

# HOUSE OF COMMONS

Thursday, January 20, 1983

The House met at 11 a.m.

• (1105)

## GOVERNMENT ORDERS

[English]

### SUPPLEMENTARY RETIREMENT BENEFITS ACT (NO. 2)

#### MEASURE TO MODIFY BENEFIT INDEX

The House resumed from Tuesday, January 18, 1983, consideration of Bill C-133, an Act to amend the Supplementary Retirement Benefits Act (No. 2), as reported (without amendment) from the Standing Committee on Miscellaneous Estimates; and the motion of Mr. Gray (p. 21886) and the motion of Mr. Baker (Nepean-Carleton) (p. 21889).

**Mr. Bill Vankoughnet (Hastings-Frontenac-Lennox and Addington):** Mr. Speaker, I welcome this opportunity to continue my remarks on Bill C-133 and the concern I have for the pensioners of this country who will be affected by this legislation. In two years, when pensions are supposed to be once more fully indexed, there will be a lower base with which to determine any necessary increases.

I would also like to draw attention to the petty manner in which this federal Government has implemented its so-called restraint program. This 6.5 per cent and 5.5 per cent gesture is a gimmick. The federal Government claims that by reducing indexing the pension account will save \$100 million. However, the Government neglects to point out that this money in the pension account belongs to contributing public sector workers, not the federal Government. Federal public sector workers are required by law to contribute 6.5 per cent of their salary to a pension account. They pay an additional 1 per cent of their salary to purchase pension indexation for inflation. The federal Government also neglected to point out that it borrows heavily from the pension fund to pay its deficit, so that while the accounts show \$14 billion in the pension fund at the end of March, 1981, in fact that money does not exist in that account.

Earlier I made the point that, unlike Canada's decreasing working population, pensioners are not able to negotiate increases to their incomes to help them cope with rising prices.

The right of public sector employees to the collective bargaining process is now denied to that group also. Through no fault of their own, as they do not set policy, they are now being penalized for being public sector employees by the actions of an inept Government. Once this Government attacked current public sector employees, the writing was on the wall for public sector pensioners as well. I repeat that my

Party's support for Government restraint should not be misconstrued to mean that there is an agreement to limit the incomes of public sector pensioners.

The principal difference between Bill C-124 and this Bill relates to the actual pension account and whose money it really is. This federal Government is behaving as though the \$100 million it proposes that the pension account will save does not rightly belong to the pensioners. The contributions that have been deducted from the pay of public service employees rightfully belongs to those individuals. I might add that pension plans registered under the Canadian Income Tax Act are prohibited by law from reducing either accrued benefits or any right to a supplementary pension in respect of those accrued benefits. This federal Government is now about to take the kind of action vis-à-vis its own pension recipients that has been specifically legislated against in the case of private pension plans.

In the case of the administration of the pension fund, public sector workers have demonstrated not only good faith but trust that the federal Government would administer the pension fund for the benefit of its contributors. Not very many retired civil servants can look forward to the lush pension arrangement the federal Government gave to Michael Pitfield, or to the Liberal example of restraint which was to increase the salary of the Liberal Party President by 140 per cent. The six and five window dressing applies only to pensioners, not Liberal Party friends, as these cases demonstrate.

Credibility is what this Government needs to restore the sort of economic climate that will encourage investment. Bill C-133 sets a poor example for employer and employee relations, particularly when the Prime Minister (Mr. Trudeau) has made a call to smooth differences, to work together and to show a little trust.

The Government states that this action is necessary to reduce inflation. If the federal Government had any faith in its own program, it would find that it would not be necessary to legislate six and five or 6.5 per cent and 5.5 per cent, as inflation would be at those levels and indexing of pensions would reflect this. It would be ironic if 18 months hence this Government finds itself paying pensions higher than the rate of inflation.

• (1110)

The fact of the matter is that if the Government had better managed the economy, the capping Bills would not have been necessary. The OECD results that placed Canada twenty-fourth out of 24 countries in fighting inflation demonstrates a