

Some have said to me that the Minister is implicitly suggesting that everything should be in writing. This would lead to bargaining on pensions. I have not heard in the last few months any unions suggest that we should bargain on pensions. If we came to this, I feel it would be admitting failure on all parts. If the government persists in arguing that gentlemen's agreements, hand shake agreements, and other unwritten agreements are not binding, Public Service unions may reluctantly conclude that they have no other choice but to formalize their pension arrangements, agreements and undertakings with the Government by putting these into collective agreements. As I have said, to me this would be to admit failure.

Since second reading debate on Bill C-133 started about a month and a half ago, a growing recognition has emerged that the fundamental issues faced by this Bill are one of credibility and trust. More specifically, can employees and pensioners believe the Government when it makes a promise, and can they trust the Government as an employer to keep its end of the bargain or agreement? When public servants retired or left the labour force they were told that their pensions would keep up with inflation. They were also told that their pension rights would not be altered without prior consultation. Bill C-133, if enacted, will break faith, in my opinion, with our pensioners on both these counts. Breaking faith or trust for that matter is rightly regarded as a very serious offence in most democratic societies. Trust and faith owe their existence to a structure that is made up of such things as mutual trust, respect and confidence; a sense of fair play and adherence to a comprehensive code of values that, for the most part, is not enshrined in any written document. When these elements permeate the fabric of our society, our social and human relations can withstand great pressure and testing.

The fact that pensioners are protesting the enactment of this Bill is to be expected. What I find surprising, though, is the strength of their protests and the deep sense of grievance, betrayal and outrage that they harbour over the Bill and the effect the Bill has had in creating a spreading atmosphere of mistrust and suspicion in the minds of many pensioners and employees of the Public Service. This, in part, I feel is due to the fact that Bill C-133 was sprung on them like a bolt from the blue, and so their reaction of complete surprise and shock is easy to understand.

To gain a better appreciation of this shell-shocked reaction of employees and pensioners, it is necessary to cast our minds back to 1975 and 1977 when the indexing of Public Service pensions was a highly controversial and emotional issue. Most of us who sat on the committee dealing with the issue remember how hard we had to work on that very, very important issue of indexing of Public Service pensions. At the height of this controversy, the Prime Minister (Mr. Trudeau) stated that:

—pensioners are out of the work force and cannot bargain or strike for larger incomes. They are not the cause of inflation, they are its victims. We have an obligation to protect them.

It is important to remember that this statement and others in a similar vein that were made by the late Robert Andras and the Hon. Judd Buchanan, were not made when controversy had died down, but when controversy was at its peak. In

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addition, the Government in these statements was not making a back-peddalling defence of indexing, but was proclaiming for all to hear that it was a fair and just measure and that it advocated such measures for its pensioners. These statements played a major role in giving pensioners a real sense of security about the future of their indexing.

In the last five years, a good deal of the heat and emotion over indexing has abated and increasing numbers of leaders in the private sector have been calling for better inflation protection for pensioners in the private sector, and the Government, by tabling its document entitled "Better Pensions for Canadians", took the same position and encourages, in its Green Paper, better inflation protection for all Canadians.

Another worry that employees and pensioners have is that if the Government feels it has the right to change unilaterally or abandon its commitments and undertakings with respect to indexing, what assurance do employees and pensioners have that the Government will not do the same thing to other pension commitments and undertakings? Much of the worry here is centred on the broad understanding that underlies the many measures the Government has instituted over the years for budgetary reasons, to limit the amounts it puts up for Public Service pensions. These measures have saved the Government and taxpayers billions of dollars and were measures that could not be taken by employers in the private sector. The unwritten agreement involved here is the understanding that if the measures taken to accommodate Government budgetary requirements, as distinct from pension requirements, undermined the financial viability of Public Service pension programs, the Government would step in and meet the shortfall. Perhaps it would be helpful if I described a few of the ways in which the Government over the years has managed to reduce its budgetary requirements for Public Service pensions.

The pension accounts earn interest at rates that are determined by averaging interest rates over the last 20 years in Government bond borrowing. Answers provided by the Treasury Board and tabled in the House on April 21, 1982, in response to a question that was placed on the Order Paper, indicate that by using this formula instead of current interest rates like the Supplementary Retirement Benefits Account, public debt charges that must be met by taxpayers have been reduced by over \$5 billion to the end of 1980. I am told that one of the unions wrote the President of Treasury Board last spring seeking an update of this figure, but has not yet received a reply. Considering the level of interest rates in 1981 and 1982, I would not be surprised if the current figure showed that these public debt charge savings have now passed the \$10 billion mark.

Government budgetary requirements have also been reduced because of the fact that Government matching contributions to the pension accounts are always made one fiscal year in arrears, while employees are required to make theirs every two weeks. This means that Government contributions are perpetually in arrears by amounts varying and ranging up to \$500