

Canada Pension Plan

employee could afford decking and will require legislation which will permit integration.

The hon. member for Bow River mentioned the united mine workers, and I am quite sure the Minister of Labour has brought it to the attention of both the Minister of National Health and Welfare and the Minister of National Revenue that the united mine workers in my area do not have a negotiated pension plan and receive only a gratuity.

Based on the last pension plan which the minister introduced, this would have meant we would have voted a pension based on \$5 per month but at the risk of losing the \$75 gratuity which the Dominion Coal Company pays its retired workers. That company has always refused to negotiate a pension plan, arguing that it is paying 2 or 3 per cent to old age security funds. The Minister of Labour also knows that the company lops \$35 off the gratuity they pay a miner whenever he qualifies for the old age pension.

There is a risk that we will adopt a pension program which will result in every united mine worker in Cape Breton losing the gratuity he receives from the Dominion Coal Company. I hope the Minister of Labour has made his colleagues aware of this situation.

The Chairman: Shall the clause carry?

Mr. MacInnis: I ask one simple question. I am not going to engage in a harangue about it. Decking could take place quite easily but in many cases individuals will not be able to afford decking, and possibly certain companies could not afford it either. Is the government contemplating such a situation?

Miss LaMarsh: This, of course, can happen because it is the business of the employer and employee to decide what percentage of wages they want to go into future security. If it is 10 per cent that the total comes to, and if that is too much, they will cut back on their private plan. But this does not mean that anyone in the private plan will lose any benefits or any of the funds presently there, because these are all contractual obligations.

As my hon. friend knows, the federal government has always permitted income tax exemptions with respect to pension contributions. That is going to be continued, and perhaps my colleague in national revenue may be able to explain this in greater detail. It will still provide an incentive to people to provide for their old age.

[Mr. MacInnis.]

The Canada pension plan deals with 25 per cent of average lifetime earnings, which leaves plenty of room for other things. It will be recalled that in the first Canada pension plan the figure was scaled from 20 per cent to 30 per cent. In the next one it was 20 per cent and now it is 25 per cent, exactly in the middle of the original proposal. Therefore there is still 75 per cent of income during a working man's life which he will want to try and compensate for some way when he reaches retirement, and he may well do this by decking or integration.

For instance, to give an example there is the federal civil service plan which, in the upper echelons, represents something like 70 per cent of the last 10 years of earnings. If the Canada pension plan were added to that you would have civil servants retiring with 95 per cent of their salaries. It is a wonderful thing, I think, from the civil servant's point of view, but I am not so sure that the rest of the country will be prepared to support it. And this is without any other provision they might make, of course, with bonds, annuities, savings, real estate, and things of that kind. Nor, I am informed, would civil servants want to pay the additional contribution that would be necessary. All this, be it remembered, is in addition to the \$75 a month which is paid in connection with old age security.

Mr. MacInnis: Mr. Chairman, the minister will realize that when I mention this decking procedure I am speaking of the individuals and companies that are at the maximum now, and also tying in with them a union which may have given its executive officers a mandate to hold fast on the negotiated pension plan which they now have. Assuming both the individuals and the company are at the maximum amount they can claim—I realize that any such plan is the business of both the union and the company—and they have negotiated to the extent of their ability to pay on both sides, and the union officials have a mandate to stick with the company plan which they have arranged and negotiated, then the decking procedure is going to be above and beyond their ability to pay. All I ask is, will the government contemplate such a situation and possibly prepare itself for integration at a later date?

Some hon. Members: Ten o'clock.

The Chairman: I wonder if we could allow the minister to reply to the hon. member's