day clause, what would be the extra expense? There has been no estimate made on that?

**Mr. Thompson:** I have no knowledge of that.

**Senator Phillips:** What is the average age of World War II veterans?

**Mr. Thompson:** The average age of World War II veterans is 52, and the average age of World War II recipients is 59.5 years.

**The Acting Chairman:** I have one more question about a problem I have come across a number of times. It applies mostly to troops who served in the Imperial Forces, and it applies to all Newfoundland veterans, because they were part of the British forces. They receive the war veterans allowance and at the same time they have applied for a disability pension. This is usually a slow process with the British authorities, particularly if the first application is rejected, and there is an appeal. It sometimes happens that after a person has been on war veterans allowance for four or five years, he suddenly finds that he has got an award from the British authorities of \$500, \$600 or \$1,000, and that represents an overpayment. If he had been receiving the maximum under the War Veterans Allowance Act, this windfall which comes in constitutes an overpayment. It is out of his control, but he has to repay this. Very often it causes a lot of hardship. I am wondering if anything is being done to alleviate cases like this, and to ease the burden on them?

**Mr. Thompson:** Mr. Chairman, the degree to which it would cause an overpayment would depend in part on when he received it in relation to his veterans allowance year. It gets rather complicated to explain, but the point is that if he receives it during his allowance year it is of necessity treated as any other piece of income received during that year, and has to be taken into consideration. There is no provision at the present time by which it could be treated any differently from any other money he would come by.

**Senator Phillips:** If I may, Mr. Chairman, I would like once more to emphasize the fact that, unless the regula-

tions are changed, and if the 2 per cent increase in the cost of living index allowance is not changed, by the time the average World War II veteran reaches 65 the difference between the recipient of war veterans allowance and the civilian receiving OAS and GIS will be completely eliminated. I want to impress upon the officials that this is a matter for consideration and study within the department.

**The Acting Chairman:** I am sure they will make a note of that, Senator Phillips.

**Senator White:** If we are through with the War Veterans Allowance Act, I would like to ask a question about the Pension Act.

**The Acting Chairman:** We are taking all three acts together.

**Senator White:** I would like to ask Dr. Hodgson as to the flat increase of 10 per cent. You will recall that the Woods Committee report said that the basis should be the labourer in the Public Service of Canada. Have you any records as to the various wages paid labourers in various departments in the public service?

**Dr. Hodgson:** Mr. Chairman, the department does possess records. I do not have them here. It will be appreciated, of course, that the Woods Committee report made these recommendations, including a recommendation as to one possible basis for pensions. There has been no action taken to confirm that that recommendation is an official policy. It is merely a recommendation.

**Senator White:** What is the official policy? Does it go back to the very beginning in 1918-19 that it was just the wages in the common labour market. Was that the yardstick?

**Dr. Hodgson:** The 1919 statement was made by an official, but it was not necessarily an official statement by a government. Even at that time it was merely somebody's opinion.

**Senator White:** What do you take as your yardstick in making it 10 per cent? Why is it not 5 per cent or 20 per cent?

**Dr. Hodgson:** The Government took various things into consideration. It might be useful to note that between January, 1968 and December, 1970 the consumer price index rose by 9.9 per cent, which is almost exactly the amount selected as the pension increase. It might also be of interest to the committee to know that since 1964 the consumer price index has gone up a total of 27 per cent while during the same period pensions have gone up 60 per cent. In other words, the cost of living is only one of a number of considerations that affect the Government in making its decisions.

**Senator White:** Is it then correct to say that the basic pension is not tied to any other wage scale?



Dr. Hodgson: Mr. Chairman, there has been no official statement at any time that pegged the pension in relation to any other single index.

Senator White: I presume the wages paid on the common labour market are all examined, though, are they?

Dr. Hodgson: Yes, they are.

The Acting Chairman: I am sure they will make a note of that, Senator Phillips.

Senator White: If we are through with the War Veterans Allowance Act, I would like to ask a question about the Pension Act.

The Acting Chairman: We are taking all three acts together.

Senator White: I would like to ask Dr. Hodgson as to the fact increase of 10 per cent. You will recall that the Woods Committee report said that the base should be the labourer in the Public Service of Canada. Have you any records as to the various wages paid labourers in various departments in the public service?

Dr. Hodgson: Mr. Chairman, the department does possess records. I do not have them here. It will be appreciated of course that the Woods Committee report made these recommendations, including a recommendation as to one possible base for pensions. There has been an action taken to confirm that that recommendation is an official policy. It is merely a recommendation.

Senator White: What is the official policy? Does it go back to the very beginning in 1918-19 that it was just the wages in the common labour market. Was that the yardstick?

Dr. Hodgson: The 1918-19 statement was made by an official, but it was not necessarily an official statement of a government. When at that time it was merely somebody's opinion.

Senator White: What do you take as your yardstick in making it 10 per cent? Why is it not 5 per cent or 20 per cent?

Dr. Hodgson: The Government took various things into consideration. It might be useful to note that between January 1968 and December 1970 the consumer price index rose by 9.8 per cent, which is almost exactly the amount selected as the pension increase. It might also be of interest to the committee to know that since 1964 the consumer price index has gone up a total of 27 per cent while during the same period pensions have gone up 40 per cent. In other words, the cost of living is only one of a number of considerations that affect the Government in making its decisions.

Senator White: Is it then correct to say that the basic pension is not tied to any other wage scale?

Senator Robichaud: Mr. Chairman, I move that we report the bills without amendment.

The Acting Chairman: We have a motion to report the bills without amendment. Is it agreed?

Hon. Senators: Agreed.

The Acting Chairman: Thank you very much.

The committee adjourned.

The Acting Chairman: I was just wondering if any cost estimates have been made recently for including them. We eliminated that 385-day clause, what would be the extra expense? There has been no estimate made on that.

Mr. Thompson: I have no knowledge of that.

Senator Phillips: What is the average age of World War II veterans?

Mr. Thompson: The average age of World War II veterans is 62 and the average age of World War I veterans is 70.5 years. I have no idea what the average age of World War II veterans is at the time of the report.

The Acting Chairman: I have one more question about application. I have come across a number of times. It applies mainly to troops who served in the Imperial Forces, and it applies to all Newfoundland veterans because they were part of the British forces. They receive the war veterans allowance and at the same time they have applied for a disability pension. This is usually a slow process with the British authorities, particularly if the first application is rejected, and there is an appeal. It sometimes happens that after a person has been on war veterans allowance for four or five years he suddenly finds that he has got a award from the British authorities of \$300 or \$1,000, and that represents an overpayment. It has been receiving the maximum under the War Veterans Allowance Act, the amount which comes in continues an overpayment. It is out of his control, but he has to repay this. Very often it causes a lot of hardship. I am wondering if anything is being done to alleviate cases like this, and to ease the burden on them.

Mr. Thompson: Mr. Chairman, the degree to which it would cause an overpayment would depend in part on when he received it in relation to his veterans allowance year. It gets rather complicated to explain, but the point is that if he receives it during his allowance year, it is not necessarily treated as any other piece of income received during that year, and has to be taken into consideration. There is no provision at the present time by which it could be treated any differently from any other money he would come by.

Senator Phillips: If I may, Mr. Chairman, I would like once more to emphasize the fact that unless the report



**APPENDIX "A"**

Department of Veterans Affairs

Deputy Minister

Ottawa, Ontario,

K1A 0P4,

7 April 1971.

The Hon. C. W. Carter,

Acting Chairman,

Senate Committee on Health, Welfare & Science,

The Senate,

Ottawa, Ontario.

Dear Senator Carter:

As promised at the Committee meeting this morning, I enclose a supply of copies, in both official languages, of an advertisement which has already appeared in LEGION and will also appear in other veterans publications when they go to press.

Also enclosed are draft copies of an advertisement which is now in the hands of our advertising agency for insertion in veterans publications and certain week-end supplements and farm publications in both official languages.

Yours sincerely,  
J. S. Hodgson,  
Deputy Minister.

**HIGHER PENSIONS AND VVA RATES  
IN EFFECT APRIL 1st, 1971**

Last December the Honourable J. E. Dubé, Minister of Veterans Affairs, announced that, subject to the approval of Parliament, the basic rates for Pensions for disability and death will be increased by 10 per cent and War Veterans Allowances by 15 per cent on April 1, 1971. At the same time VVA ceilings will be raised by amounts equal to the rate increases; and the pensions and allowances, paid under the Civilian War Pensions and Allowances Act, will be aligned with their counterparts in the Pension Act and the War Veterans Allowances Act.

The present and the proposed new rates for 100 per cent disability pensioners, widows and orphans on a yearly basis, are shown in the following table:

	Present	Proposed
	April 1, 1971	
	\$	\$
<b>100% Disability—</b>		
Single (no dependents)	3,180	3,504
Married (no children)	4,056	4,464
Married, one child	4,464	4,920
Married, two children	4,776	5,256
Each additional child	240	264
<b>Dependents of Deceased Pensioners—</b>		
Widow (widower)	2,400	2,640
One orphan	816	912
Two orphans	1,440	1,584
Three orphans	1,920	2,112

The present and the proposed new rates and ceilings for VVA recipients, on a monthly basis, appear below:

	Present	Proposed
	April 1, 1971	
	\$	\$
<b>Single Recipient—</b>		
Income ceiling	145	161
Maximum allowance	105	121
<b>Married Recipient—</b>		
Income ceiling	245	271
Maximum allowance	175	201
<b>Orphan Allowances—</b>		
One orphan	60	69
Two orphans (one veteran)	105	121
Three orphans or more	141	163

When the new rates and ceilings go into effect the VVA regulations will be changed to provide that recipients, who are eligible to receive Old Age Security payments and Guaranteed Income Supplements—which are also being increased in April—will be deemed to be receiving the full amounts to which they are entitled under those programs.

This means that VVA recipients who are 65 or over, and who are eligible for Old Age Security and possibly the Guaranteed Income Supplement as well, should apply now if they haven't already done so. If the recipient has no other income, the difference between his combined OAS and GIS payments and his VVA income ceiling will be paid as an allowance.

Only by ensuring that they have applied for all they are entitled to under the OAS and GIS programs can VVA recipients be assured that their incomes will continue at the maximum levels.

Application forms for OAS payments may be obtained from any post office in Canada, and GIS application forms are sent automatically to OAS recipients by the Department of National Health and Welfare.

Published under the authority of  
The Honourable J. E. Dubé,  
Minister of Veterans Affairs

For Disabled Veterans, Widows, Orphans

**PENSION ACT AMENDED**

The Pensions Act, under which the Government of Canada pays compensation for death and disability related to military service, has been amended extensively to provide many improved benefits for disabled veterans and their families, and for the widows and orphans of those who have died. Some of the more significant improvements include:

—A new three-level adjudication procedure; initial hearing and entitlement hearing by Canadian Pension Commission with final appeal to new Pension Review Board;



- New and additional allowances for exceptionally incapacitated 100 per cent pensioners;
- Special provisions for all former prisoners of war of the Japanese;
- New and independent Bureau of Pensions Advocates replaces Veterans Bureau;
- The intent of the "benefit of the doubt" clause defined and incorporated into the Act;
- Additional pensions provided for pensioners who suffer loss of "paired" organ, regardless of cause;
- Provision for widows to initiate or reopen claims in respect of their deceased husbands;
- Presumption of fitness on enlistment (subject to rebuttal);
- Removal of time limits for pension claims under Civilian War Pensions and Allowances Act; and

—New rules respecting claims for disability and death related to Regular Force service.

Request for more information about these and other benefits in the Act, and applications for them, should be sent to your:

- Senior Pensions Medical Examiner or District Pensions Advocate
- or to
- The Chief Pensions Advocate, Ottawa, Canada, KIA OP4 or
- The Secretary, Canadian Pension Commission, Ottawa, Canada, KIA OP

Published under the Authority of The Honourable J. E. Dubé, Minister of Veterans Affairs.

APPENDIX "B"

THE ROYAL CANADIAN LEGION  
LA LÉGION ROYALE CANADIENNE

6 April 1971

J. A. Hinds, Esq.,  
Assistant Director,  
Committees Branch,  
The Senate,  
OTTAWA.

Re: Bills 232 - 3 - 4  
Dear Mr. Hinds:

This will confirm the details of our brief telephone conversation.

The Legion does not propose to make representations before the Senate Committees concerning the Acts to

amend the Pension Act and the Civilian War Pensions and Allowances Act.

Yours truly,

Kerry John Dunphy,  
SERVICE OFFICER.  
(for) Director—Service Bureau.

April 6th, 1971

Mr. Hinds

This is to advise that the National Council of Veteran Associations does not wish to present a brief to the Senate Committee in regard to the three veteran's bills.

Kind regards.

H. C. Chadderton,  
National Secretary  
National Council of Veteran Associations

Published under authority of the Senate by the Queen's Printer for Canada

Available from Information Canada, Ottawa, Canada.

PENSION ACT AMENDED	Present Proposed		100% Disability—
	April 1, 1971	April 1, 1971	
Single (no dependents)	3,180	3,504	Single (no dependents)
Married (no children)	4,056	4,484	Married (no children)
Married, one child	4,484	4,912	Married, one child
Married, two children	4,776	5,204	Married, two children
Each additional child	280	304	Each additional child
Dependent of Deceased Pensioner—			Dependent of Deceased Pensioner—
Widow (widower)	2,400	2,640	Widow (widower)
One orphan	816	912	One orphan
Two orphans	1,440	1,584	Two orphans
Three orphans	1,920	2,112	Three orphans

The Pension Act under which the Government of Canada pays compensation for death and disability related to military service has been amended extensively to provide many improved benefits for disabled veterans and their families, and for the widows and orphans of those who have died. Some of the more significant improvements include:

—A new three-level adjudication procedure; initial hearing and entitlement hearing by Canadian Pension Commission with final appeal to new Pension Review Board;





THIRD SESSION—TWENTY-EIGHTH PARLIAMENT

1970-71

THE SENATE OF CANADA

PROCEEDINGS

OF THE

STANDING SENATE COMMITTEE ON

**HEALTH, WELFARE  
AND SCIENCE**

The Honourable CHESLEY W. CARTER, *Acting Chairman*

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No. 7

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TUESDAY, JUNE 22, 1971

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**Complete Proceedings on Bill C-229,  
intituled:**

**“An Act respecting unemployment insurance in Canada”.**

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**REPORT OF THE COMMITTEE**

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(Witnesses:—See Minutes of Proceedings)





THE SENATE COMMITTEE ON HEALTH, WELFARE AND SCIENCE

Chairman: The Honourable Maurice Lamontagne

The Honourable Senators:

- |                                  |             |
|----------------------------------|-------------|
| Bélisle                          | Inman       |
| Blois                            | Kinnear     |
| Bourget                          | Lamontagne  |
| Cameron                          | Macdonald   |
| Carter                           | McGrand     |
| Connolly (Halifax North)         | Michaud     |
| Croll                            | Phillips    |
| Denis                            | Quart       |
| Fergusson                        | Robichaud   |
| Fournier (de Lanaudière)         | Roebuck     |
| Fournier (Madawaska-Restigouche) | Smith       |
| Hastings                         | Sullivan    |
| Hays                             | Thompson    |
|                                  | Zuzyk—(27). |

Ex officio Members: Flynn and Martin

(Quorum 7)

Complete Proceedings on Bill C-129

intituled:

"An Act respecting unemployment insurance in Canada."

