

Supplementary Retirement Benefits Act (No. 2)

should like to quote from the Minutes of Proceedings and Evidence of the Standing Committee of Miscellaneous Estimates of December 15. The witness was Mr. Walter Riese, Chief Actuary, Actuarial Branch. This was the evidence of a senior Government adviser on actuarial matters dealing with pension funds. I should like to quote a few lines from these minutes:

● (1250)

MR. MCKINNON: When you say unfunded liability, you really mean it is a debt that the Government owes. Is that correct?

MR. RIESE: That is correct.

MR. MCKINNON: Who does it owe it to?

MR. RIESE: Well, it is, I suppose, really an accounting matter, because the liability of the Government does not really change, whether the liability is funded or unfunded.

MR. MCKINNON: To whom is the liability?

MR. RIESE: It is to the beneficiaries; to the members and the beneficiaries of the plan.

The Government owes a debt to the beneficiaries of the plan. The Government has been collecting money for many years. It now owes the Armed Forces fund something just over \$10 billion and the Public Service fund something over \$15 billion. One does not have to be a great mathematician to realize—and I will discuss the military one first—that if that \$10 billion were invested at a very low rate, which is what the Government usually pays, say 6 per cent, one would get \$600 million on an annual basis. If it were funded and invested as badly as that, that it only paid 6 per cent, \$600 million would be coming into the pension fund. They paid out of that pension fund \$281 million, the last year for which I am able to get any records. Therefore, where is the need for this clamping down on Canadian Forces' pensions or, for that matter, on the Public Service pension? I cannot see any need for it.

If the Government has any intention in its heart of ever paying any real recognition to the donations of both the employer and employee in this case, considering the funds which have built up in the superannuation fund it must realize that it is short-changing these people. The fund will continue growing indefinitely if the Government does not come up with any plan as to how to reach some kind of a plateau. When it gets up to \$100 billion and its own actuary says that it is owed, perhaps that will be sufficient to stop people from worrying that there is too much money tied up there. In reality there is no money, but they think of it as money; they compute the interest on it and put out annual reports which, as was the case this particular year, indicate that for the Armed Forces it is now over \$10 billion for a payout of \$281 million. It just does not make sense. I wish the Government could explain it, but not in the convoluted, tortured and meaningless way as did the Parliamentary Secretary.

How is it, with \$25 billion tucked away in these two funds, that the Government turns first to clamp the lid on the payout? I suspect Mr. Goldfarb took a poll which came up with the idea, accepted by the President of the Treasury Board (Mr. Gray), that people were not vitally concerned about indexed pensions for public servants and Armed Forces personnel. I suspect Mr. Goldfarb said: "Here is a good issue for you

people to jump on. You can cut it. It will not affect too many voters, and you will look as if you are doing something real and determined." It seems to be ridiculous.

In the minute remaining I should like to suggest that there has to be a future for the fund. A bona fide pension fund should be considered. The present arrangement provides no guarantee of future financial soundness. It is too open to meddling from a Government which cannot keep its accounts straight.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I participated in the Committee which dealt with Bill C-124, and it was clearly indicated at that time that somewhere along the line those things that appeared in Bills C-131, C-132, and C-133 would appear.

At the outset I say that I will support wholeheartedly the amendment of my next door neighbour. I urge my colleagues and all Hon. Members to do so. His and my political views are widely divergent, but on this occasion the amendment is second best. The first would be to vote against the Bill. The second would be to eliminate as much as possible some of the negative and nefarious effects of this Bill.

The Hon. Member for Victoria (Mr. McKinnon) adequately dealt with the bleats which came from his co-provincial member who, I must confess, uses logic which leaves one totally in dismay, especially the convolutions in his thinking. It is as though New Democratic Party Members took the aura or halo and planted it so firmly over their heads that it went down over their ears and blocked them so that they all got fat between the ears.

There is a need for restraint; there was a great need for restraint. United States labour unions volunteered to participate in restraint, but here in Canada they decided that they would do otherwise—damn the torpedoes and full steam ahead! As far as they were concerned, they wanted to benefit from inflation in every way possible. On the other hand, this is one of the inherent problems the Government built into its entire fiscal planning back in the late 1960s and early 1970s. I recall the Prime Minister (Mr. Trudeau) boasting to the country that we had wrestled inflation to the ground. The only thing was that he had taken hold of a shadow; he had not touched inflation.

I was financial critic at the time. Time and time again we spoke about the Government's unwillingness to deal with inflation. I recall saying that this was a *pis aller*, that it was merely supplying a cushion or mattress against some of the effects of inflation. We must remember that it was not much to start with. There were only low, partial percentages. Nothing was done to deal with inflation. That was the problem. The Prime Minister said that we had wrestled it to the ground, but following the 1972 election the then Minister of Finance, when full indexing came in, the so-called Prince Charming—a nice fellow, personally we could not ask for a nicer man—inflicted on the country something we all remember. The budgets of 1973 and 1974 were inflationary. Government Members