

Government Orders

ings, must be sufficient to cover all future benefits of plan members as they are being earned.

As part of this exercise, the basic pension accounts of the PSSA, the CFSA and the RCMPSPA would be combined with the relevant portions of the supplementary retirement benefits account. The responsibility for any unfunded liabilities would be assumed by the government. Employee contribution rates would remain the same and the government would contribute at whatever level is necessary to maintain full advanced funding of the benefits as they are earned.

• (1540)

I must emphasize that the bill's provisions for full funding increase the security of the plan and mean that there must also be sufficient funds credited to the account to cover the cost of all benefits acquired as of any given date. I trust that this will reassure those public service unions and pensioner organizations who voiced concerns at committee that the effective date of combining the accounts would allow the government to take a contributions holiday.

I have already mentioned that Bill C-55 would ensure that the federal pension plans comply with the Income Tax Act rules for registered pension plans in the same way as any other employer sponsored pension plans in Canada must comply.

Compliance would be achieved through a combination of statutory amendments to the existing plans, regulation-making authority and the enactment of a new statute, the Special Retirement Arrangements Act.

For example, statutory amendments would limit the level of salary on which benefits can be based so that those benefits would not exceed the maximum accrual of \$1,722 for each year of plan membership permitted by the Income Tax Act and regulations.

At the same time, the bill provides a mechanism to continue elements of the program that exceed the income tax rules through retirement compensation arrangements. With the exception of the members of Parliament pension plan, these arrangements would be authorized under the proposed Special Retirement Arrangements Act. The retirement compensation arrangement for members of Parliament would be provided

under the Members of Parliament Retiring Allowances Act.

I am happy to report that Bill C-55's proposals have largely been welcomed by plan members. However, some public service unions and pensioner organizations have been critical of the regulation-making authority contained in the bill and have caused what I feel to be undue alarm by alleging that the authority for continued Income Tax Act compliance could be used by this government or any future government to change the indexing provisions of the pension plans.

I want to assure hon. members, as the President of the Treasury Board has assured the organizations involved, that there is no intention on the part of this government to use the regulation-making authority for any purpose other than Income Tax Act compliance. A thorough review has confirmed that the authority would not be used to modify or alter acquired rights including indexing.

However, in recognition of the concerns felt by plan members, the government proposed a motion to the committee, which was carried, that would explicitly limit the scope of the authority to compliance with the Income Tax Act and regulations as they read on January 15, 1992.

As well, an amendment has been included to reinforce the fact that no regulation under this authority can have a negative impact on accrued rights. The question of meeting future income tax requirements would be addressed as part of the promised stakeholder view of the fundamental elements of the pension plans.

Union criticism has also been directed at the proposed early retirement program for operational employees of the Correctional Service of Canada. While welcoming the program, the unions have let it be known that they would prefer to see all the details of the program set out in the statute as the authority for establishing a program instead of being left to regulation.

However, hon. members are well aware that the regulation mechanism is surrounded by safeguards to ensure that regulations are within statutory authority and that they are made public both before and after enactment. Regulations are, of course, also subject to a review by the Standing Joint Committee on Scrutiny of Regulations.