REPORT OF THE COMMITTEE

(Witnesses.—See Minutes of Proceedings)



# Order of Reference

# Minutes of Proceedings

Thursday, June 22, 1971

The Standing Senate Committee on Health, Welfare and Science to which was referred Bill C-229, intituled: "An Act respecting unemployment insurance in Canada", reported the following:

Extract from the Minutes of the Proceedings of the Senate, Monday, June 21, 1971:

The Order of the Day being read,  
With leave of the Senate,

The Honourable Senator Haig resumed the debate on the motion of the Honourable Senator Connolly, P.C., seconded by the Honourable Senator Kinnear, for the second reading of the Bill C-229, intituled: "An Act respecting unemployment insurance in Canada".

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

The Bill was then read the second time.

The Honourable Senator Connolly, P.C., moved, seconded by the Honourable Senator Kinnear, that the Bill be referred to the Standing Senate Committee on Health, Welfare and Science.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

ROBERT FORTIER,  
Clerk of the Senate.

Thursday, June 22, 1971

Pursuant to adjournment and notice the Standing Senate Committee on Health, Welfare and Science met this day at 9:50 a.m.

Present: The Honourable Senators Hogg, Carter, Croll, Denis Ferguson, Ryan, Haig, Inman, Kinnear, MacDonald, Martin, McGrand and Smith. (13)

Absent but not of the Committee: The Honourable Senators McDonald, Connolly (Ottawa West) and Laford. (3)

On Motion of the Honourable Senator Ferguson, the Honourable Senator Carter was elected Acting Chairman.

The Committee proceeded to the consideration of Bill C-229, "An Act respecting unemployment insurance in Canada".

The following witnesses were heard in explanation of the Bill:

Unemployment Insurance Commission:

Mr. J. M. DesRoches,  
Chief Commissioner.

Mr. David J. Steele, Director General,  
Planning, Finance and Administration.

The following were also present but not heard:

Mr. J. W. Doolan,  
General Legal Counsel.

Mr. J. C. Charlebois, Director,  
Agency Liaison Policy,  
Administrative Services.

On Motion of the Honourable Senator Smith, it was resolved to report the said Bill without amendment.

On Motion duly put, it was resolved that the Committee would not hear additional witnesses with respect to this Bill.

It was resolved to print 800 copies in English and 300 copies in French of these proceedings.

At 12:10 p.m. the Committee adjourned to the call of the Chairman.

ATTEST:

Dennis Holliday,  
Clerk of the Committee.



# Minutes of Proceedings

Order of Reference

Tuesday, June 22, 1971.  
(7)

Pursuant to adjournment and notice the Standing Senate Committee on Health, Welfare and Science met this day at 9.50 a.m.

*Present:* The Honourable Senators Blois, Carter, Croll, Denis, Fergusson, Flynn, Hays, Inman, Kinnear, Macdonald, Martin, McGrand and Smith. (13).

*Present but not of the Committee:* The Honourable Senators McDonald, Connolly (Ottawa West) and Lafond. (3)

On Motion of the Honourable Senator Fergusson, the Honourable Senator Carter was elected *Acting Chairman*.

The Committee proceeded to the consideration of Bill C-229, "An Act respecting unemployment insurance in Canada".

The following witnesses were heard in explanation of the Bill:

*Unemployment Insurance Commission:*

Mr. J. M. DesRoches,  
Chief Commissioner.

Mr. David J. Steele, Director General,  
Planning, Finance and Administration.

The following were also present but not heard:

Mr. J. W. Douglas,  
General Legal Counsel.

Mr. J. C. Charlebois, Director,  
Agency Liaison Policy,  
Administrative Services.

On Motion of the Honourable Senator Smith, it was *Resolved* to report the said Bill without amendment.

On Motion duly put, it was *Resolved* that the Committee would not hear additional witnesses with respect to this Bill.

It was *Resolved* to print 800 copies in English and 300 copies in French of these proceedings.

At 12.10 p.m. the Committee adjourned to the call of the Chairman.

ATTEST:

Denis Bouffard,  
*Clerk of the Committee.*



# Report of the Committee on Health, Science and Welfare

Tuesday, June 22, 1971.

The Standing Senate Committee on Health, Science and Welfare to which was referred Bill C-229, intituled: "An Act respecting unemployment insurance in Canada", has in obedience to the order of reference on Monday, June 21, 1971, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

Chesley W. Carter,  
Acting Chairman.

Senator Chesley W. Carter (Acting Chairman) is the Chair.

[Translation]

The Acting Chairman: My dear colleagues, I thank you very much for your confidence, and I hope that you will have no regrets.

Senator Fyles: I don't believe so.

The Acting Chairman: Thank you.

[Text]

Honourable senators, I have here a telegram addressed to the Speaker of the Senate from a person named Kroeber, a name which will probably ring a bell with some of you. As I recall, he is a former civil servant. He signs himself as president of a group called Canadians for Responsible Government. His communication is not too clear, but I will put it on the record. It appears that he wants to come before the committee and dispute the costs of Bill C-229. I will read it slowly, because it is not too lucid:

Please inform all senators that the House of Commons has approved unemployment legislation in ignorance of or deliberate disregard of its full financial consequences as annual deficit of from four hundred million dollars to one thousand million dollars estimate by responsible citizens who offered to appear before the Commons Committee and the minister in this regard has been ignored. These witnesses are available to the Senate please consider fully before approving this unemployment insurance legislation with its large and long lasting damage to Canada.

John Kroeber President, Civ. for Responsible Government.

Senator Smith: Mr. Chairman, may I say something at this juncture? It will be recalled that when Senator John M. Macdonald spoke in the Senate, I pointed to the spokesman for the Opposition, to make particular reference to the discussion in committee, and perhaps I should quote what he said:

—since we are approaching the time of adjournment I expect a long study will not be possible. Fortunately, I do not think one is necessary, as the committee of the other place had both the time and inclination to go over the Bill in detail. We have the reports of their deliberations, which make very interesting and instructive reading.

I personally agree with what Senator Macdonald said. I believe it will be impossible for us to consider hearing a witness who represents nobody but himself, and in particular who writes that kind of telegram with reference to the House of Commons which is not permitted by even members of the Senate. If you want a motion, I will assure that we proceed with the bill.

Senator Fyles: We should certainly proceed to hear the witnesses who are here.

The Acting Chairman: Shall we let this be in abeyance? I was going to say, this committee does not have a steering committee. There have been a steering committee they could deal with the rest of things and make a report. Would it be worth while to have a small committee to look at this?

Some Hon. Senators: No.

The Acting Chairman: Or should we dispose of it now?

Senator Fyles: Not at this time. Let us proceed with the witnesses, and we will go afterwards. We can always inquire about the committee mentioned in this telegram.

Senator Connolly (Opposition West): The question was over that.

The Acting Chairman: To have before us a witness, Mr. M. Macdonald, Chief Commissioner, Unemployment Insurance, Finance, and Mr. David Young, the former Director, Unemployment Insurance and Administration, appointed by statute, will be coming here. In this respect, Mr. Fyles Connolly is representing the bill. Shall we proceed with the witnesses?

Hon. Senator: Agreed.

The Acting Chairman: Before Mr. Macdonald begins his presentation, I should like to point out that this is a situation with 100-100 dissent and some senators believe that it is better to deal with it. It is divided into three parts. It seems to me that some parts would be of more interest to the committee than other parts. For example, Part I, the Unemployment Insurance Commission and also of the Unemployment Insurance Commission that that has been in operation for a good many years.



Tuesday, June 23, 1971

The Standing Senate Committee on Health, Welfare and Science to which was referred Bill C-328, entitled: "An Act respecting unemployment insurance in Canada," has in obedience to the order of reference on Monday, June 21, 1971, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

Chester W. Carter,  
Acting Chairman.

On Motion of the Honourable Senator Doherty, the Honourable Senator O'Brien moved that the Committee be authorized to examine the said Bill and report thereon to the Senate on or before the 23rd day of June, 1971.

The Committee proceeded to examine the said Bill in accordance with the order of reference in Canada.

The following members of the Committee were present:

- Mr. J. M. ...
- Mr. David ...
- Mr. ...
- Mr. ...

On Motion of the Honourable Senator ...

It was agreed that the Committee should report to the Senate on or before the 23rd day of June, 1971.

At 10:10 p.m. the Committee adjourned to the call of the Chair.

ATTEST:  
[Signature]



# The Standing Senate Committee on Health, Welfare and Science

## Evidence

Ottawa, Tuesday, June 22, 1971.

The Standing Senate Committee on Health, Welfare and Science, to which was referred Bill C-229, respecting unemployment insurance in Canada, met this day at 9.30 a.m. to give consideration to the bill.

**Senator Chesley W. Carter** (*Acting Chairman*) in the Chair.

[*Translation*]

**The Acting Chairman:** My dear colleagues, I thank you very much for your confidence, and I hope that you will have no regrets.

**Senator Flynn:** I don't believe so.

**The Acting Chairman:** Thank you.

[*Text*]

Honourable senators, I have here a telegram addressed to the Speaker of the Senate from a person named Kroeker, a name which will probably ring a bell with some of you. As I recall, he is a former civil servant. He signs himself as president of a group called Canadians for Responsible Government. His communication is not too clear, but I will put it on the record. It appears that he wants to come before the committee and dispute the costs of Bill C-229. I will read it slowly, because it is not too lucid:

Please inform all senators that the House of Commons has approved unemployment legislation in ignorance of or deliberate disregard of its full financial consequences an annual deficit of from four hundred million dollars to one thousand million dollars estimate by responsible citizens who offered to appear before the Commons committee and the minister in this regard has been ignored these witness are available to the Senate please consider fully before approving this unemployment insurance legislation with its large and long lasting damages to Canadians

John Kroeker President Cdn for Responsible Government

**Senator Smith:** Mr. Chairman, may I say something at this juncture? It will be recalled that when Senator John M. Macdonald spoke in the Senate, I presume as the spokesman for the Opposition, he made particular reference to the discussion in committee, and perhaps I should quote what he said:

—since we are approaching the time of adjournment I expect a long study will not be possible. Fortunately, I do not think one is necessary, as the committee of the other place had both the time and inclination to go over the bill in detail. We have the reports of their deliberations, which make very interesting and instructive reading.

I personally agree with what Senator Macdonald said. I believe it will be impossible for us to consider hearing a witness who represents nobody but himself, and in particular who writes that kind of telegram with reference to the House of Commons which is not permitted by even members of the Senate. If you want a motion, I will move that we proceed with the bill.

**Senator Flynn:** We should certainly proceed to hear the witnesses who are here.

**The Acting Chairman:** Shall we let this lie in abeyance? I was going to say, this committee does not have a steering committee. Had there been a steering committee they could deal with this sort of thing and make a report. Would it be worth while to have a small committee to look at this?

**Some Hon. Senators:** No.

**The Acting Chairman:** Or should we dispose of it now?

**Senator Flynn:** Not at this time. Let us proceed with the witnesses, and we can see afterwards. We can always inquire about the contentions contained in this telegram.

**Senator Connolly** (*Ottawa West*): The questions can cover that.

**The Acting Chairman:** We have before us a witnesses Mr. J.M. DesRoches, Chief Commissioner, Unemployment Insurance Commission, and Mr. David Steele, the Director General, Planning, Finance and Administration. I understand the minister will be coming soon. In the meantime Mr. Peter Connolly is representing his office. Shall we proceed with the witnesses?

**Hon. Senators:** Agreed.

**The Acting Chairman:** Before Mr. DesRoches begins his presentation, I should like to point out that this is a formidable bill. It has 160 clauses and some schedules beside that. It covers about 100 pages. It is divided into eight parts. It occurs to me that some parts would be of more interest to this committee than other parts. For example, Part I, the Unemployment Insurance Commission, sets up the Unemployment Insurance Commission itself. That has been in operation for a good many years.



Part II Unemployment Insurance Benefits, Part III Contributory Premiums, Part IV Collection of Premiums, and Part V Administrative Machinery would probably be the parts of most interest to this committee. Part VI Financial Provisions, which includes the funding, Part VII Employment Service, Part VIII Transitional and Repeal Provisions and the schedules are probably not of the same interest. Perhaps we might concentrate on those parts that contain the meat of the bill, in view of the limited time at our disposal. Is that agreed?

**Hon. Senators:** Agreed.

**The Acting Chairman:** I presume in his presentation Mr. DesRoches will deal with the new parts of the bill, the innovations and new departures included in Bill C-229, that were not part of the old Unemployment Insurance Act.

**Mr. J. M. DesRoches, Chief Commissioner, Unemployment Insurance Commission:** Mr. Chairman, honourable senators, I do not have a prepared statement, but perhaps I can briefly outline the history behind the preparation of the bill.

I am sure the committee members will remember that there was a committee of inquiry appointed in 1961 or 1962 under the chairmanship of Mr. Gill, which was composed of Mr. Gill, Dr. Deutsch and a number of other citizens, who reviewed the whole field of unemployment insurance. This was after the fund went into the red, I think somewhere in the sixties or late fifties, and the committee presented its report in the early sixties.

