

THE SENATE

Friday, June 27, 1952

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

MEMBERS OF PARLIAMENT RETIRING ALLOWANCES BILL

FIRST READING

A message was received from the House of Commons with Bill 392, an Act to provide retiring allowances on a contributory basis, to persons who have served as members of the House of Commons of Canada.

The bill was read the first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Wishart McL. Robertson: With leave of the Senate, I move the second reading now.

This bill, honourable senators, is not government legislation in the ordinary sense of the term. It is true that it was introduced in the House of Commons, by the Prime Minister, under constitutional provisions, largely to implement what was the desire of an overwhelming majority of the members of that house. I desire to make some observations on the general outline of the plan, and to give the background of certain matters relating to the other house which are of primary interest to the members of this house. This measure, of course, mainly concerns the other place, but as this house is called upon to consider it, I shall do my best to explain the plan for which it makes provision.

1. Members:

(a) For current service each member would contribute 6 per cent of each sessional indemnity received, and he would continue to make payments until his total contributions were equal to one sessional indemnity, namely, \$4,000. This would take slightly less than seventeen sessions to accomplish. If a member's contributions reach \$4,000, and the sessional indemnity is later increased, he can resume his contributions until the new level is reached.

(b) A member may contribute for the whole or part of his prior service at the rate of 6 per cent of the indemnity actually received during that service, together with interest at 4 per cent compounded annually

from the close of each session. When a member elects to contribute for prior service, his arrears, including the compound interest, will be calculated as a lump sum, and he can pay it off immediately or over a period of time, but he will be required to pay 4 per cent interest on the balance each year. This interest payment will be deducted from his sessional indemnity. Any balance which a member owes at the time his pension is due to begin will be defrayed by withholding all pension payments until the sum withheld equals the balance owing.

2. Government:

The government will match the member's contributions for both current and prior service, and will pay 4 per cent interest each year on the balance which is in the Members of Parliament Retiring Allowances Account.

3. Benefits:

(i) When eligible, a member will receive an annual allowance equal to 75 per cent of the total contributions he has made, not including any interest. On the present basis this would provide a maximum annuity of \$3,000—75 per cent of \$4,000. At the age of 70 any pension received as a member of parliament would be reduced by any pension payable under the Old Age Security Act.

(ii) If ineligible to receive an annual allowance, a member may receive on his retirement from the house a refund of his contributions, exclusive of any interest which he has paid.

(iii) If a member is expelled from the house, he will receive a refund of his contribution, exclusive of any interest which he had paid.

(iv) On the death of a member, or former member, his total contributions less any pension payments already made will be refunded to his estate.

4. Eligibility for Pension:

To be eligible for a yearly allowance a member will have to have contributed or have elected to contribute for service in more than two parliaments; however, no pension is payable during any period in which a former member of the House of Commons is serving as a senator, a judge, or a commissioner, or in any position in a government or Crown company. The pension would resume when such service to the Crown came to an end, except in cases where a judge's pension was being paid.

The effective date of this bill is to be the beginning of the next session.

Though the subject is not one of primary concern to us, for the purpose of securing information I asked three questions about the