

Government Annuities Act

bonds—since that time there has been an increase in the amount of interest to be paid. Another argument sometimes used against what is referred to as subsidizing these annuities is that they are there only for those who can afford them and therefore they should completely pay their way. May I point out that members of parliament generally, and I think the Canadian public too, have learned something more about the whole question of retirement security as a result of the work of the parliamentary committee of last year and as a result of the old age legislation which has already been passed by this parliament.

One thing that has come out of that study and has been driven home time and again is that no matter on what basis pensions are paid, whether they are old age pensions out of the public treasury, whether they are government annuities, whether they are private annuities or whether they are private savings, their value depends upon their purchasing power at the time they are spent. Indeed their value depends upon there being produced, at the time that money is spent, goods and services for those who have money to spend. In other words we have learned about this pay-as-you-go principle. We have learned that what counts is what is being paid in at any one time as against what is being drawn out at that same time by those who spend their so-called dollars on actual goods and services.

We have applied that principle without question to the Old Age Security Act which has already been passed by the house. We say in respect of that legislation that what is important is that there be enough set aside out of this year's production to pay for pensions in this year. I know there are certain differences with respect to an annuity plan. Members will say there is a fund. There is a fund on paper. There is a bookkeeping fund. There is not a separate fund in terms of dollars actually being set aside. The money is paid into the accounts of the receiver general and the annuities are likewise charged to the consolidated revenue fund. The fact is that in every year since 1908 the premiums paid in have exceeded the amounts paid out that year. That is increasingly the story as time goes on. On that basis, the plan is more than solvent.

I suggest it is time for us to look at the government annuity scheme in somewhat the same light that we look at the old age pension legislation which we dealt with at the end of last session and in the earlier part of the present session. On that basis I urge that

reconsideration be given to the question of the rates of these annuities. As I said a moment ago, it is desirable that the ceiling be raised to \$200 a month instead of \$100. An annuity of \$100 a month just is not enough money to write home about any more. It is not enough to retire on in any sense of the word, to say nothing of those who have to live on \$40. But the problem for most Canadians is not to get the right to buy a \$200 pension instead of a \$100 pension. The problem for most Canadians is to have the wherewithal to buy a pension of any amount whatsoever.

I hope that the greater interest the government is showing in this whole question of old age by its acceptance of the report of our committee and so on will result in a further review of this situation. In our study in the old age security committee we learned, for example, that in New Zealand, where they have had government pension schemes in effect for a good many years, the result so far as private pensions and private insurance are concerned has been to increase the amount of that sort of provision being made by citizens of that country. I hope that there will now be an incentive like that in this country. Up to now, so long as the means test has been in effect on pensions for those 70 and over, there has been little encouragement to Canadians to try to provide something for their old age. It is difficult enough to do anyway, but when people realized that such an amount as they might provide would simply result in their not being able to get the old age pension, for many people, workers in particular, the reply was: What is the use?

Now that the means test is off so far as those 70 and over are concerned—and let us hope it will be off at 65 one of these days very soon—there will be greater inducement to our people to try to provide some additional security to go with that which will be their right as citizens of this country. If we can look forward to people wanting to do that sort of thing, I suggest there is all the more reason why we should try to make it really possible and facilitate their efforts by putting the annuities act at least back on the basis it was on prior to 1948. As I say, it was in existence those many years at the 4 per cent rate and on the more advantageous mortality table. The change was made by order in council. True, the government had the right to do it by order in council because that was so provided in the original act of 1908, but