Following the presentation of that report there were a number of interdepartmental studies. I am not sure if the Senate looked at it at the time, but a number of groups reviewed the recommendations of Mr. Gill's committee, and a number of associations outside presented further briefs, either for or against the Gill Report. As a result, there was a great deal of review and activity of that type, which went on until about 1965, when a final interdepartmental committee report was drafted, but I do not think it was ever formally given to the government. That is where the matter lay. There were a lot of suggestions made, recommendations made and counter-proposals, but all of them were in abeyance until early 1968, when we began a fresh study. We had all these earlier proposals and recommendations, and at that time we began a research study. The approach we followed was to gather a group of people from inside the organization and from outside—from universities and management, consulting firms, actuarial firms, and so on. We gathered this team together and began looking over the previous recommendations to see where one could find room for improvement in the act or in the program as a starting point.

This study lasted perhaps a year. It started early in the spring of 1968 and by 1969 it had pretty well finished its planning. The main basis of its work was a mathematical model built composed of data obtained from various sources in the Government. This data was put together in a computer and samples of it were used. First of all, about 250,000 case samples of people were used including all the various characteristics such as occupation, meth-

ods of work, periods of employment and unemployment, levels of salary and so on. All this data was used to sample a fairly large group of people. From these samples various sub-samples were taken to arrive at some means of estimating the impact of the present program, to determine what changes or improvements could be made in the program, and to test both the validity and the cost of these various improvements. So there was a fairly solid base.

There were two main samples of about 27,000 cases used to monitor and control the cost of the program. They were used to determine the impact of various suggestions or recommendations made to the Government.

The upshot of all this study and the building of this model and the use of the samples which were taken was the proposal which we made to the Government in the middle of 1969. I might indicate that the samples taken went beyond this model I referred to. Some samples were taken in industry, for example, to determine the patterns of employment and unemployment there. As you know, there is a feature of experience rating here which was based on samples taken from a number of industries. There was a lot of study of this type based on fresh data and this together with a fresh approach to the situation eventually led to the proposal we made to the Government in the middle of 1969.

It took a period of study at the ministerial level, the inter-departmental level and, eventually, the cabinet level before the Government approved the issue of the White Paper in June of 1970. Actually, it was approved perhaps in January of 1970, but it was ready for release in June of 1970.

The White Paper incorporates all the policies that the Government approved, and I think you will find that most of the policies outlined in the White Paper have been incorporated in Bill C-229. As you know, the White Paper was the subject of fairly extensive review by the house committee.

**Senator Connolly (Ottawa West):** How long did that last, Mr. DesRoches?

**Mr. DesRoches:** It started in June. The moment the White Paper was released the chairman of the house committee issued letters to all those who had submitted briefs, including those to the Gill study and others submitted over the years. You are aware that each year the CLC, the CMA and the Chamber of Commerce make briefs in which they include references to UIC. Well, the chairman issued his letters immediately following the release of the White Paper on June 17, 1970, or very close to that, inviting submissions from those people who had submitted briefs before and from the public in general. Ads were published inviting briefs.

Through the summer of 1970 formal briefs and letters came in. Fifty-eight formal briefs were tendered and the committee began its study in early September before the house resumed last fall. The committee reviewed and heard each and every one of the presenters of briefs. There were 43 actual oral presentations and there were approximately 25 sessions held in all.



The committee then prepared its report in December, 1970, and following that Bill C-229 was drafted and presented to Parliament. Again there were approximately 20 sessions of the house committee when the bill was in this form.

That is the general background to this whole matter.

I should now like to highlight in general terms the main features of the bill that are new. After that I will go through the bill clause by clause, if you desire.

One of the basic aims, which has been a thread right through all the studies from Mr. Gill right down, was that there should be a clearer distinction between the insurance side and the welfare side. I know there are people who will say today that this is more confused than it was before. I suppose it is a matter of opinion. They believe insurance is what they know as insurance. I have heard statements recently where somebody says insurance involves savings. To the person who says insurance involves cash surrender value or savings, that is his concept of insurance. Somebody else will say that insurance does not involve merit rating, and yet many forms of insurance involve merit rating. Many forms of insurance do not involve savings. So that is sort of a futile approach in many ways.

That approach is like probing the word "welfare". Some people will say that, if it is something given, it is welfare; that you must earn it. But how you earn it is very difficult to define. We tried to resolve such issues by having a program which would hold to the principle of insurance in the sense that people would pay contributions and would protect themselves against certain risks. In return they would be guaranteed certain benefits. Basically, we hold to that principle of insurance; and that makes it different from something which is payable due to the condition of the individual rather than by the risk which is involved, or according to a certain occurrence which cannot be predicted.

The main method of clarification was to separate the costs. The separation of costs is one of the main elements of separation of insurance and welfare in the plan, in the sense that the plan is self-financed up to a 4 per cent unemployment level by employers and employees. Our costs were estimated to make this come about. Beyond that point the charges for people who are still unemployed and still need help are made directly upon the Government.

The main change so far as coverage is concerned is in the direction of universality. The amendments that were processed in the last days in the house, whereby the Commission can now by regulation include people in self-employment and people who are appointed by tenure—such as senators and judges, I presume—would give the whole concept of universality a fairly complete sway over the whole plan.

As it stands now the plan is universal for people who have an employee-employer relationship; that is, who work for an employer. But these amendments would permit us to extend the concept to self-employed people and to people with tenure.

The benefits, of course, have been raised and have been related to the man's income on the ratio of 66 $\frac{2}{3}$  per cent of average earnings over the base period.

The net percentage has been calculated to reflect the type of benefits or the type of earnings or income that the person would need to meet his non-deferrable expenses. Basically, in the initial stages for people at certain levels of income, the benefits would be at 66 $\frac{2}{3}$  per cent. In other words, the man would be expected to be able to carry on for a period of 25 or 30 weeks minus one-third of his income, and this would be reasonable on the basis of the studies that have been made of certain costs that he can defer.

**Senator Connolly (Ottawa West):** Mr. DesRoches, you did some studies to justify the proposition that a payment of two-third of the weekly wage is an adequate payment. The maximum for this purpose is \$150 that there would be a ceiling of 100 in any event for the initial period of the benefit. Is that so?

**Mr. DesRoches:** That is so.

**Senator Connolly (Ottawa West):** There were studies made. It is not simply a guess.

**Mr. DesRoches:** There were studies, yes. In fact, there were a lot of outside studies. We gave to the house committee a statement which contained specific references and we could make this available to you, if you like. These were specific references to a number of authors in the universities and those who have made private studies of this particular problem of how much and how high the benefits should be for a person who is without his regular income. It hovers between 60 and 75 per cent. You will recall that Gill recommended 60 per cent, but it was not taxable, so 66 $\frac{2}{3}$  per cent that is taxable is roughly the same. But we have added the feature of moving up to 75 per cent after the 25th week, because at that point the person is deemed to require more income.

**Senator Connolly (Ottawa West):** Is that only in the case of persons with dependents?

**Mr. DesRoches:** Yes, for persons with dependents. Similarly, people with dependents who have an average income of \$50 or less are also entitled to the 75 per cent rate in the initial period. These rates were studied to try to meet the different situations over and above the 66 $\frac{2}{3}$  per cent base of what an average person can defer as far as his expenses are concerned; at later stages in the claim he can get 75 per cent, or if his income is low in the early stages, he can get 75 per cent. All this is subject to the maximum of \$100 a week, and of course to get the \$100 a week, a person must have average earnings of \$150 a week. Incidentally, the message got across somehow at certain times that the \$100 per week was a flat amount for everybody, and this was never intended.

**Senator Flynn:** Those who earn more than \$150 a week, do they pay the premium on the same percentage basis?

**Mr. DesRoches:** They pay on a percentage basis up to \$150 a week and then it is a flat amount beyond that point.

**Senator Connolly (Ottawa West):** No income beyond \$150 a week is subject to a levy for unemployment insurance?



**Mr. DesRoches:** Not at this time, but gradually it will increase, of course, because there are formulas in the act which will increase as average income increases. But at this time it is a flat rate. That percentage will apply gradually for higher income levels on a very, very gradual basis.

**Senator Smith:** What is the contribution for the maximum amount of wages on which a person makes a contribution?

**Mr. DesRoches:** According to the rates which the Minister has mentioned in the house which will be set next November it will be \$1.35 which means 90 cents per \$100. Therefore for \$150, it will be \$1.35. The rate is expected to be .9 per cent.

**The Acting Chairman:** In the case of a person whose income is in excess of \$150 per week, does he get the 75 per cent also when the 25 weeks have expired?

**Mr. DesRoches:** No, he would not, because effectively the limit of \$100 comes in first. That limit of \$100 is an absolute. So if he earned \$150 and was entitled to \$100, then that \$100 is all he would get.

**The Acting Chairman:** But if he earns \$200 and pays at the rate of \$150, the other \$50 is not considered?

**Mr. DesRoches:** No.

**The Acting Chairman:** Then he goes for 25 weeks at that rate of \$100. But when the 25 weeks are up, he does not go to 75 per cent of his earnings?

**Mr. DesRoches:** No, he does not because \$100 is the absolute barrier. I suppose the concept is that this is the maximum that this type of plan should pay.

**Senator Hays:** I suppose it is related to welfare and all other kinds of things.

**Mr. DesRoches:** It is related to what I suppose the judgment would be as to what the maximum amount should be under this type of plan. In other words, it is an income replacement for a worker who is out of work, and if a worker is out of work for 25 weeks perhaps his value changes on the labour market. I suppose that is the kind of reasoning behind it. I do not know what people would accept. The feeling was that \$100 would be the type of figure that will be acceptable as a maximum.

**Senator Connolly (Ottawa West):** Did Gill mention \$100?

**Mr. DesRoches:** He never used a maximum. He never mentioned a maximum. He used the same idea as that contained in the present act.

**Senator Hays:** These schedules are all in the back of the bill.

**Mr. DesRoches:** These are transitional schedules. The rates which will apply in 1972 would be struck in the fall of 1971. But these rates have been announced by the Minister. He has also mentioned this feature of deduction for medical plans. Now these are advance announcements in order that people, employers and employees, can plan, but they are not incorporated in the bill as such.

**Senator Connolly (Ottawa West):** The schedule in the back of the bill would only be applicable to the end of this year.

**Mr. DesRoches:** They are only transitional tables.

**Senator Connolly (Ottawa West):** And a new rate will be set, under the provisions of the bill which requires them to be set, towards the end of the year or early in 1972?

**Mr. DesRoches:** Yes.

Another feature beyond the higher benefit is, of course, the lower eligibility condition of the act. As you know, under the present act there is a number of ways of entering the system, or of becoming eligible. The general one is to have 30 weeks of employment in the last 104 weeks, eight of which have been in the last 52. In addition there are other conditions that apply. If a person has a claim, he must have had 24 eligibility or contribution weeks between his prior claim and the new claim he is making. In addition we have under the present act seasonal benefits which again follow special rules. There are two rules involved; one, the discontinuation or exhaustion of benefits in the spring, and the other one, the accumulation of a small number of contributions during the summer. These are generally the rules which apply at present. So basically there are five sets of rules, and what we have done is set up new rules for eligibility which now fall into two categories which are called minor attachment and major attachment. Major attachment is where a person has had 20 weeks in the last 52 weeks, that is 20 weeks of work or earnings because contributions are not the dominant feature anymore. Twenty weeks of earnings in the last 52 will entitle a person to all the benefits that are provided in the act, that is benefits for regular unemployment or lack of work, benefits for sickness and maternity and benefits for retirement. Below the 20-week entitlement we have a minor attachment, which refers to a person who has between eight and 19 weeks in the last 52. Such people are also entitled to come into the plan, but their benefits are tailored more to their attachment. They are not entitled to the sickness, maternity and retirement benefits, but they would be entitled to a block of benefits if the initial period, which is graduated and shown in the table on page 106.

They are entitled to a graduated entitlement in the initial period. Beyond the initial period they are entitled to those extended benefits which are provided for by the Government on the basis of the rate of unemployment in the country or in the various regions involved.

I refer to Table 1 in Schedule A on page 106, in which you will see that for weeks of insurable employment in the qualifying period of eight to 15 weeks, a person can draw eight weeks, and he is entitled to draw this sum over a period of 18 calendar weeks. He is entitled to draw eight weeks during an 18-week period from the start of his claim; and similarly for the others, until you get to 20 or more weeks, when a person is entitled to 15 weeks which can be drawn over a period of 29 weeks.

**The Acting Chairman:** These weeks of benefits do not have to be consecutive weeks?



**Mr. DesRoches:** That is right. That is the purpose of the middle column. It indicates the number of calendar weeks over which a person can draw the weeks in the third column.

**The Acting Chairman:** What happens when a person starts his benefit period in, say, November, and draws it under this schedule up to the end of the year. When the new rates come into effect, does he get a sudden jump?

**Mr. DesRoches:** This table is more than transitional. It sets the duration of benefits for the new act, both in the transition and beyond. There is a continuation which I have to explain. There are two or three ways of extending these benefits. Regarding the rate of benefit, there is a difference in the transition in that starting in January those people who are now in the plan will have an adjustment. Perhaps that is what you are referring to?

**The Acting Chairman:** Yes.

**Mr. DesRoches:** Benefits for the people who are now in the plan will in January be adjusted to a higher rate because the benefits will then become taxable. Therefore we have a special table in the bill to provide for that situation. For those who come into the system from July on, the table on page 106 will apply through the transition and forever.

This is what is called the initial period in the act. The initial period is this graduated entitlement, with a variable duration of benefit period which is in Table I. If a person has exhausted or has reached the term of this benefit and is still unemployed, he goes into a "re-established" period of 10 weeks, then he can go into an extended benefit period. Table 2 shows one of the conditions under which benefits can be extended. The re-establishment period of 10 weeks is not shown in the table.

With regard to a person who had, for example, 15 weeks in Table 1, there would be a further period of 10 weeks entitlement under what the act calls a re-establishment of the initial period. The initial period can therefore last up to 25 weeks for the person who has 20 weeks of work.

Beyond that point we have Table 2, which is the extension of the benefit period, the entitlement of a person based on his labour market attachment. Again, it is a graduated type of extension. The person who has worked the longest gets the most. This form of extension is to provide for those who have worked for longer periods, and, for example have greater difficulty because of their age or other condition.

Two further methods of extension are provided in the act, depending on the level of unemployment in the country and in the regions. These extensions are explained in the body of the act rather than in tables.

