

**Mr. Baldwin:** Mr. Speaker, with all due respect, I do not know whether there has been general distribution of copies of the bill. I do not have one. Perhaps there has been a selective distribution.

**Mr. Knowles (Winnipeg North Centre):** I have mine.

**The Acting Speaker (Mr. Laniel):** I see that the hon. member has now received a copy.

**Hon. Arthur Laing (Minister of Veterans Affairs):** Mr. Speaker, my remarks on this bill will be relatively brief because although the measure is an important one it is quite simple and straightforward. My colleague, the Minister of Finance (Mr. Turner), in his budget speech on May 8 announced that legislation would be introduced to provide for the annual adjustment of veterans pensions and allowances to reflect changes in the cost of living. This bill will give effect to that undertaking.

In the past there never has been any clear principle governing the general changes made from time to time in the amount paid in veterans pensions or allowances. In recent years the rates have been reviewed every two years or so, but the basis and the exact timing of the reviews were never before spelled out and made public. Veterans and their families, or widows, had no certainty as to the amounts of the payments they might receive from year to year.

This bill will for the first time remove that uncertainty. It spells out clearly the fact that the pensions and allowances will be adjusted annually, that when changes based on living costs are warranted they will take effect on January 1, and that the amount of these changes will be arithmetically and automatically determined by the movement of the consumer price index. The adjustment will be made as of right. No longer will it be necessary for veterans organizations to come and plead for a review to recognize the shrinkage in the real value of veterans benefits because of price increases. The review will be statutory and annual and governed by the principle recited in the legislation itself. The bill, therefore, is a new landmark in the veterans' charter.

Hon. members will have noted that this is an omnibus bill to amend five different statutes, but the principle in all cases is the same. The first statute involved is the Pension Act, under which disability pensions and various allowances are paid to veterans, and also pensions are paid in specified circumstances to the widows or orphans of veterans. I should like to emphasize that the new principle of automatic escalation will apply not only to the pensions themselves but also to the various periodic allowances arising from this act. This includes attendance allowance, clothing allowance, dependant parents allowance and also the new exceptional incapacity allowance that was first enacted about a year ago.

Another point which I would like to stress is that the present bill relates only to the question of changes related to the cost of living; in other words, to the principle of escalation. Veterans organizations have also been making representations to the government with regard to the basic rates of pensions. In other words, apart from the periodic changes in rates there is also the question as to whether or not the pensions stand on the right base. I

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want to say clearly that this question of basic rates is under careful study. At this time I cannot predict the outcome of that study but I do want to point out that the present measure should not be regarded as being prejudicial in any way to the review of this question of basic rates. They are two different questions.

The second statute affected by this bill is the War Veterans Allowance Act, and here too the method of escalation will be the same. As in the case of other recent increases in this allowance, the statutory ceilings will be increased by the same amounts and not by the same percentages as the maximum allowances; in other words, the margin between the maximum allowances and the total income ceilings will remain unchanged.

Another matter of considerable interest in this connection is the question of how the current increases under the Old Age Security Act, also announced in the budget, will be treated for purposes of war veterans allowance. I am pleased to announce that the government intends to seek authority from the governor in council for a regulation exempting these increases under the Old Age Security Act so that they are not treated as income when computing entitlement under the War Veterans Allowance Act. These veterans, therefore, will quite properly qualify for the increases both as veterans and as citizens.

The third statute involved is the Civilian War Pensions and Allowances Act, which relates to various groups of quasi-military personnel such as merchant seamen, auxiliary services personnel, firefighters and the like. These groups will enjoy exactly the same kind of escalation both with regard to disability pensions and with regard to civilian war allowances.

The fourth statute is the Children of War Dead (Education Assistance) Act, which provides for tuition fees and living costs of qualified young persons. Here again, the escalation will be automatic and will conform with changes in the consumer price index. The fifth of the statutes affected is the Department of Veterans Affairs Act. The purpose of this amendment is to provide that exactly the same kind of escalation may apply, as of January 1, 1972, to those who may be in receipt of treatment allowance. Hon. members will recall that the purpose of treatment allowance is to raise the payment made to a disability pensioner up to the equivalent of 100 per cent pension when he is under treatment in hospital for his pensionable disability.

Mr. Speaker, I promised to be brief. I have described the substance of this bill. It is simple but it establishes an important new right. Hon. members will certainly agree that Canada's veterans should not be expected to make supplication in matters of this kind. Cost of living changes are measurable and it is self-evident that they should be met by a standardized procedure such as that defined in this bill.

I should like to make one other point. Officials of my department are already making provisional arrangements for the issuance of cheques to cover the retroactive aspect of all these adjustments, and also to amend the amounts of subsequent cheques in accordance with the provisions of this bill. While I cannot say at this time exactly when the amended cheques can be distributed, I can assure the