

*Pensions*

where necessary, to have included in their service extra days of service from previous leap years.

Before discussing the substance of the motion I would like to explain that under the present legislation, indexing payments for forces personnel normally begin at age 60; however, in the case of persons who have completed 30 years of service, indexing begins at age 55; for persons with 29 complete years of service, indexing commences at age 56; with 28 complete years at age 57, and so on until age 60.

An exception is made in the case of persons who can no longer serve because of disability; in these cases the indexing payments begin right away, and the age and service requirement just described is not applicable. There is also an exception, of course, for the pensions paid to the survivors of the members of the military. Here again the indexation is not governed by the age and service formula but begins right away.

Hon. members will recall that these provisions came into effect as a result of legislation enacted in the fall of 1973. At that time there was substantial agreement that similar contributions and similar benefits should apply for retired members of the forces, the RCMP, the public service and former members of the House of Commons.

The determination of the age at which payment of annuity increases would begin for retired members of the forces and RCMP who had reached 55 with 30 or more years of pensionable service was designed to remove the anomaly created by earlier amendments to the Public Service Superannuation Act, which permitted public servants to retire on unreduced annuities after reaching age 55 with 30 or more years of pensionable service. Because under the armed forces plan an individual can retire generally between age 44 and 55 and receive an unreduced annuity, it was considered equitable to begin payment of cost of living increases to the military, the RCMP and former members of the House of Commons at the same age as the public servant can receive an unreduced annuity.

It is my understanding that the members of the Canadian armed forces pay \$1.80 into the Canadian forces superannuation fund for every dollar the government puts into the fund. This is done in order to finance the earlier retirement of a considerable number of armed forces personnel, for example; those who retire in their forties or early fifties. This was done several years ago in order to make the Canadian forces superannuation fund financially viable and capable of supporting pensions that start at this earlier date instead of at a later date, say, for people in the public service of Canada, the RCMP etc., and it has worked out to be a financially workable plan.

Turning to the motion itself, it is, of course, true that a statutory change would be necessary to allow the arrangement which is proposed. The Interpretation Act provides the instructions generally necessary to reckon periods of time. Under the existing terms of the Supplementary Retirement Benefits Act, to permit the extra days which a person provided service during a number of previous leap-years to count as service for this purpose would be contrary to the act; rulings under the

various federal pension statutes over the years have confirmed that the extra day in a leap-year is only countable when the person retires during a leap-year and has to his or her credit less than a complete year's service for that year. To permit the counting of a number of leap-year days for purposes of the Supplementary Retirement Benefits Act would be inconsistent with the methods for calculating total service under the various pension statutes for purposes of determining the amount of the individual's basic pension.

While such an amendment would have limited application to a particular group of individuals, it would really be establishing a new "qualifying" date for these people and a different group of individuals would undoubtedly be concerned that they had missed qualifying by two or three more days.

Finally, the effects of falling short of a complete year by a few days are not as severe as the motion indicates. As an example, an individual with 30 complete years of service would receive his or her first indexing adjustment on his fifty-fifth birthday and the amount payable would reflect the cumulative total of all increases authorized since retirement. The individual with slightly less than 30 years would have to wait until his or her fifty-sixth birthday for the first adjustment, but it also would include all increases authorized since retirement, including the amount that would have been payable on the fifty-fifth birthday had the person had 30 years of service.

The foregoing, of course, relates only to the application of the present terms of the Supplementary Retirement Benefits Act. I would point out that the day preceding the tabling of this motion the House gave first reading to Bill C-12, an act to amend the Supplementary Retirement Benefits Act, the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Royal Canadian Mounted Police Superannuation Act and the Members of Parliament Retiring Allowances Act. Statute Law (Superannuation) Amendment Act, 1978 proposes amendments which defer the commencement of indexing payments to all retiring persons other than those retiring on grounds of disability, in the forces, RCMP or the public service to age 60. Therefore, if the proposals in Bill C-12 are enacted, the question of counting leap year days will be removed for future retirements.

Again, the Supplementary Retirement Benefits Act currently provides for indexing of the basic annuity based on the consumer price index. As I have said, the Supplementary Retirement Benefits Act applies not only to Canadian forces annuitants but also to former public service employees, the RCMP, MPs, etc. Currently, indexing commences when the annuitant's age, added to complete years of service, totals 85. All annuitants age 60 and over receive indexing. Bill C-12 amending the Supplementary Retirement Benefits Act will defer indexing to age 60 for future retirees.

In view of the government's intention to defer indexing to age 60, the Department of National Defence feels that a special provision to give indexing a year early to a select few annuitants who will receive indexing prior to age 60 in any case cannot be supported.