If the level of unemployment in the country exceeds 4 per cent, four weeks can be added to a person's benefit period. If it exceeds 5 per cent, then eight weeks can be added.

**Senator Connolly (Ottawa West):** That is not additional. That is four plus four?

**Mr. DesRoches:** Yes. At 4 per cent there is no extension, between 4 and 5 per cent there is an extension of four, and over 5 per cent there is an extension of eight, starting from the zero point.

**Senator Connolly (Ottawa West):** The 4 per cent is the figure produced by Statistics Canada on the national average unemployment rate?

**Mr. DesRoches:** That is right. The theory here is that a person has more difficulty finding work when the level of unemployment is higher. This is the basis for the first extension of the benefit period. Beyond this extension there are regional extensions and we are planning to have 16 regions. They will be appended to the regulations.

**The Acting Chairman:** While we are still on the question of weeks, how is a week defined? Does any seven-day period constitute a week? What happens if you have four days in a week? Would that be counted as a week?

**Mr. DesRoches:** The benefit week starts on a Sunday. It is a seven-day period starting with a Sunday.

**Senator Connolly (Ottawa West):** That is in section 2(1)(y) on page 3, which says:

"week" means a period of seven consecutive days commencing on and including Sunday;

**The Acting Chairman:** If a person works, say, four consecutive days beginning Sunday, and something happens to him on the other two days, would he lose that week?

**Mr. DesRoches:** No, he would not. His benefit week would start on the Sunday. However, his earnings during the first four days would be counted against him. It would be discounted against his waiting period. Waiting period is really served in money. Effectively he would have to serve a waiting period of so many days with no income.

The regional extension is similar to the national extension. It is longer, and is based on the rate which will be calculated for us by Statistics Canada in 16 specific regions across the country, which will be defined in regulations. We have maps showing these, if you are interested, Mr. Acting Chairman.

Statistics Canada will compile the rate of unemployment in each of these regions for us. If the rate in any one region is one per cent over the national average, a six-week extension will be possible; if it is two per cent over the national average, a 12-week extension will be possible; if the rate in the region is three per cent above the national average, an extension of 18 weeks will be possible.

All these benefits have a maximum of 51 in any one year, so by various combinations you cannot exceed 51. There are provisions for a basic initial period based on the attachment to the labour force—this variable table that I explained before. There is a re-establishment period of ten weeks for the person who has yet to find work at the end of whatever his entitlement is, 8 or 15 weeks. Beyond that point there are three forms of extension, one based on the attachment of the person to the



labour force, and two other forms of extension based on the national unemployment rate or the regional rate.

All these features were built-in in order to get away from the strict and rigid relationship of a one week of benefits to two weeks of work. The present act is built entirely on the relationship that if a person has worked two weeks he is entitled to one. This, of course, favours people who work for a long time. For people who have a very small attachment, who find themselves in a region where things are more difficult, it is purely arbitrary and there is no real logic behind it. The new formulae were built into the act to recognize that, as much as possible, benefits should be adjusted or tailored to meet the case of the individual when faced with unemployment. The package therefore includes various elements of time at work difficulties of finding work and so on.

During these periods of unemployment we propose under the bill to have a claimant assistance service, which will be a new method of reaching out to the unemployed and trying to direct him to other services of federal, provincial or municipal levels of government, or even private agencies. Clause 106 of the bill refers to this feature. Therefore, in addition to having the benefits, which are tailored to meet particular situations, we have included features which will permit directing people and helping them along the way while they are unemployed.

These are the main features of the benefit structure, going through it very rapidly. If you want discussion at this point, I will try to answer questions, otherwise I will continue with maternity and sickness.

**Senator Smith:** Before you leave this point, I was quite interested in your comments on the claimant assistance technique. Where will these officers be who will be functioning in that set-up, the claimant assistance technique?

**Mr. DesRoches:** They will be located at approximately 129 points across the country. I am reluctant to use the word "office", but I think the concept of the office we are now going to use is based more on a service to the public than a record-keeping type of office. On that basis we are extending our locations. We now have about 60 or 65 permanent locations; we will have 108 permanent locations in future. In addition, we will have about 67 temporary locations, where people will be serviced two or three days a week, depending on the circumstances.

**Senator Smith:** I was thinking of my own province of Nova Scotia, where there has been a set-up whereby people from the commission spent a couple of days at the end of, say, the lobster season in order to process the claims, which has been of great assistance. Would the offices from which these people would work be close to the locations where the Manpower offices now are?

**Mr. DesRoches:** We hope so. We are working in that direction. We will not have as many offices as Manpower, but we now have plans—and we have done this quite deliberately—with the Department of Manpower to locate together in the same building where this is feasible. This is the new trend, if you like, that wherever we open these service centres we will try to locate as closely as possible, if space is available and so on.

**Senator Smith:** Will this also mean the end of the sort of informal set-up, which is provided by people who make a study of the thing and assist in making out claims, where there is no unemployment insurance office?

**Mr. DesRoches:** No, we will still do that.

**Senator Smith:** You will still keep that?

**Mr. DesRoches:** Yes, we will still do that.

**Senator Smith:** That has been a very valuable function.

**Mr. DesRoches:** We certainly do this on, say, mass lay-offs. We would still go out to the plant and try to anticipate the flow of claims where there is a particular situation in the industry. Indeed, this should not prevent but rather accelerate this type of service, where people go out to the work place and try to work out the relationship.

**Senator Smith:** I am thinking of some of the small towns where there is no unemployment insurance office. In the past there have been people appointed to serve the unemployed who want to make claims and have difficulty with them; they cannot do it by mail. I think it has been quite useful. Will these people continue on?

**Mr. DesRoches:** Yes. There are 261 of those. These are agents, and they will continue. They have multiplied in the last few years. They provide a useful link for us, and I think a useful link for the people in filling out the forms.

**Senator Smith:** I think they do.

**Mr. DesRoches:** By the way, as part of our staff training to carry out the provisions of the new bill we are training these agents as well to cope with the new forms.

**The Acting Chairman:** I should like to follow up on Senator Smith's line of questioning. In my province of Newfoundland, we have many outlying communities where there are very slow mail connections, and it takes them a week, sometimes two weeks in the winter, to get a claim into the office. I understand that several years ago the set-up was changed so that these claims were processed in Moncton; the data on the claim had to be sent to Moncton for processing and then come all the way back to St. John's and then out again to the outlying places. Many people complained about this; they thought this was a pretty slow process. It meant some of them would be perhaps a month, sometimes six to eight weeks, before they could get any benefit. In the meantime, of course, they were on welfare, which eventually had to be paid back, which created a hardship at the time. All this was because of the slowness. Is there any change in that type of set-up?

**Mr. DesRoches:** There is no real change in that, but I would like to clarify a point here. There have always been five points in the country where we have maintained records, because of the lengthy base period involved, and where we must refer each claim to determine what record of contribution the man has had. This has always existed, the reference in the Maritimes is to Moncton. In other places it would be Winnipeg or Van-



cover. In Newfoundland we maintain—I am not sure if we are still maintaining—a separate data processing establishment in St. John's, Newfoundland.

I am aware that we have delays. I would not dare deny that we have delays. Statistically, our delays should not be as numerous as we hear they are. Our weekly reports keep indicating that between 97 and 98 per cent are paid within three weeks, which is the absolute minimum time in which we can pay. Obviously, that leaves 2 or 3 per cent who get caught in the longer cycle. We are always trying to reduce that time, but there is no basic change that will eliminate it entirely. There is no real way we can short-circuit this, unless we could make a payment in each locality, which is hardly conceivable in this day and age. We are trying all the time to improve the service by cutting down the time factors, however.

**The Acting Chairman:** It occurs to me that your new act is going to be very much more complex and that the computations, data and transitional rates will add just that much more complexity to the administration of the new act than there was previously. If you have all this trouble with the old act in its simple form, will you not have even greater trouble now?

**Mr. DesRoches:** Not necessarily so. Part of the difficulty of the delay, and this occurs quite often in the winter, is the fact that we have to have records of contribution to demonstrate that a person is entitled to a benefit. Those records are accumulated once a year. They are built up into large files at five locations. However, in future the person becoming unemployed will have to demonstrate to us that he has had earnings, and a statement to that effect will be given to the unemployed person by his employer on separation. We will rely on the separation statement rather than on records that have been accumulated in the past.

Two things will occur at that point, Mr. Chairman. First of all, we can always get over all the problems and put the person on pay so long as we have eight valid weeks of earnings and contributions. If we do not have the total record we can process and get the person on pay on that basis.

So far as the difficulty with welfare is concerned, the act provides that, with the permission of the individual and a statement to the municipality or to the province concerned—and we have not worked out the full details on that—we can assign the benefits. We could not do that before. We will now be able to make arrangements with the welfare agencies so that, if they pay somebody to tide him over, that person will be able, voluntarily, to assign his future unemployment insurance benefits to the municipality, or to the province as the case may be. Again, that could ease the situation where a person has to get welfare.

We realize that there will always be cases of delay. We will never eliminate them. However, if welfare will tide a person over, at least the welfare agency will not be risking, as they are now, not being paid back.

**The Acting Chairman:** There is a problem there. As an example, take a man with a large family in a low-income area where his wages are lower than normal. His benefits

are proportionately lower. However, when he is on welfare with a big family he will get much more than he would get from the benefits. When he then gets his benefits and has to pay back the welfare, that leaves him in a terrible position. It would be better if he had never seen the unemployment insurance, because he has to pay back a high rate of welfare out of a low income from unemployment insurance, and that is a tremendous hardship.

**Mr. DesRoches:** Nobody can force him under the present act to do that. Under this new act he will not be forced either. It will be purely voluntary. We have made studies of people who draw welfare, and there will always be people who have larger families than we can cope with under this form of plan. Our figures indicate that possibly 7 per cent of claimants—which is not a very high percentage—have to fall back on welfare to supplement their benefits either because their previous earnings were too low or because they have larger families and have to have additional assistance. With the benefits at 66½ per cent we fully anticipate that the proportion of people who will have to fall back on welfare to supplement the benefits will be fairly low.

**The Acting Chairman:** You know, the provinces always claim that the welfare recipient has to pay the amount back but that it is not the province's fault. They say it is the fault of Ottawa, who insists that the province collect the money. Did I understand you to say, Mr. DesRoches, that it is not compulsory?

**Senator Flynn:** They have to collect what? Welfare or unemployment benefits?

**The Acting Chairman:** Welfare.

**Senator Hays:** Mr. DesRoches said it was not necessary.

**Mr. DesRoches:** In fact, the present act forbids anybody assigning that amount of money. Under this act the individual could make a voluntary assignment. That is the only change.

**Senator Connolly (Ottawa West):** And only to provincial authorities.

**Mr. DesRoches:** To a government authority, but not to a private individual such as a loan company. It has to be a government agency.

**Senator Connolly (Ottawa West):** But it has to be a provincial agency, does it not?

**Mr. DesRoches:** It could be municipal or provincial.

**Senator Hays:** It would be a pretty vicious circle. They are unemployed and then there are more children.

**The Acting Chairman:** Perhaps I did not make myself clear. The welfare that the province pays out is paid out under the Canada Assistance Plan, of which the federal Government pays 50 per cent. Conditional on that 50 per cent is the fact that if you pay out welfare to a person who is entitled to unemployment insurance, then what is paid out must be collected back. There seems to be a clash between the Canada Assistance Plan and the unemployment insurance plan. Is that clash still there?



**Mr. DesRoches:** Welfare is based on need, Mr. Chairman. Therefore, you will always have this clash in the sense that so long as you have a program that is based on need then the welfare administrators, be they provincial or municipal, must take into account the income which the man gets from us in determining his need. That is the only answer I can give. In other words, they say if you need \$200 then that is what you get. If you get \$50 from unemployment insurance, then your need from the welfare is only \$150.

**Senator Connolly (Ottawa West):** Mr. DesRoches, suppose a man with a large family is receiving \$100 a week, or the 66⅔ per cent. The \$100 a week will not meet his requirements. Can he continue to draw his unemployment insurance under the provisions of this new act and supplement that income in case of need by welfare payments?

**Mr. DesRoches:** Oh, indeed. That will continue. The problem that Senator Carter envisages is the reverse of that, I think. Senator Carter was raising the problem that welfare agencies will not pay the full amount.

**Senator Connolly (Ottawa West):** I realize that, but it seems to me that the full amount would be payable under this act. That is to say, the \$100 a week would be payable, and the amount that would be paid under the Canada Assistance Plan would supplement the benefits under this act to the extent that the administrators of the Canada Assistance Plan considered the recipient to be in need.

**Mr. DesRoches:** That is correct. That is the way it is paid. There are such supplementaries in industry, I might point out. They are called Supplementary Unemployment Benefits or SUB's. Where they have a formal agreement and a separate fund, industry can also supplement unemployment insurance benefits, if in collective agreements they want to arrange this. So it is the same thing in a way as Senator Connolly (Ottawa West) has explained.

**The Acting Chairman:** The problem, Senator Connolly, arises when a person has a big family and has to wait for his unemployment insurance. He probably has to wait three or four weeks. The welfare payments, for the sake of argument, are \$70 or \$75 a week. But the unemployment insurance is probably only \$60 a week, and yet he has to pay out of that \$60 a week a refund of the \$75 per week he got from welfare. This is what has happened, and the welfare people says, "Well, of course this is not our fault. The money that you got was paid under the Canada Assistance Plan and the terms of that plan state that we must collect it back if you were entitled to unemployment insurance," and so they get into a bind.

**Mr. DesRoches:** I should imagine this would only occur if the total amount exceeds what they have determined to be the needs of the family.

**Senator Flynn:** But the maximum welfare payment will be given, and then they will recover from the unemployment insurance or through the unemployed person the amount payable under this present act. Is that not so?

**The Acting Chairman:** That is what they have been doing.

**Senator Flynn:** This system could possibly suggest to the person in need not to apply for unemployment insurance benefits but just to get welfare.

**The Acting Chairman:** That is so, and it is true in a number of cases that have come to my attention. Unfortunately there is a stigma attached to welfare.

**Senator Flynn:** There is another stigma attached to the benefit now in that it is taxable whereas the welfare payment may not be.

