

Pensions

reviews will also seek to determine the fairest and most reasonable way of allocating the money becoming available for cost of living adjustments to pensioners, including those in receipt of survival and disability benefits.

I may say that in making these proposals I have been very much influenced by advice I have received from my advisory committee on the Public Service Superannuation Act and by consultations which have been held with bargaining agents. I want to acknowledge publicly that this advice and consultation resulted in a number of constructive suggestions being advanced and, in fact, accepted. However, I also wish to say that the proposals I have described, and particularly my decision to announce them today, have also been influenced by the study carried out by the actuarial consulting firm of Tomenson-Alexander Associates which I tabled in the House today.

This study, hon. members may recall, is one which I commissioned last spring to give me an independent view on a variety of Public Service pension issues. I believe that when hon. members have had an opportunity to examine that report they will find that much of the evidence and data amassed by the consultants corroborates the central financial projections contained in the paper "Basic Facts About Pensions in the Public Service of Canada" which I tabled in the House on October 18, 1976.

Many parts of the report, however, are quite critical of the Public Service program. Here, Mr. Speaker, I am referring to the findings of the consultants that if the Public Service program were placed on a fully funded basis, the program would require a continuing government employer contribution of 15.3 per cent of payroll and would face an initial unfunded actuarial liability of \$5.9 billion.

In analysing this finding I think it is important to realize that these projections are in many ways a product of the assumptions made by the consultants, particularly their assumption with respect to interest earnings. I should also like to point out that \$5.6 billion of the \$5.9 billion unfunded actuarial liability estimated by the consultants is attributed to the indexing part of the program. According to the consultants, the argument for fully funding this part of the program rests on the fact that the indexing commitment is, at present, a continuing and automatic legislative commitment. These features, in the view of the consultants, are the true conditions which necessitate advance full-funding for the indexing part of the program. And these are the precise features of the program which I shall be proposing be changed.

Hon. members will find that the news release I am issuing on the consultants' report deals with these complex technical matters in a much more comprehensive manner than I am able to do this afternoon. What I have tried to do is describe the broad principles and policies which will be advanced in the legislation. The bill itself will spell out the day-to-day details with respect to the manner in which these principles and policies would operate in individual and special situations and ensure that the changeover to the new rules will be carried out in a smooth and equitable manner.

[Mr. Andras.]

In developing the proposals which would be included in the proposed legislation I shall be consulting with my colleague, the Minister of National Defence (Mr. Danson)—because of the Armed Forces pension program—with the Solicitor General, (Mr. Blais) having the pension interest of the RCMP in mind, and with my own Public Service Superannuation Advisory Committee as well as with other interested parties.

Finally, I should like to assure hon. members that the whole Public Service pension program will be up for review upon the completion of the current actuarial evaluation of the program now being carried out by the department of insurance and upon the completion of the government's comprehensive review of the retirement income situation of all Canadians. The review will also take into account all the findings of the consultants, as tabled today, and the detailed analysis of the Treasury Board secretariat.

PROCEEDINGS ON ADJOURNMENT MOTION

[English]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised at the time of adjournment are as follows: the hon. member for Timmins (Mr. Roy)—Bilingualism—Suggestion government cease subsidizing La Fédération des Francophones hors-Québec; the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn)—Transport—Inland terminal at Yorkton, Saskatchewan—Government intentions regarding construction; the hon. member for Elgin (Mr. Wise)—Agriculture—Amount spent in promoting skim milk powder.

● (1652)

ROUTINE PROCEEDINGS

[English]

PUBLIC SERVICE

ANNOUNCEMENT OF LEGISLATION WITH RESPECT TO
INDEXING OF PENSIONS

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, we have all been awaiting most eagerly the report of the Tomenson-Alexander investigation as it relates to pensions. First of all I must say "thank you" to the President of the Treasury Board (Mr. Andras) for giving this side of the House, and I think I can speak for all members on this side of the House, the opportunity of seeing not only the statement but the press release together with the actual actuarial report. I believe I can speak for all members on this side.

I must say we have had an opportunity of reading the minister's statement and the press release but we have only had an opportunity of having a cursory glance at the report