

*The Budget—Mr. Groos*

the up to date pay of the rank they held when they retired. In Canada, in 1958, the government granted increases to certain federal superannuates who retired before December, 1952.

As I have said before, I have every sympathy with Canadian government pensioners and I support their cause wholeheartedly. My investigations, however, have shown me that things are not quite as they seem. First of all, while it is true that the federal superannuation fund is in fact growing, since its annual income is greater than its annual expenditures this can be quickly explained. The pension fund must grow, with the ever-increasing number of contributors, if it is to be self-supporting and be able to pay out pensions when they eventually become due. To deal with this right away, I should like to point out that I have introduced a measure in the house suggesting that the government set up a special commission to inquire into the status of the federal superannuation fund, and that on the commission there should be at least two full-time representatives of the federal superannuates national association.

I have suggested this commission because I think we should get at the truth of the matter. It should be proved or disproved once and for all, impartially, whether or not the government is making money out of the federal superannuation fund, and all persons concerned should be informed and convinced of the true state of affairs. This includes the government. Furthermore—and this is equally important to my mind—I have asked that this commission be empowered to make recommendations as to possible improvements in the organization and administration of the federal superannuation fund.

I have asked this because it is my firm belief that the federal superannuation fund as it is presently set up is not capable of coping with the problems of the twentieth century and, in particular, with the problems of inflation which are world wide these days. I think the fund could be set up in such a way that it could better deal with this state of affairs, and latter I will explain one alternative that occurs to me.

Looking at the situation from the government's point of view, I appreciate the fact that they have been earnestly seeking a solution. I discover first of all, on investigation, that some departments of the government are responsible for their own pensioners and the cost of any increases in pensions must come

from that department's annual vote. This is a complication. Second, having pursued this matter in some detail I have the unshakeable feeling that the government is somewhat reluctant to tie itself down to what I think is one fair solution—and the one recommended most frequently by the pensioners—namely a regular schedule of periodically reviewing pensions. The reluctance, if I can call it that, is perhaps because the government feels it would be stepping into an area the cost dimensions of which would be almost impossible to delineate and there would be, furthermore, built-in inflationary overtones. In simple terms the government may be of the opinion that it would be faced with future costs of unknown and possibly unmanageable proportions. In fairness to the government, I think it should be pointed out here that they have recently instituted the Canada Pension Plan, which will at least grant pensions to almost all wage earners. This plan does have built-in cost of living factor, but this does not help the present federal superannuate.

I have a plan which I believe the government should study. I believe it has merit, and it could be adopted very quickly both by the government and other employers if they feel so inclined. Over a fairly short number of years it would delineate the problem and employers, whether they be the government or others, would then be faced with costs both easy to calculate and, I think, perfectly manageable.

My plan, very roughly, calls first of all for the establishment of what I will call a government mutual investment fund, operated perhaps by a consortium of investment companies. Under my plan, the employee still in the government service would have far more control over his pension fund than he does at the moment. He now has none at all. He would then be entitled to decide for himself, at regular intervals, in what proportion his pension fund contributions are to be divided between the pension fund as it now operates—where his contributions and the matching government contributions grow at a fixed percentage rate—and the government mutual investment fund. In this computer age it should be a comparatively simple matter, say at the end of every month, to give the government employee a statement as to the value of his pension account. Then, as I have said before, he should be able to adjust the proportions almost at will to suit his needs or even his whims.