**Mr. DesRoches:** I would like to see a specific case, particularly in the waiting period where a man has no unemployment insurance. Let us suppose that a man leaves his job and he has no payment at all—and these are not unusual circumstances—and then there is a waiting period, I would think that if Welfare deems that he needs money during his waiting period, then that money that is paid is not recoverable. But if they go back and take it away, I would think that somebody is exceeding his authority.

**The Acting Chairman:** You see, there is an overlapping. Supposing a person starts on January 1 and is entitled to unemployment insurance benefit as from that date and let us say he is getting welfare from January 1st to the middle of February. Then eventually he gets unemployment insurance benefits back to the 1st of January also so the two payments overlap. Then when he gets that, he has to pay back the welfare payments he has already received.

**Mr. DesRoches:** I would think in that case that that would be fair, up to the amount of the benefit he has received. Because the welfare would supplement that if need be. But he has received his income from Welfare and I think the welfare agency in that case is entitled to seek repayment. The problem I can see is that this creates a situation where people have to pay back money they have already spent, and this creates a difficulty.

**Senator Fergusson:** Is there any consultation between the Department of Health and Welfare and other departments concerning these problems?

**Mr. DesRoches:** Yes. Actually the administration of social assistance is a provincial matter. Even though the Canada Assistance Act sets the broad parameters and there is consultation required at that level, the real consultation is required at the municipal and provincial level where administration takes place. We do have close consultation at those levels. Our managers contact the municipalities and contact the provinces so that they at least know which people are on both systems. As I stated in giving these statistics earlier, there is less overlap than would appear on the surface. It is probably 5 or 6 per cent. Nevertheless there is fairly close liaison between the two groups. Therefore the Welfare people can direct unemployed people to draw unemployment insurance or we can direct people to Welfare if that is the solution to their problems.



**Senator Fergusson:** I was a welfare official in Ottawa for a number of years in consultation with field workers, and in general conversation of which I have no notes I certainly would have taken it that there was not that close consultation even on that level. Because they felt that if there was some understanding between the people representing the different departments, they could do a much better job and also provide better service to the people who needed it.

**Mr. DesRoches:** The field people of Health and Welfare in this area—and I do not want to get into an area where I do not know all the answers—are mainly people concerned with the overall administration and funding of the Canada Assistance Plan. As I said before, the real key to dealing with welfare and social assistance are the people who administer it. These are the provinces and the municipalities. There may be lack of rapport in certain areas but certainly I know effort is made.

We had, for example, last fall a special day, which I called "Welfare Day"—but we tried to play it on a low key without any publicity—when all managers were instructed to invite all the welfare agencies in the area to have discussions with them. Again, since the bill was before Parliament we have had sessions in 10 or 15 of the major cities with fairly large groups of welfare administrators and private associations in order to launch this client assistance where there would be this communication.

As far as individuals are concerned, there is a constant exchange of lists between the two agencies. We do make available the lists of names of people so that we will know who is getting paid for what. If there are cases of people getting two payments, it is as much in the interests of ourselves as in the interests of the welfare agencies to know about this. People who fall in between the two create a situation that should not exist because of the liaison we have. I think that there are cases of people who get the two payments now, and the complaints we have been hearing in the last two years have been more from the welfare agencies and from the municipalities who have said, "We are paying for people who really are entitled to unemployment insurance benefits, but your payments are late, and if your payments were not late, we would not have to make these payments."

**Senator Fergusson:** But then in other instances when they contacted the Unemployment Insurance office, they were not able to find out for such a long time whether people were going to be paid. They felt there was a great lag.

**Mr. DesRoches:** That can occur, but again I can only say this is in the low percentage. There were a number of instances over the last two winters where employers did not make the records available. Without records of contributions we are helpless. Under the present act a person is not entitled to benefit unless the contribution week has been paid. We must therefore have evidence that the contribution has been paid.

Under the bill, we will not require that rigid link between the contribution and the benefit. These are the subtle things that perhaps do not appear on the surface,

but from the point of view of administration we will require a record of earnings, which is different from proving that a person has paid contributions.

There are cases, for example, of an employer going bankrupt and disappearing. If we do not have evidence that a person has paid contributions, there are no contributions available. It is a lengthy process to get secondary evidence or affidavits to say that a person has in fact worked and paid contributions. Such cases usually end up in a welfare situation.

**Senator Hays:** Do you not think there is much more criticism on the other side, namely, the abuses. It seems to me that you have to do a pretty good job. Your job concerns insurance. The other job is the concern of the welfare people. What we are complaining about this morning is that you are not taking care of your portion of this matter.

**Mr. DesRoches:** I think we have to do both.

**Senator Hays:** Those of us who have a substantial number of people working for us would like to see tougher laws regarding unemployment insurance. We would like to see those people receive unemployment insurance who deserve it. On the other hand there are a lot of abuses. No doubt this bill will not encourage more abuses. I was not given to understand that from your remarks.

**Mr. DesRoches:** I think we have to do both. Let us agree that the two jobs are required. This specific feature has a double edge to it, that we work with the welfare agency so that not too many people get double payments they are not entitled to, and, if they are, they should have to pay it back.

There will be cases where we will have to make sure that people get their payments. There are cases of people who go to both agencies. We have received complaints from municipalities in that direction. We have to listen to that side of the problem. It is the same in other areas of the act. While it is true that the eligibility requirements have been lowered, it does not mean that we will relax our administration.

We are trying to find new ways. Over the last few years we have developed new ways of inquiring and finding out what people are doing. Some are rather simple things like delivering the cheque, finding out if there is a person living there, and what that person is doing. We have to do a mixture of that type of investigation. In the last few years we have done a lot in terms of sampling a number of cases according to characteristics. If a person of a certain age group has been on unemployment insurance for a certain length of time, it raises the question as to why. You tend to select certain groups and follow through either by telephone calls or interviews to find out what the problem is.

**Senator Hays:** What are you doing about people who are getting ready for retirement and who draw unemployment insurance premiums at the end of retirement up to the maximum amount? They say "I paid it in and I want to get it back."



**Mr. DesRoches:** My standard answer is—and I have given this answer in evidence a number of times—that these people are not truly entitled to it unless they meet the conditions of the law. The difficulty is that it is perhaps more difficult to determine whether or not they are meeting the conditions of the law. We have provided, this retirement benefit feature for people who will draw the Canada Pension Plan or the Quebec Pension Plan. However, they will cease drawing benefits after this three-week “retirement” benefit. This was provided as a means of closing off for those who take this option. The Government did not feel that we should go beyond that and have an arbitrary cut-off, because the Canada Pension Plan and the Quebec Pension Plan have not reached maturity.

I do not have the exact figures, but for a person earning \$100 a week, the benefits are somewhere around \$100 a month. It will take another three or four years before it reaches the maximum of \$200. It may be that in three or four years time the Government may decide that perhaps an age cut-off rather than a pension cut-off might be reasonable.

Since the two pension plans have not reached maturity, it was felt that it would be a more reasonable indication of a person's retirement at this stage, to use the pension plans as an indication of retirement rather than an arbitrary age.

On the other hand, the most recent statistics I have seen from the labour force survey—these were for some few months ago—indicate that some 37 per cent of men between 65 and 70 are still in the labour force. We sometimes assume that everybody retires at 65 and goes on unemployment insurance, when in point of fact a fair number of people continue to work. Therefore we could not close it off arbitrarily and say these people will no longer be working or requiring unemployment insurance.

For these reasons we will be left somewhat with the same problem as before, of having to make a decision as to whether a person is truly looking for work or has retired. We have however, one means determining whether he has retired, which is the pension feature. Beyond that we will have to make a decision as in the past and say, “What type of work are you looking for? Is this or is this not a reasonable decision?”

A further feature is the fact that many people in that category have to retire because of sickness. They will, of course, be covered under the sickness feature for 15 weeks. There will be ways of making things more legitimate than they were before for that group of people, either through the pension plan or through this pension feature.

**Senator Hays:** How does this unemployment insurance plan compare with that of some of the other countries such as the United States?

**Mr. DesRoches:** Under the new bill it will be very far ahead of the American plan.

**Senator Hays:** What countries would be ahead of ours?

**Senator Connolly (Ottawa West):** What do you mean by “ahead”?

**Senator Hays:** Well, for the benefit of those who are unemployed.

**Mr. DesRoches:** It is difficult to compare this with some of the European countries. The United States has 50 systems. Each state has its own system. As far as I know, effective coverage in the United States is now somewhere down to 33½ per cent of unemployed days.

**Senator Hays:** Thirty-three and one-third per cent of the workers are covered?

**Mr. DesRoches:** Of unemployed days. That is because there have been all kinds of features and interpretations put into various bills which reduce the effectiveness in each state. The coverage is not high in some states or else the benefits are low.

**Senator Hays:** This is not a national plan?

**Mr. DesRoches:** No, there is a national overlay and then there are 50 different plans operating under this overlay, which is a taxation overlay if you like. Each state operates its own system with its own commission, and the revenues all come from the employers. The employers have had a very strict right of appeal, which again has cut down the number of claims. I do not want to say anything derogatory about the American system; it meets their needs, but the coverage effectiveness is very much lower and the rate of benefit is not as high as 66⅔ per cent. There was a bill last year to improve the situation, but this was at the federal level, and it leaves a while to permeate the 50 state systems. I would say our system has a much wider coverage and higher benefits, and our eligibility conditions, of course, are better than in most of the states of the union.

**Senator Hays:** What percentage of our workers in Canada now are covered?

**Mr. DesRoches:** It is about 80 per cent now, and this bill will bring it up to about 96 per cent.

**Senator Hays:** 96 per cent of all workers will now be covered?

**Mr. DesRoches:** Yes. The main exclusions now will be self-employed, and that will include farmers.

**Senator Hays:** How are you going to cover farmers?

**Mr. DesRoches:** We do not intend that.

**Senator Hays:** There is no way.

**Mr. DesRoches:** This is the kind of thing that would have to be thought through. It is certainly not the kind of thing we were ready to recommend at this stage.

**Senator Fergusson:** I think you told us that 37 per cent of men over 65 are still working. Do you have any statistics about women?

**Mr. DesRoches:** It is much lower. This is between 65 and 70 years of age. I think in most business women retire earlier. I know the figure is much lower. I think women are seldom used as an example of people who abuse the plan on retirement. As a rule women retire much earlier.



**Senator Flynn:** Of their own decision?

**Mr. DesRoches:** Of their own decision.

**Senator Fergusson:** Not always of their own decision.

**Senator Flynn:** I would say generally speaking. I was afraid Senator Fergusson was trying to make a case.

**Senator Kinneer:** Earlier I wanted to ask a supplementary question to something you said, Mr. Chairman, when you said there was such a lag in getting a return for the unemployment insurance. I was wondering if employers will co-operate with a separation statement with regard to contributions and length of service. Could they not do that as the separation occurs, just give a statement?

**Mr. DesRoches:** This is the way we are planning to do it. Under the present system it is a mixed affair, because we are dealing with two years, we are dealing with 104 weeks. Right back from the time the act started there had to be a way of either putting the burden on the employer of maintaining those records or accumulating these records. The choice was made that it would be preferable, because people change jobs within two years, to accumulate these records.

**Senator Kinneer:** Do you anticipate correcting the lags there?

**Mr. DesRoches:** Yes, because we will not need to accumulate these records. We are dealing with a 52-week period, which is half. Not only that, but under the present act you can go back four years. There was an absolute need to maintain records at five central points. Under this bill you can only go 52 weeks, and we are putting most of the onus, if you like, on the employer to produce that record at the time of separation. Of course, the employee will be directly interested, because he will need that piece of paper. Now he needs it in most cases; where a person has a very short employment record he needs that, plus our record. This is where the problem arises of marrying these two records. We hope this will be greatly lessened by having only one source of information.

**Senator Hays:** The employee does a fairly good job of getting all the papers today that he requires when he decides to go on unemployment insurance. He gives you notice that you can get another man to take his place. He picks all this stuff up. If he is a real gentleman he gives you two weeks' notice.

**Mr. DesRoches:** I agree that people know their own self-interest.

**Senator Smith:** I am not entirely clear what the bill does in connection with the retirement benefits. I think I was confused more by some comments which the witness made, saying that the government did not feel certain things were necessary because the Canada Pension Plan would not mature in another three or four more years and so on and so forth. I am not a lawyer, but when I first heard the bill it seemed so definite that when a man attains the age of 70 or a retirement pension at any time becomes payable to him, then the thing takes effect. Would you clear it up? I am a little confused.

**Mr. DesRoches:** I am sorry. Could I explain it this way. We will talk just about the Canada Pension Plan. The CPP has two dates. The first date is 65, where it is optional to take CPP and 70, where it is mandatory. Therefore, the choice was to find some way of determining that a person has really retired from the work force. Perhaps I did not make it clear, but I was saying that once choice would have been to take age as an indication that a person has retired. The Government preferred to take the attachment or participation in the Canada Pension Plan as an indication that a person had in fact retired and was no longer seeking work. Therefore, at 70, since it is mandatory, it is an absolute bar to benefits. At 65 it is optional. That is what the bill says. If a person does take the CPP at 65, 66 and so on, he will be deemed to have retired.

**Senator Smith:** Then he can only draw for a three-week period?

**Mr. Desroches:** For three weeks, that is correct.

**The Acting Chairman:** I am afraid we interrupted you. Has your completed your presentation on the benefits section?

**Mr. DesRoches:** The only other points on benefits are maternity and sickness. We have covered the retirement. There are benefits provided now for maternity. For a woman who has a child, there will be a period of nine weeks before confinement and six weeks after. This is a major change, since under the present act capability is an absolute requirement. For years the decisions of the commission have been that a pregnant woman is incapable of work six weeks before and six weeks after confinement, and therefore is barred from benefit. This will be a complete reversal of the position, whereby capability will be waived during the period nine weeks before and six weeks after.

With sickness, there will be a period of 15 weeks of benefits provided for people who have an interruption of earnings because of sickness. There will be a two-week waiting period, as in other benefits, and then there will be an entitlement to 15 weeks, which again can be drawn within a period of 29 weeks, the same as the other 15 weeks of regular benefits. These are two features which I recall speaking to the Special Senate Comm ttee on Poverty about when I was here, in 1968. They have been incorporated in the bill; they are new features.

