

Pensions

certain level of income, may find his Canada Pension Plan benefits reduced or completely wiped out during the period in which he works. That is so if the person working is between 65 and 70. On the other side of the coin there is the fact that Canada Pension Plan benefits may increase during that period due to continued contributions.

Some hon. Members: Question.

Amendment (Mr. Bell, Carleton) negatived: yeas, 27; nays, 33.

The Chairman: I declare the amendment lost.

Mr. Knowles: Mr. Chairman, before the clause carries there is one other question I should like to put to the Minister of National Revenue. This clause of course is the heart of the bill. I refer to the fact that it provides the formula under which pensions of retiring civil servants are determined once integration is in effect. It is quite clear from this clause that when a civil servant ends up with his two pensions—with his superannuation annuity and the Canada Pension Plan benefit—those two pensions are guaranteed together to be not less than his superannuation annuity would have been. A benefit that flows from this, of course, is that the total amount of that pension at retirement will be X dollars, but the Canada Pension Plan portion of that retirement allowance is subject to the escalation provided in the Canada Pension Plan itself.

We shall reach a point where civil servants will be retiring with a twofold pension, one part of which is subject to escalation. There is no doubt about this. May I ask the minister whether the government has given consideration to providing that the superannuation pension benefit itself will also escalate, so that we will not in future have the sort of problem we now have with respect to retired civil servants.

Mr. Benson: Mr. Chairman, when this matter was being considered the government gave a good deal of thought to it. It was decided that in this particular type of plan—and this is a funded pension plan in which funds build up and from which benefits must be paid out—any consideration of escalation would have to be done separately from this legislation. If it were considered, then indeed one would have to consider the level of contributions of government and civil servants in order to support such a pension based

on escalated benefits. The government considered this matter and decided that in this particular piece of legislation this would not be done.

Mr. Knowles: This is another piece of unfinished business.

Mr. Barnett: As the hon. member for Winnipeg North Centre has stated, the escalation feature of the Canada Pension Plan, certainly in my view, is the most important single feature of that plan. That feature is a breakthrough in thinking.

I can remember during the first years when I was a member of the house being told that such a feature was an actuarial impossibility and that no pension plan could be devised which could incorporate such a feature. I for one look forward to the time when this feature will be common to all retirement plans, unless some other plan can be devised in which the purchasing power of the dollar remains fixed for all time. Certainly the government has not suggested it could fix the purchasing power of the dollar nor is it prepared to take steps to bring that about.

I should like the Minister of National Revenue to be more specific as to whether future consideration will be given to the question I have raised, and whether this is something that will be considered this year, next year, some time, or never? The minister said that the idea of escalated pensions had been rejected in respect of this particular legislation. Yet his reply was such that it held out some hope of furtheration. Can the minister be more specific as to what he and the government are thinking about in this respect.

Mr. Benson: I was not in the house when my hon. friend was here at the beginning of his career. I know that people were saying that no pension plan could be attached to a wage or cost of living index. As the hon. member well knows, I cannot commit any future government or this government as to what is to be done with regard to civil service pension plans in the future. I can say that in my personal opinion the thought of escalating pension plans in the civil service based on the cost of living index or on some other index, is not ruled out. One must of course realize, when he goes into this kind of pension plan, that it becomes more costly per dollar received back than the normal pension plan where no escalation is built in. I cannot say more than that.

Clause agreed to.

Clauses 10 to 18 inclusive agreed to.