

Statute Law Amendment Act, 1970

pension or it is an expense allowance and should not count as salary for pension purposes.

• (12:30 p.m.)

There are examples in the public service where people get lump sum payments in lieu of back pay. These are payments for work and they are really salary, but because they are called something else than a salary they are not applied to their pension credits. Yet, here we take something that is not a salary at all—at least we have been saying for years it is not a salary—and we say that it shall be applied for pension purposes. I think there is an inconsistency here that is very severe, and parliament should not be asked to do it. I urge therefore that we strike clause 13 out of the bill.

When I proposed this in the committee the other day the President of the Privy Council (Mr. Macdonald) cited the Curtis report at page 29. I have already indicated that I do not think the basis on which we received the Curtis report makes it an authoritative document for us to follow, but even when I read what Professor Curtis had to say about whether to apply the percentage to the \$12,000 or to the total \$18,000, it does not really resolve the issue. He admits it can be done either way and that it is an arbitrary decision, but I would point out that the way this act is set up and the way the statute now stands, if this goes through, the pension contributions that are supposed to come off our expense allowance will not come off our expense allowance cheques but off our salary cheques. The statute is set up in such a way that it has to be done. We are carrying forward that inconsistency. If we wanted to raise the contribution to the size it will be under this provision, why not make it that much higher a percentage of the indemnity itself? To try to call the expense allowance a non taxable expense allowance on the one hand and a salary for pension purposes on the other, as I say, will raise some serious questions in the minds of the people who are watching what we are doing here.

For these reasons I feel that we should make this change in the bill. We should cut out all the clauses that give to Members of Parliament a benefit that we do not give to civil servants generally. That is the effect of the 15 amendments that are presented from this part of the House. So far as the first one is concerned, its purpose is to say that the expense allowance shall remain as that and

[Mr. Knowles (Winnipeg North Centre).]

not be counted as an indemnity for pension purposes. I would not object if we went the other way, if we decided that because we are going to treat it as indemnity for pension purposes we will also treat it as indemnity for taxation purposes. But let us not be in the dual position of saying one thing at one moment and another thing at another.

I heard some comments across the way about conscience. Perhaps I provoked them by what I said because I was the first to use the word. I am quite aware of the fact that one who takes a position as strongly as I have with respect to both the pay and the pension question has to be consistent in what he does later. I intend to follow a consistent course and I shall let my constituents know what that course will be. But whatever other individuals might do with respect to either of these questions, in my view that does not give parliament the right to follow a policy which says to old age pensioners and war veterans allowance recipients: "You must wait", and which says to federal civil servants: "This is all we are going to do for you, but for ourselves we are going to make substantial improvements in our own pension plan".

Therefore, I hope the House will support all our amendments, but in particular I hope it will support the amendment striking out the reference to the expense allowance being treated as salary for pension purposes.

Hon. Donald S. Macdonald (President of the Privy Council): I had not intended to repeat the debate that took place in the committee, but it seems to me the hon. member for Winnipeg North Centre (Mr. Knowles) said something when putting forward these proposals with regard to pensions of Members of Parliament which I feel should not remain unanswered and some of his comments should not be allowed to go on the record uncontradicted.

The first comment with which I would like to deal is with regard to the appointment of Dr. Curtis, a decision with which, incidentally, I was not associated because it was taken several years before I became a member of the ministry. However, I believe the decision was a sound one. I have no doubt in my mind that the community generally will recognize both the ability and fairness of Dr. Curtis. There is really nothing more I can say in support of the choice of Dr. Curtis for this purpose or the wisdom of the decision than does the Curtis report itself, which is a very concise and thorough analysis of the problem of providing retirement pensions for those