**Senator Flynn:** We are doing away with some discrimination here.

**Senator Connolly (Ottawa West):** Mr. DesRoches, it was suggested in the Senate by a distinguished gentleman that maternity benefits would give a woman about one month of holiday. I rather disputed that, but I did not want to deal with it. I said I would turn him over to the tender mercy of the lady senators. Have you anything to say about that?

**Mr. DesRoches:** One could look at it as recognizing a fact of life. Whether or not it is a holiday is not for me to judge. I suppose really there are two facts of life involved. One is that it is a real impossibility for a



woman to work in many occupations, if she is pregnant, and the other is that there is a higher proportion of women working now than before. You can add to that the fact that our present administration is rather archaic, since not only does it ignore the first fact but it penalizes women at that stage and forces them to use other routes to try to qualify for benefits.

**Senator Connolly (Ottawa West):** That is a pretty good explanation, but I think the ladies could do better than that.

**Senator Flynn:** It has been explained by Senator Connolly (Ottawa West) to my satisfaction.

**Senator Connolly (Ottawa West):** I am not by any means an expert.

**The Acting Chairman:** Mr. DesRoches, I am curious as to how you have managed to change your philosophy on sickness. When I had the honour of representing my constituents in the other place, it was my experience that if a person was already qualified for unemployment insurance and was receiving it then became ill he continued to receive unemployment insurance, although he was not strictly available for work. However, if he had to leave his job because he became ill on the job, then he could not qualify. The argument I used to get from the unemployment insurance people was that it was unemployment insurance, not sickness insurance. Now you seem to have found some way of blending the two together.

**Mr. DesRoches:** I was not there at that time, but I think it can be explained this way. Unemployment can start as a very simple concept, namely, that a person loses his job. At first we say that, if a person severs his relationship with his employer, that is unemployment. But we know from experience that life is much more complicated than that. People have holidays during which they are not working. They have periods during which they are laid off temporarily and, thus, are not employed. There are periods of time when people are sick and are not receiving earnings. Taking all these things into account, we have over the years come up with the concept of unemployment as an interruption of earnings. This has been applied in the act. About one-third of the benefits that are paid now under unemployment insurance are really a replacement of earnings.

If you were to impose the condition that people must have severed their relationships with their employers in order to receive unemployment insurance, then presumably everybody would be fired or otherwise separated from his employer and this would lead to a bad social trend, I would assume. Therefore, the interpretation which has been applied, which depends upon conditions of work that have been changing a great deal, has been a concept of an interruption of earnings.

If you follow the definitions of the present act through to their logical consequence, "unemployment" could be defined as a situation in which a person does not work, and "no work" could be defined as a situation in which a person has no earnings.

Now, bearing in mind that people do lose their jobs because of sickness, it seemed to us that the arbitrary distinction between a person who is out of work because of illness but is not considered unemployed and a person who is out of work for some other reason and is considered unemployed was not a proper distinction. That situation had to be corrected one way or another and we worked on this and had interpretations from the Department of Justice which confirmed that an interruption of earnings was what the act was intended to protect. Therefore, unemployment insurance was a valid application in this area.

I must point out here that the bill does provide that any province which wishes to bring in a sickness insurance plan for its population may do so by virtue of provisions contained in this bill. Those provisions will permit us to cease paying benefits and drawing contributions in order to avoid any overlap. Similarly, there is recognition of the fact that there could be premiums on maternity and so on, and it could be that a province might opt to develop its own plan, in which case any overlap that would occur could be avoided by the provisions in this bill. We go that far.

We have a legal opinion that we are in a correct constitutional posture, but that, if a province should bring in a plan which covers its entire population, then there are ways of avoiding duplication.

**Senator Flynn:** Mr. Chairman, I wonder if it would be appropriate at this stage to come to the problem of the costs of these changes. Some figures have been given, but my understanding is that the rates and the benefits have been adjusted on the basis of the maximum of 4 per cent unemployment, generally speaking.

**Mr. DesRoches:** The rates for the employers and employees will be set on the basis of experience, up to 4 per cent. Beyond that point the Government will pay. In fact, the Government pays some costs before 4 per cent, and beyond 4 per cent all the costs will be paid out of the general revenue.

**Senator Flynn:** If the rate of unemployment does not go beyond 4 per cent, will the system be self-supporting financially?

**Mr. DesRoches:** It would be self-supporting at the 4 per cent level with a very small contribution from the general revenue at that level.

**Senator Flynn:** Would there be a contribution at that level?

**Mr. DesRoches:** Yes, because, as I tried to explain very briefly earlier, some of the benefits are paid to meet certain conditions and therefore it is not strictly a 4 per cent line. There are some benefits that are paid by the Government. Perhaps Mr. Steele could address himself to that point.

**Mr. David J. Steele, Director General, Planning, Finance and Administration, Unemployment Insurance Commission:** The Government pays the full costs of all benefits in the extended benefit period. That includes the



ones on page 106, Table 2, mentioned to you earlier, and which are not dependent upon the unemployment rate. So those particular benefits will always be paid for by the Government. On top of that, even though the unemployment rate will be below 4 per cent, there will always be regions where the extended benefit will be payable. Even though the rate came down to 3.6 per cent in 1966, about half of the 16 regions would have been up around 5 per cent, 6 per cent or 7 per cent. Therefore the extended benefits would have been payable, and that would have been picked up by the Government.

**Senator Flynn:** Have you any figures that you could adjust to last year's situation for instance? What would represent the contribution of the Government?

**Mr. Steele:** We have had them projected for 1972.

**Senator Flynn:** On the basis of last year.

**Mr. DesRoches:** In this document, which was made available last fall and is called *Facts and Figures—Unemployment Insurance in the 70's*, there are various tables provided, and one of the tables here on page 2 gives the estimated contributions at different rates of unemployment. At 4 per cent unemployment the Government would pay \$50 million, and even at 3.5 per cent unemployment the Government would pay \$30 million. That covers the situations that Mr. Steele explained.

**Senator Connolly (Ottawa West):** I must say, Mr. Chairman, at this point, that I did not tell the Senate that last night, because I did not know about it. I thought the cut-off point was 4 per cent.

**Mr. DesRoches:** As Mr. Steele explained, there are these two situations where there is a commitment on the part of the Government to pay the regional benefits. In other words, the payment by the Government is structured around the type of benefit and of course two of them happen to fall on the other side of the 4 per cent rate.

**Senator Flynn:** The Government is making these contributions under the legislation presently in force?

**Mr. DesRoches:** Under the present legislation we have an entirely different method of financing. There is a strict formula which can be called a 5-5-2 Formula. The employer and the employees pay half and the Government pays 20 per cent of that, and that adds up to 1/6, plus all the administrative costs. But under the proposed plan the administrative costs would be absorbed by the employers and the employees and up to 4 per cent, except for this adjustment in types of benefits, the generality is that the plan would be self-financing. But of course there are these exceptions because there are higher rates in certain areas where the Government would have to step in.

**Senator Flynn:** But in a good year it would be less costly to the Government than it is at present?

**Mr. DesRoches:** In a very good year, yes, less than 4 per cent nationally.

**Senator Flynn:** It would go back to the period of 1945 to 1950 or even to 1955.

**Mr. DesRoches:** Yes, we would have to go back that far. I guess the lowest figure recently was 4.7 per cent in 1969. The 3.6 per cent in 1966 would have been the type of year when the Government contributions would have been much less. But the Government contribution is very, very steep when the rate of unemployment goes up. The other side of the coin is that instead of relying on a fund which cannot really be predicted, the Government has a very large cost factor when you go from 4 to 5 or 6 per cent.

**Senator Flynn:** Would you risk giving us a figure there?

**Mr. DesRoches:** I think Mr. Steele is more up to date on this than I am. Perhaps he can interpret the figures better than I can.

**Mr. Steele:** Quoting now from *Facts and Figures—Unemployment Insurance in the 70's*, at page 2, which is the estimated contributions in 1972 at various unemployment rates. Because it is a pay-as-you-go plan, the contributions estimated for 1972 are also the estimated costs for 1972, so they are exactly equal. The Government's contribution at 6 per cent unemployment rate will be around \$300 million and at 7 per cent it will be around \$430 million. That, of course, is for the whole year. We had 8 per cent, for example, this February but the average for this year which is a bad year is only going to be 6 per cent.

**Senator Flynn:** And then the amount is \$300 million.

**Mr. Steele:** That would be the cost to the Government in a 6 per cent year.

**Senator Flynn:** That is without taking into account the incentives under other schemes such as the Regional Development programs and subventions to industry for creating new jobs.

**Mr. DesRoches:** Strictly for this plan, yes.

**Mr. Steele:** If there are incentives, of course, the unemployment rate should come down. But as far as we are concerned, whatever the unemployment rate actually is, that is what the Government has to pay.

**Mr. DesRoches:** I suppose the comparable figure under the present plan would be, without the 10 per cent increase, about \$190 million, so that you can see it will be much higher at a 6 per cent unemployment rate. At that rate it would be about \$300 million as opposed to about \$190 million under the present system.

**The Acting Chairman:** For the same average rate of unemployment?

**Mr. DesRoches:** Yes.

**Senator Flynn:** An increase of about \$120 million?

**Mr. DesRoches:** Well, \$300 million is the figure that Mr. Steele has quoted, and it is \$190 million under the present system.



**The Acting Chairman:** What is the maximum payment for the Government shown in your table?

**Mr. DesRoches:** That is 7 per cent.

**The Acting Chairman:** You do not go beyond 7 per cent?

**Mr. DesRoches:** No.

**Senator Flynn:** But you have given a figure on the basis of 6 per cent unemployment. Now if we were to go down to what is generally accepted as a normal rate, say, 4 per cent, would the contributions of the Government be much less?

**Mr. DesRoches:** It would be \$50 million in that case.

**Senator Connolly (Ottawa West):** What you are saying amounts pretty well to this, that if you have the optimum situation in the labour force, and I suggest that the optimum here is 4 per cent, it will still cost \$50 million a year.

**Mr. Steele:** Perhaps I could add one thing to what I have said. If we average 4.8 per cent unemployment for the decade, the Government will pay approximately the same as it would have done under the present act. This means that towards the end of the seventies we should be coming down to about 4 per cent or 3.5 per cent unemployment, and in that situation the Government will pay exactly the same over the 10-year period as it would have paid under the present act.

**Senator Flynn:** Under the present act it pays 20 per cent plus the cost of administration?

**Mr. Steele:** Yes.

**Mr. DesRoches:** Twenty per cent of the revenue collected.

**Senator Connolly (Ottawa West):** Twenty per cent of the contributions of employers and employees plus administration.

**The Acting Chairman:** That brings up another point. Mr. Steele, you gave two figures, one of \$190 million under the old plan as compared with \$300 million under the new plan at the same rate of unemployment.

**Mr. Steele:** The \$190 million that Mr. DesRoches mentioned is paid by the Government in terms of administration costs and contributions to the fund.

**The Acting Chairman:** That includes administration?

**Mr. Steele:** Yes, without regard to the unemployment rate. They pay a fixed \$190 million this year. That does not include the 10 per cent supplement, which has cost another \$54 million this year, because the rates are not satisfactory. Regardless of the unemployment rate, they would pay that amount, whereas under the new scheme they pay whatever the unemployment rate calls for, which might be down to \$30 million to \$50 million, which is virtually nothing, or up to \$300 million in a bad year.

**Senator Connolly (Ottawa West):** Forty million is not virtually nothing. Compared to current costs it is a good deal less.

**Senator Smith:** I wonder if the witness would make a short statement on seasonal workers' benefits. I was quite surprised when Senator Connolly, on second reading, mentioned that the total seasonal benefits in the last year amounted to \$225 million. That is a lot of money. Over the years I have heard it said that fishermen are the ones who peel the money off the fund and pay nothing into it. Nobody mentions the other seasonal workers in this country. Is there any breakdown as to what extent fishermen are responsible for their share of the total benefit figure of \$225 million? Are there figures for the forest industry or the Great Lakes seamen, or for any other classifications that you might have?

**Mr. DesRoches:** I do not think I have the figures to match exactly what you are asking. However, I would explain it this way, that the reason for the change affecting self-employed fishermen comes about for two reasons. Firstly, because these people are self-employed and are paid benefits on the basis of a catch that is sold. There are some implications to this which at times are not very favourable to fishermen. If they do not have a catch or they lose their catch, they do not have contributions and therefore do not receive benefits.

That is part of the rationale behind the adjustment that may be required in fishing. The ratio of contributions to benefits to the fishing industry is a factor of one to 10. In other words, there are 10 or 11 times as much benefits paid out as there are contributions brought in. Mr. Steele assures me that it could be as high as 14 to one.

I do not have the exact figures, but it is somewhere in the area of \$170 million or \$180 million that has been paid to fishermen since the scheme started, as against a contribution of perhaps, \$10 million, \$11 million or \$12 million. I do not have the exact figures, but the ratio of 14 to one would be relatively accurate.

No other industries have such a high ratio of output to input. There is no doubt that for self-employed fishermen it is not a sound financing arrangement.

Perhaps we should explain also that the present act makes the Government responsible for fishing apart from the scheme. Under the bill, whether or not there is a change in the fishing arrangement, the Government will take charge of paying for fishing out of general revenue. That change will eliminate the problem of who pays for fishing. The government will pay for it from now on.

**Senator Connolly (Ottawa West):** Is that included in the \$30 million?

**Mr. DesRoches:** Yes, the \$14 million would be in that \$30 million. That is a direct charge on the Government as of now. With regard to other industries, there is the question of experience rating. Using construction as an example—and again quoting from Facts and Figures, page 10—in 1968 we had a deficit in the construction industries of \$43 million. In other words, there was \$76 million paid in benefits as against contributions of \$33 million. Therefore fishing is not the only deficit industry, but it is the largest deficit.

The bill incorporates the idea of experience rating whereby a rather mild form of adjustment can be made



to adjust contributions more in line with benefits—not in the sense that there would be a complete adjustment to the firm or to the industry, but in the sense that there would be an adjustment so that the deficit of \$43 million for construction would not fall on all the other industries. but that construction would bear a larger burden of that \$43 million, and conversely the manufacturing industry would benefit from the fact that it has better experience.

