

*North Atlantic Treaty*

when they are here, so surely we should provide it for our own soldiers when they are home.

**Mr. Pouliot:** Surely the hon. member knows there can be no extraterritoriality for the enforcement of legislation in any country. If we pass legislation like this, then it will be in force in Canada, but it will not be in force in any country where similar legislation has not been adopted.

**Mr. Knowles:** I do not think that is the point I was discussing.

**Mr. Pouliot:** I understand the point my hon. friend advanced. I listened to him and I am showing my appreciation by making a comment on what he said.

**Mr. Knowles:** Merci beaucoup.

**Mr. Pouliot:** Vous êtes très aimable. Mr. Chairman, this is the kind of unilateral legislation that is supposed to precede multilateral legislation. I am anxious to see the agreement and to ascertain the number of countries signing it. To a certain extent I am always concerned about legislation following agreements with NATO owing to things that have been said by important people in other countries that they want NATO to have more control over some important matters. Inasmuch as the Canadian parliament is asked for its consent to legislation signed by all the members of NATO, it is not so bad. But I fear the time when NATO may assume some sort of dictatorship over its members. I shall not say anything now, but I fear that unless everyone is very careful in the not too distant future the prerogatives of parliament will be replaced by a unique direction from the NATO command.

Resolution reported, read the second time and concurred in.

**Mr. Claxton** thereupon moved for leave to introduce Bill No. 22, to implement an agreement between the parties to the North Atlantic treaty regarding the status of their forces, signed on the 19th day of June, 1951.

Motion agreed to and bill read the first time.

### GOVERNMENT ANNUITIES ACT

#### INCREASE IN MAXIMUM ANNUITY TO \$2,400 AND PROVISION OF GREATER FLEXIBILITY

The house resumed, from Thursday, November 8, consideration of the motion of Mr. Gregg that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Government Annuities Act to increase the maximum annuity which may be purchased under the act from twelve hundred dollars up to twenty-four hundred dollars and to provide greater

[Mr. Knowles.]

flexibility in the provisions of the act relating to the issue, conversion and amendment of annuity contracts and payments thereunder.

**Mrs. Ellen L. Fairclough (Hamilton West):** Mr. Speaker, the statement of the Minister of Labour (Mr. Gregg) which was given on Thursday last raises a number of interesting possibilities. As reported at page 863 of *Hansard*, the minister said:

Considering, therefore, the purpose of the act, to promote voluntary savings for old age security, it is appropriate that this bill to extend the facilities afforded by the act should be considered by this house at a time when parliament has under consideration legislation making provision for payment of an old age pension to Canadian residents 70 years of age or over.

The first question that comes to mind is this: What provision does the government propose, if any, to equalize income for annuitants? Later on in his statement the minister partially answers this question. He cites the provisions to be made for three additional types of annuity contracts. The third provides for a combination of a term annuity with certain other authorized types of annuities. This would appear to answer the question, inasmuch as some explanation is given as to the manner in which provision would be made for the equalization of income from the date of retirement taking into account the availability of the pension under the Old Age Security Act. There is a further question, however, and this concerns those contracts which are now in force and are of some years' standing; the question is whether or not they will be revised under this new type of contract and if so, in what manner.

The next point which comes to my attention also arises out of the minister's statement when he said:

The purchase price of annuities and the amount of the annuity payable are calculated upon the basis of mortality tables approved by the governor in council for use under the act and the rate of interest allowed on the moneys paid on the purchase price of annuities and in calculating the amounts of annuity payable. This rate of interest is fixed by regulation approved by the governor in council.

I understand that the rate of interest is predicated on the average of rates paid on long-term Canadian government bonds. The question arises now as to whether this is a proper basis for computation. In last year's return I notice that the cost of annuities, as represented in the transfer to maintain reserves for the year ending March 31, 1951, was \$659,786.67. Added to this we have the administration costs as shown in the estimates at page 219, for the same period. Although the estimate for last year was \$802,660, the actual expenditures to January 31, with the estimated balance for the year, amounts to \$757,638. These two items—that