

In a sense, I suppose you could say—and I am almost afraid to say it with Mr. Knowles here!—that if you want to speak about a breach of contract, what the expectations are of civil servants under the law as it now stands and as he has read it up to now, any change in the Superannuation Act Parliament makes changes the expectations that the individual has under the Superannuation Act, and if that is what we are referring to by “a breach of contract,” I suppose one could argue that any legislation that changes any of the conditions of contribution or of benefit is a breach of contract; but Parliament reserves to itself the right to do this.

What this reduces itself to is the fact that the civil servant who entered in years past, at a time the Public Service Superannuation Act was on the statute books in a certain form, understood that he was required to make certain contributions and that he was eligible to receive certain benefits. And the conditions of employment in this regard have, in the life history of most of us in the public service, already changed on a good many occasions.

Mr. BELL (*Carleton*): Yes, but always for the better though, have they not?

Dr. DAVIDSON: Well, I hope so, and I would hope that in this instance also we would be able to agree they were changing for the better as well.

Mr. BELL (*Carleton*): Query!

Dr. DAVIDSON: Although this is a matter of opinion.

The fact is that a civil servant who has been paying at a certain rate of premium—let us say 6½ per cent—towards his old age retirement has always been able to look forward to the expectation that he would be able to receive a benefit on retirement from the public service at a certain level. That is still the case under this legislation. He is still in a position where, upon his retirement from the public service, he is entitled to receive the benefit made up of two elements, the Canada Pension Plan and the Public Service benefit that will be the adjusted benefit under the new legislation if he takes his retirement.

Mr. BELL (*Carleton*): Provided that he stays off the labour market.

Dr. DAVIDSON: Yes, provided that the stays off the labour market and does not obtain other employment. If, however, he chooses to accept further employment he will then forfeit, for the time being, through suspension his entitlement to the Canada Pension Plan portion which is payable, and he will, during the period that he continues to be employed in non-governmental employment, continue to build up his entitlement and improve the amount of the Canada Pension Plan. Then immediately upon his retirement from the labour market he will be able to take up his improved Canada Pension Plan benefit without any adverse effect on the reduced Public Service Superannuation benefit which he had been entitled to draw since he was 65 years of age.

Could I just perhaps give the committee an example to show how this problem presents itself from a slightly different angle? I think Mr. Bell and Mr. Knowles have shown how it looks from one angle. Let us take the case—and I have discussed this privately both with Mr. Bell and Mr. Knowles—of two civil servants who are the same age and who entered the public service on the same day and, if you can imagine it, leave on the same day. Let us say they retire at the age of 62 and that each at that time has 22 years of service to his credit. Because they have drawn the same salary in the last six years of their