All this scheme of experience has been made conditional by statements that the minister has made on consultation with the industry through the advisory committee, and the gradual period of phasing in. All of this is based on the experience which we would accumulate between now and 1973. The principle of experience rating would permit making these adjustments based on accumulated experience and discussions with representatives from industry. The principle is here. The mechanics will be worked out in future.

**Senator Smith:** From what the witness has said, I take it that as far as the ratio of benefits to payments is concerned, the seasonal self-employed fishermen segment is 10 to one. In terms of the proportion of that \$225 million which it cost last year, it is very small. This scheme has been going on for roughly 20 years. The amount mentioned, divided by 20, is a very small amount of money. I am wondering whether any new scheme will produce the same social benefit that this has produced for fishermen.

Everybody runs down the scheme as though it is a horrible thing. I think it has been a most worthwhile scheme in most parts of the country. One of the provinces where it does the most good is in Senator Carter's area. In my own particular area, when we do not have freeze-ups, it can be criticized with good reason. Fishermen intentionally do not wish to go on the larger draggers. On the north shore of New Brunswick it saves them from being deprived of a great many necessities of life. I have been informed that it saves merchants from going under, it keeps the children supplied with food, it pays the grocery bills.

I hope that someone from your commission will be on any study group carrying on discussions leading to what we hope will at least be equivalent to what we have in terms of social benefits. It is not all bad. It has corrected a great deal of social hardship.

**Mr. DesRoches:** The White Paper does not in any way condemn the system. I think the statement I made earlier was that if it is to be condemned it is because it really does not cover the situation adequately.

I think the flaws that have been in the system from the financing point of view are beside the point. This is why the Government is willing to pick up the tab, to get this financial argument out of way. The financial argument was made by the Gill Committee and by a number of other people. I admit it is perhaps difficult to administer this area because it creates a legal figment. I think this is the criticism we have had, that it creates a legal figment of making a sale equivalent to employment, and it does not cover the situation where the sale does not occur because of mercury pollution, or a catch lost a sea, or these other situations that are not covered, and a sale

does not take place. I think it is on those grounds that a new scheme would have to be developed. The policy of the Government embodies in the White Paper is that nothing would be done, and that the benefits would be continued as they are now until such a scheme is developed.

**Senator Flynn:** In the meantime it has to be recalled that if there is any abuse, since the benefits are taxable that would be a correction. Seasonal workers who have a very profitable season and collect unemployment benefit will have to pay income tax on that. There is a sort of recovery anyway.

**The Acting Chairman:** Will the Unemployment Insurance Fund go out of existence and be incorporated in a consolidated fund, or will it still have a separate existence?

**Mr. DesRoches:** It will have a separate existence under the term "Unemployment Insurance Account". The fund is now part of the Consolidated Revenue Fund, and the Unemployment Insurance Account will also be part of the Consolidated Revenue Fund. This is more an accounting device for locating it in order that money can flow in and out. The main difference will be that it will not be an accumulated fund. In other words, where an excess of contributions is raised in anticipation of an excess of benefits later on, this feature will not be there. There will be an account, the money which is now in the fund will be poured into this account, and then revenues and expenditures will be made out of this account, but on a pay-as-you-go basis. The main difference is not so much in the disappearance of the accounting method as in the disappearance of an excess of contributions, if you like, in anticipation of an excess of benefit later on.

**The Acting Chairman:** Will these new revenues that are collected when this bill becomes law go into the Unemployment Insurance Fund?

**Mr. DesRoches:** Yes.

**The Acting Chairman:** Or into the Consolidated Revenue Fund?

**Mr. DesRoches:** They will go into the Unemployment Insurance Account, which is part of the Consolidated Revenue Fund. The present fund is part of the CRF, it is purely an accounting device.

**Senator Connolly (Ottawa West):** I understand there is about \$350 million in the fund now. Would you tell the members of the committee what will happen to that balance?

**Mr. DesRoches:** The balance is slightly lower than that.

**Senator Connolly (Ottawa West):** It may be.

**Mr. DesRoches:** It is somewhere around \$244 million at the moment. It will be transferred to the Unemployment Insurance Account, which is a new term, which has not got this funding idea, so it is a separate account. As the fund is a separate account the money will continue, if there is excess, to be invested by the Department of Finance with the Bank of Canada at a rate of interest



which is as current as possible. It is based on an average, I think, of the last three months rate of treasury bills; a fairly current rate of interest is used. It is possible we might even get different rates of interest under this bill, depending on the financial arrangement.

If there is an excess of revenue over expenditure this will be invested as an advance. If there is a deficit of revenue, as might occur at certain times of the year, there are provisions for the Government to put as much as \$800 million into this account to cover the amount of money that the Government may have to pay back a year after, once the experience of the year is known. There are these two provisions. It is a separate account; it will have the same investment features, and if there is a deficit the Government is committed to paying as much as \$800 million, which should be ample to meet the amount of one year to be paid by the treasury in the following year.

**Senator Connolly (Ottawa West):** I had understood, though, that the balance remaining in the fund was to be used for the assistance of the new entrants to the scheme, the additional people who are now coming into the labour force and stand to benefit after eight weeks of attachment in three-week instalments.

**Mr. DesRoches:** I think effectively that would be so in the sense that this money has been contributed by people who are now in the fund, if you like, and they will be starting to get benefits before new contributions are raised. Although there is a change in contribution this July, it is to cover that portion of people who are getting between \$100 and \$150. The other people will be immediately entitled, very soon after, to the new rate of benefits, even though the new contribution structure will not come in until next January.

Effectively, what you are referring to is how we make it attractive for new people who have suggested that their experience is lower than most people's. They are public servants, and so on. The intention was to give them a preferred rate over a three-year period. To the extent that their experience would be lower, this would be fine. If their experience turns out to be the same as other people's, there would be a deficit created from that and the fund would be used to that extent as a means of covering this feature to those people who were now claiming they have a lower experience. We do not really know the actual experience; I do not think anybody knows; it is a changing situation. Assuming their experience is lower, presumably this preferred rate would meet that experience; but if the experience is higher, then there would be a deficit created for that reason.

**Senator Connolly (Ottawa West):** I should like to ask one more question, Mr. Chairman, because I think perhaps we are getting towards the end of our considerations. The telegram to which you referred at the beginning of this sitting mentions:

—an annual deficit of from four hundred million dollars to one thousand million dollars estimate by responsible citizens—

I think perhaps Mr. DesRoches has already dealt with that, but specifically it might be helpful if he said something about it.

**Mr. DesRoches:** There are two things here. If it is meant to be a deficit on government account, at a high rate of unemployment the whole scheme is structured so that it will be in deficit, and will require funds from the government. This has been explained. At six per cent it would require \$300 million on the part of the government, and at seven per cent \$400 million. If that is what is meant, I do not know where the \$1,000 million comes from. This would have to be a very high rate of unemployment. On the other hand, if what is meant is that our figures are out by \$400 million, I can only try to explain how we have made our estimates and hope to leave some credibility behind.

First of all, even though the sickness and maternity is only one feature of the plan, perhaps I can deal with that separately, because it is a new feature. We cover now only people who are sick after they have become unemployed and there is no doubt that we will have more claims, because of the sickness and maternity feature, then we have had at present.

What we have done in that case is this. We have done this for the whole program. We have secured the services of actuaries both inside and outside the Government. We have had attached to our organization now for about two years, an actuary from the Department of Insurance. He is working with us on the estimates and other matters relating to the sickness and maternity portion.

In addition, we have retained the services of outside actuarial consultants for that very same purpose of verifying our estimates and we have obtained a certificate of validity of our estimates in this area.

**Senator Connolly (Ottawa West):** Would you care to name the consultants?

**Mr. DesRoches:** It is William Mercer Limited. We have a certificate for sickness and maternity, which is one of the special items.

As far as the other elements of the program are concerned, where we have direct experience, I referred earlier to a sample or model. Perhaps I should explain a bit more what this sample involves.

What was really done here was to take a number of cases, 27,000 and sometimes 54,000, depending on what we wanted to do. We took the records of individual taxpayers; and their record on a computer system was put on a tape, completely anonymously, by social insurance numbers. Then the social insurance number record of the unemployment insurance and the Canada Pension Plan were all merged, according to these social insurance numbers. After that, the numbers were scrambled, so that it became an indecipherable type of record. We had 54,000 of this type of record and by the combination of these various elements, it gave us an indication of the salary, the occupation, the sex, the age, the type of industry, and so on, of these various cases.

We had a group of economists who studied the various features of the present plan and the various features of the new plan, or whatever scheme we wanted.



Using this technique of the model, they simulated various situations, showing so many thousand people and what would happen on the basis of their pattern of work and so on.

I do not want to say that this is a magic box that gives a perfect result, but it gave at least a broad band indication of what type of experience we would obtain.

Having done this kind of simulation, we validated various elements of the program by known statistics, either of the present program or other statistics that are available from the labour force or other sources in "Statistics Canada."

Basically, the question was to determine how many people are likely to be unemployed, and for how many weeks of unemployment, this is, how many claims we are going to have, for how many weeks, and what would be the average amount of the claim; in summary, the number of claims, the duration of claims and the average amount. It could be that simple. These are the three factors which we had to determine and control, taking into account the various conditions we had here.

I can only say we have tried to validate these figures, as any reputable estimators would do. These are the figures which we submitted, which are all based on this type of estimate, based on samples and the available statistics.

We have had discussions with several people, including Mr. Cross. I think they are associated in some way. A number of people from companies or private citizens have come to us. To my knowledge, nobody has found that our figures did not hold water, on the basis of our estimates.

Our experience is based on what we know about the patterns of unemployment. We had and still have reputable economists working with us on the system. But the results are estimates. We admit that they are not perfect figures, and that they are estimates. However, we must work by them, unless somebody can come to us and say we are wrong by \$400 million, or something in this area, because we have either underestimated the number of claims or the duration of the benefits or the amount of benefits. These are all variable features. There is quite a bit of statistics published each year. One of the things least known outside is how long people stay on claim. Some are prone to make the easy assumption that a person gets on claim and remains on for 51 weeks. This is where a person estimating outside will say: there are so many thousand on claim, for 51 weeks, and that many times \$100, and there is your \$400 million. We had to do something a bit more precise. We know from experience that the average duration of claim is 14 to 15 weeks, and the average amount of benefit, even under the new system, is not going to be a \$100 but about \$58 or \$60. When you have these refinements, you get very different figures. I can only explain the wide gap by this overall superficial type of estimates compared to the more refined estimates we made.

**Senator Connolly (Ottawa West):** Mr. Chairman, I think we should say this for the benefit of the record, that Mr. DesRoches has indicated to us that all of the available information required to make an estimate of this kind has been considered by the commission. In

addition to that, they have gone to outside actuaries, to have these figures verified to the extent that they can. Certainly, we cannot fault them on any step that they have taken. It seems to me, from what I know of it, that the objection raised in the telegram is not perhaps as well founded as the person who sent the telegram thought. I think we have dealt with that point adequately.

**Senator Flynn:** I would add that if we have abnormally high unemployment it is very difficult to imagine that this scheme could be self-supporting. We can easily assume that it would cost the Government huge sums of money, maybe half a billion dollars.

On the other hand, the changes brought in by this bill seem to me to mean that they are including in the legislation a lot of what I would describe as safe employments, which are going to bring forth much of the additional benefits that are going to be expanded.

**The Acting Chairman:** Before we leave that topic, I would like to ask Mr. DesRoches two questions. Was there a very wide variation in the various estimates you got from your own people? You made a number of estimates based on models and you got outside people to do the same. Was there a very wide range in the different estimates?

**Mr. DesRoches:** I would prefer to have Mr. Steele answer this. He has some precise figures on the sickness side, which he could quote. There were ranges of estimates, but I do not think I can answer your question directly in this sense, as these were all separate estimates.

**The Acting Chairman:** You know none that went up into the billion dollar range?

**Mr. DesRoches:** No. We know what the present program is, and this is verifiable. For example, let me give you an illustration on things that can be verified. The maximum rate of benefit under the present plan, or even under the 10 per cent scheme, is \$58. If you look at the statistics of what happens month by month, the average payment, even now, is somewhere around \$35 or \$36. We know this. We know that you cannot take the maximum but you must take a reasonable average. The reasonable average is known and it is plotted from week to week and from month to month. In that sense, I would say that to somebody outside the range it could be different. To us, the range was within very narrow limits.

**The Acting Chairman:** You obtained certain results from the studies you had done. Was there a very great discrepancy between the various results?

**Mr. DesRoches:** The only area it would apply to would be the area of sickness. Perhaps Mr. Steele could answer that.

**Mr. Steele:** Mr. Chairman, in fact I have the rates quoted by William M. Mercer Limited. They simply say that the low cost would have been 52 cents, and the high cost 62 cents per \$100 of insurable earnings. It is a range of plus or minus 10 per cent on the estimate. The gross estimate for sickness is about \$240 million so we are



talking about plus or minus \$24 million on \$240 million as being the sort of range they feel is right. Actuarially, they cannot get more accurate than that, and we have taken the mid-point, of course.

On our other estimates for unemployment we have in fact recently verified our figures through another model, using an entirely different approach based on what is happening now and based on the assumption that the warrants, the size of the warrants and so on are related to the unemployment rate. That estimate is within 5 per cent of our original estimate in the Facts and Figures.

I do not think either Mr. Cross or the person who wrote that telegram realized that we are presently paying out at the rate of \$900 million a year under the present scheme, if you include the administration costs and 10 per cent supplement. We expect that rate of pay-out to increase to about \$1.1 billion next year with the higher benefits rates but off-set by a certain amount which will be saved through private sickness plans.

I received a letter from Mr. Cross recently in which he compares this to what we paid in 1970, which was a 5.5 per cent unemployment year in which, of course, the average benefit rates were very much lower. He confuses the 1970 payments with the figures we have given him which are for 1972. We have those figures to the parliamentary committee, because we felt that 1972 was very much more representative than going back to 1968 say. The figures would be lower but they would not mean that much because really what we are all looking at in

terms of the validity of the estimates is what is going to happen in 1972—not what happened in 1968.

**Senator Smith:** Mr. Chairman, in view of Senator John M. Macdonald's speech in the Senate chamber, and the full discussion we have had this morning, I move that we report the bill without amendment.

**The Acting Chairman:** Is it agreed that we report Bill C-229 without amendment?

**Hon. Senators:** Agreed.

**The Acting Chairman:** Is it also agreed that the explanation we have had today is adequate and that there is no need to call outside witnesses in accordance with the suggestion of the telegram we received?

