A man or woman who has paid a contribution for only five years may, on disability, be drawing from the pension plan for the rest of his or her life. It should also be remembered it is considerably more generous than the plan in the first Quebec report which was payable only when the contributor reached the age of 60.

The flat rate old age security pension, which will be integrated with the Canada pension plan, will be adjusted in the same way as the other flat rate benefits.

There has been considerable discussion about the limitation on the cost of living adjustment to the old age security pension. The provision for automatic adjustment of benefits in line with changes in the cost of living represents the introduction of a new and very important principle in Canadian social security. This is the first use of this factor in North America, although several west European governments use such an escalating feature in their social security payments.

It is a principle which is being applied both to the benefits under the Canada Pension Plan and to Old Age Security payments. The method for making the adjustment and the timing for the implementation of this new feature is the same. The new earnings-related pensions which are integrated with the old age security pensions will be paid for the first time in 1967 and therefore the first adjustment to the cost of living will be in the next year, 1968.

The Canada pension plan and the features which provide for automatic adjustments in line with changes in wage levels and the cost of living are designed to provide a more satisfactory level of income for pensioners in the years ahead than has heretofore been available either by state or by private plans. While these features to keep pensions up-dated represent additions to cost, they will provide a much greater measure of old age income security than a program of unadjusted benefits. People can plan for their old age knowing that a given level of real income will be available on retirement.

The adjustment of the $75 a month old age security pension provided for as a part of this legislation is quite apart from any further or future decision which may be made with regard to the present $75 a month. An increase of $10 a month was provided by parliament a little over a year ago at a cost of $116 million. We anticipate that the cost of old age security pensions even at the present rate of $75 a month will rise to $906 million in the fiscal year 1965-66. Many individuals have suggested a sharp increase. Some pensioners' groups, and, surprisingly, the chamber of commerce, in its annual presentation, suggested $100 pensions, payable at age 65. You may be interested in the estimated cost—which would about double the present expenditure. The increased payment would, if taken from the personal and corporate income tax, and sales tax allocation, require it to be doubled. This seems hardly responsible at a time when so many are advocating tax cuts.

As I mentioned during the Second Reading of the bill, this feature has necessitated some rather complex sections in the bill. It is not desirable to adjust pensions annually if there have been only minor changes in the cost of living, nor is it desirable to provide either for large jumps from year to year or reduction of pensions should the cost of living fall. The formula provided in the bill will therefore have the effect of keeping the pension adjustment closely in line with the cost of living without ever making reductions and without making increases from year to year of less than 1 per cent or more than 2 per cent.

When I went to Europe last year to inquire why certain things had been done in certain ways in some west European plans and to get up-to-date experience, you will appreciate that you cannot always do this by letter and it