**Hon. Senators:** Agreed.

**Senator Smith:** We can send them a copy of the record of today's proceedings.

**Senator Connolly (Ottawa West):** Mr. Chairman, we are very indebted to Mr. DesRoches, Mr. Steele and the other officials here for their fine explanation of this complex matter.

**The Acting Chairman:** That is true, Mr. DesRoches. On behalf of the committee, I wish to thank you very much.

The committee adjourned.

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Third Session—Twenty-eighth Parliament

1970-1971

# THE SENATE OF CANADA

STANDING SENATE COMMITTEE

ON

# HEALTH, WELFARE AND SCIENCE

The Honourable MAURICE LAMONTAGNE, P.C., *Chairman*

## INDEX

### OF PROCEEDINGS

(Issues Nos. 1 to 7 inclusive)





Third Session—Twenty-eighth Parliament  
1954-1955

THE SENATE OF CANADA

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INDEX

OF PROCEEDINGS

(Numbered 1-107)



## INDEX

## BILL C-25

## AN ACT RESPECTING CANADIAN NATIONAL ENVIRONMENT WEEK

## Bill C-25

## Amendments

Clauses 1, 2, Title, omit "National" 5:5, 5:7

Reported to Senate, with amendment 5:5

## BILL C-188

## AN ACT TO AMEND THE MERCHANT SEAMEN COMPENSATION ACT AND TO AMEND AN ACT TO AMEND THE MERCHANT SEAMEN COMPENSATION ACT

## Bill C-188

## Benefit rates

Computation 1:14

Foster parent, qualification 1:13, 1:14-18

Funeral expenses 1:13-14.

Orphans 1:12

Widows 1:11-12

## Coverage

Recipients of benefits, breakdown 1:7-8, 1:9, 1:12, 1:20

Seamen 1:7-10, 1:12-13

Canadian National Steamship employees 1:12-13

Workmen's Compensation Act 1:8-10

## Merchant Seamen Compensation Board

Composition, organization 1:8

Operation, procedures for application 1:10, 1:14, 1:18

Purpose 1:7, 1:12

Reported to Senate, without amendment 1:5

## Currie, J.H., Director of Accident Prevention and Compensation Branch, Labour Department

Statement 1:7

## Hopkins, E.R., Law Clerk and Parliamentary Counsel

Benefit rates 1:13, 1:14

## BILL C-202

## AN ACT TO AMEND THE OLD AGE SECURITY ACT

## Bill C-202

## Cost escalation estimate

Guaranteed income supplement basis 2:7, 2:8

Cost of living 2% watermark 2:11-12

Universal flat rate basis 2:10

Disbursement fund 2:9

Guaranteed income supplement

Entitling qualifications 2:9, 2:12

Purpose 2:7-8

Rates, individual 2:8-9

Reported to Senate, without amendment 2:5

## Hopkins, E.R., Law Clerk and Parliamentary Counsel

Amendment rights of Senate 2:13-14

## Munro, Hon. John, Minister of National Health and Welfare

Statement 2:7-8

## BILL C-203

## AN ACT TO AMEND THE PENSION ACT AND THE CIVILIAN WAR PENSIONS AND ALLOWANCES ACT

## Bill C-203

## Amendments proposed

## Clause 28

Exceptional incapacity (Section 59) 3:7, 3:24-25, 4:7-12, 4:13-16

"Benefit of the doubt" (Section 87) 3:14-19, 4:16-19

Benefit payments, pension income 3:7-8, 4:7-10

Canadian Pension Commission, budget 3:8

## Discussion

Clause 7(3) - Presumption as to medical condition of member on enlistment (Section 13 (5-7)) 3:19-21, 4:12

Clause 13 - Additional pension for loss of paired organ or limb (Section 28A) 4:12-13

Clause 14 - Attendance allowance (Section 30) 4:11, 4:13

Clause 20 - Determination of entitlement to pension of deceased member (Section 36 A(3)) 4:13

## Clause 28

Pension payable to disabled prisoner of war of the Japanese (Section 57 (2)) 3:7, 4:10-11

Pension payable in respect of deceased prisoner of war of the Japanese (Section 58) 4:10-11

"Leave to re-open", (Section 68) 3:22-23

Pension Review Board, (Sections 77-83) 3:10-14

National Veterans' Organizations of Canada, brief 3:9-11, 3:14, 3:19, 3:24-25

Pension income 4:7, 4:8-10

Reported to Senate, without amendment 4:5

Urgency of legislation, reasons 3:6, 3:7, 3:10, 4:7



**Chadderton, C., Secretary, National Council, National Veterans Organizations of Canada**

Letter to Committee chairman 3:9-10  
 Statements, Bill C-203 3:9-10  
 Clause 59 3:24-25  
 87 3:14

**Committee to Survey the Work and Organization of the Canadian Pension Commission (Woods Committee)**

Recommendations, report 3:9, 3:10-13, 3:14, 3:16, 3:17, 3:19,  
 3:21, 3:24, 4:11, 4:17-18

**Hanmer, H., Service Officer, Dominion Command, Royal Canadian Legion**

Statements, Bill C-203  
 Clause 7(3)(5b) 3:19  
 68 3:22-23  
 77-83 3:10-11

**Hodgson, J.S., Deputy Minister, Department of Veterans Affairs**

Statement, Bill C-203, Clause 59 4:7-8

**Hopkins, E.R., Law Clerk and Parliamentary Counsel**

Discussion, amending powers 4:14-17

**Pension Review Board**

Composition, qualifications 3:11-13, 4:19

**BILL C-229****AN ACT RESPECTING UNEMPLOYMENT INSURANCE IN CANADA****Bill C-229**

Background formulation 7:8-9  
 Benefit payments  
 Benefit systems outside U.I.C., problems 7:13-15  
 Eligibility requirements, abuses 7:10-11, 7:15-16  
 Maternity 7:17-18, 7:22  
 Rate scale 7:9-10, 7:11-12  
 Retirement 7:15-16, 7:17  
 Sample model, studies 7:8-9, 7:22-24  
 Seasonal workers 7:20-21  
 Sickness 7:17, 7:18, 7:22, 7:23-24  
 Claimant assistance service 7:12  
 Cost estimate, changes in policy, criticism 7:7, 7:18-21, 7:22-24  
 Coverage 7:16  
 Financing, "Unemployment Insurance Account" 7:21-22  
 Objectives, new features 7:9  
 Records  
 Processing delays 7:12-13, 7:15  
 Separation statement 7:17  
 Reported to Senate, without amendment 7:5  
 United States, comparison 7:16

**Committee of Inquiry into the Unemployment Insurance Act (Gill Committee of Inquiry)**

Study, recommendations 7:8, 7:9, 7:21

**DesRoches, J.M., Chief Commissioner, Unemployment Insurance Commission**

Statement 7:8-9

**BILL C-232****AN ACT TO AMEND THE CIVILIAN WAR PENSIONS AND ALLOWANCES ACT****Bill C-232**

Advertisement of changes 6:15  
 Reported to Senate, without amendment 6:5

**BILL C-233****AN ACT TO AMEND THE WAR VETERANS ALLOWANCE ACT****Bill C-233**

Advertisement of changes 6:12, 6:15  
 Concurrent changes  
 Benefit payments, widows, removal 6:8-9  
 Eligibility qualifications, relation to Old Age Security and  
 Guaranteed Income Supplement 6:8, 6:9-11  
 Explanation 6:7  
 Reported to Senate, without amendment 6:5  
 Veterans affected 6:12-13

**Dubé, Hon. J.E., Minister of Veterans Affairs**

Statement, presentation by J.S. Hodgson,  
 Deputy Minister of Veterans Affairs 6:7-8

**War Veterans Allowance**

Payment to veterans living outside  
 Canada 6:9

**War Veterans Allowance Board**

Regulations, burial, treatment 6:11-12

**BILL C-234****AN ACT TO AMEND THE PENSION ACT****Bill C-234**

Advertisement of changes 6:12, 6:15-16  
 Increase basis 6:13-14  
 Reported to Senate, without amendment 6:5

**Committee to Survey the Work and Organization of the Canadian Pension Commission (Woods Committee)**

Recommendations, report 6:13



## BILL S-11

AN ACT TO PROVIDE FOR THE OBTAINING  
OF INFORMATION RESPECTING WEATHER  
MODIFICATION ACTIVITIES**Bill S-11**

- Purpose 5:8, 5:11-13  
Reported to Senate, without amendment 5:5

**Weather modification activities**

- Accuracy, maritime forecasts 5:10-11  
Fog 5:9-10  
Future 5:9, 5:11  
Hurricanes 5:9  
International organizations 5:10  
Jurisdiction, regulation 5:8, 5:11-12  
Rain 5:8, 5:11, 5:12  
United States 5:9, 5:12

**Wright, D.J., Liaison Meteorologist, Department of Fisheries and Forestry**

- Statement 5:8

**Appendices****Issue 1**

- Currie, J.H., Director of Accident Prevention and Compensation Branch, Department of Labour, letter to Hon. H.J. Robichaud, Acting Chairman, Standing Senate Committee on Health, Welfare and Sciences, Dec. 11, 1970 1:20  
—Merchant Seamen Compensation Act, Summary of current awards, October 1970 (table) 1:20

**Issue 6**

- A—Hodgson, J.S., Deputy Minister, Department of Veterans Affairs, letter to Hon. C.W. Carter, Acting Chairman, Senate Committee on Health, Welfare and Science (April 7, 1971)  
—Advertisements of Bills C-232, C-233, C-234 published by Department of Veterans Affairs 6:15-16  
B—Dunphy, K.J., Service Officer, Royal Canadian Legion, letter to J.A. Hinds, Assistant Director, Committees Branch, Senate (April 6, 1971)  
—Chadderton, H.C., National Secretary, National Council of Veterans Associations, letter to J.A. Hinds, Assistant Director, Committees Branch, Senate (April 6, 1971) 6:16

**Documents**

- Chadderton, C., Secretary, National Council, National Veterans Organizations, letter to Hon. M. Lamontagne, Chairman, Committee on Health, Welfare and Science 3:9-10  
—Kroeker, John, President, Canadians for Responsible Government, telegram to Hon. Speaker, Senate 7:7

**Witnesses**

- Anderson, T.D., President, Canadian Pension Commission 3:7-20, 4:9-13  
—Chadderton, C., Secretary, National Council, National Veterans Organizations of Canada 3:5-25, 4:7, 4:11-12, 4:17-18

- Corbin, Eymard, M.P., Parliamentary Secretary to the Minister of Fisheries and Forestry 5:8-12  
—Currie, J.H., Director, Accident Prevention and Compensation Branch, Department of Labour 1:7-18  
—DesRoches, J.M., Chief Commissioner, Unemployment Insurance Commission 7:8-23  
—Hanmer, H., Service Officer, Dominion Command, Royal Canadian Legion 3:10-12, 3:17-21  
—Hodgson, J.S., Deputy Minister, Department of Veterans Affairs 3:9-15, 4:7-16, 6:7-14  
—Munro, Hon. John, Minister of National Health and Welfare 2:7-15  
—Reynolds, P.E., Chief Legal Adviser, Veterans Affairs Department 3:7-8, 3:15, 4:13-18  
—Richardson, Dr. H., Chief Medical Adviser, Canadian Pension Commission 3:19-21, 4:11-14  
—Slater, E.H., Service Officer, Dominion Command, Royal Canadian Legion 3:20  
—Steele, D.J., Director General, Planning, Finance and Administration, Unemployment Insurance Commission 7:18-24  
—Thompson, D., Chairman, War Veterans Allowance Board 6:8-13  
—Wright, D.J., Liaison Meteorologist, Fisheries and Forestry Department 5:8-13

**Committee Members****Chairman:**

- Lamontagne, Hon. Maurice (Inkerman) 2:7-8, 2:10-15

**Acting Chairman:**

- Carter, Hon. Chesley W. (The Grand Banks) 3:5-9, 3:11-12, 3:14-18, 3:20-23, 3:25, 4:7-8, 4:10-16, 4:18-19, 5:7-8, 5:10-11, 5:13, 6:7-14, 7:7-8, 7:10-14, 7:17-21, 7:23-24  
—Robichaud, Hon. H.J. (Gloucester) 1:7, 1:9, 1:12, 1:18-19

**Senators present:**

- Belisle, Hon. Rhéal (Sudbury) 4:10  
—Blois, Hon. Frederick M. (Colchester-Hants) 5:8, 5:13  
—Cameron, Hon. Donald (Banff) 2:8, 2:10, 2:12-15  
—Carter, Hon. Chesley W. (The Grand Banks) 1:7-18, 2:8-9, 2:12  
—Connolly, Hon. John J. (Ottawa West) 7:8-11, 7:20-24  
—Croll, Hon. David A. (Toronto-Spadina) 1:8-10, 1:12, 1:14, 1:16-18  
—Denis, Hon. Azellus (Lasalle) 5:11-12  
—Fergusson, Hon. Muriel McQ. (Fredericton) 3:5  
—Flynn, Hon. Jacques (Rougemont) 2:9-10, 7:7, 7:9, 7:13-14, 7:17-20, 7:23  
—Fournier, Hon. Sarto (DeLanaudière) 3:8-9, 3:11, 3:13, 3:21-22  
—Hays, Hon. Harry (Calgary) 7:10, 7:13, 7:15-17  
—Inman, Hon. F. Elsie (Murray Harbour) 1:8, 1:10, 1:12, 1:16, 3:11, 3:13, 3:16-18, 3:23, 4:9-11, 4:15-16, 4:19, 5:10, 5:12-13, 6:9  
—Kinneer, Hon. Mary E. (Welland) 2:12, 5:9-10  
—Macdonald, Hon. John M. (Cape Breton) 1:11-12  
—McGrand, Hon. Fred A. (Sunbury) 5:12  
—Michaud, Hon. Hervé J. (Kent) 5:12  
—Phillips, Hon. Orville H. (Prince) 3:5-9, 3:11-16, 3:19-23, 4:8-9, 4:11-18, 5:7, 6:8, 6:10-13  
—Quart, Hon. Josie D. (Victoria) 3:12-13  
—Robichaud, Hon. Hédard (Gloucester) 6:14















