

Supplementary Retirement Benefits Act (No. 2)

pensioners would welcome evidence of the same diligence in controlling these prices as in controlling their pensions.

● (1620)

I am in no position to know whether or not the Government has indeed exhausted every other possible avenue of potential savings and thus has no choice but to tinker with its employees' pension fund. However, I do know that the Government has not yet made the case as to why this present course of action, Bill C-133, which if not illegal is certainly immoral in my view, is so crucial to its efforts to stimulate the economy. How does reduced spending power inspire consumer confidence? I do not understand it.

As the President of the Treasury Board knows, the annual rate of indexation for Public Service pensions is established based on changes in the consumer price index for the month of September in the preceding year. If the Government is successful with its six and five program during the coming months, it seems to me that the problem, if there is one, of the level of indexing for 1984 would be taken care of without the need for Bill C-133. On the other hand, some pensioners have expressed the view to me that Bill C-133 represents, among other things, a lack of confidence on the part of the Government about its ability to achieve its six and five targets. Possibly the President of the Treasury Board would like to comment on those points of view.

As I have indicated, I continue to be a strong believer in, and supporter of, full indexing of retirement pensions based on employee contributions. Accordingly, I cannot support Bill C-133 in its present form, which I view as nothing more nor less than the sacrifice of a long-held principle by the Government for the sake of what, in the larger scheme of things, would be a relatively small, immediate contribution to creating new jobs. I find it somewhat ironic that a Government which for so long has devoted its time and energy to improving pension arrangements and Old Age Security for all other Canadians, should be so ready and apparently willing to downgrade the quality of protection afforded to its own employees.

Whether or not the Government can afford to continue full indexation for the next two years should not be the issue. Its own public statements on a number of occasions have clearly shown that the Government has not considered its contributions to be excessive. In any case, there exists a mechanism whereby these matters are supposed to be reviewed and, as required, changes to the rates of employee contributions introduced. I think Members of this House would agree that it is indeed most unjust to penalize the recipients of pension benefits merely because the responsible bureaucrats have been unable to advise the Government effectively on the appropriate balance between contributions to, and expenditures from, the two pensions accounts.

Mr. Baker (Nepean-Carleton): Right on.

Mr. Gauthier: Although I am strongly opposed to Bill C-133 in its present form, at the same time I am equally strongly supportive of Government efforts to reduce inflation through its six and five program. Obviously, this poses something of a dilemma. Nevertheless, I think an answer can be found.

I would like to take the time of the House to outline one of possibly several solutions whereby the Government's six and five objectives can be met and the principle of full indexation remain protected.

Briefly, what I think we should consider is that for the next two years the contributions of the Government would be held at 6.5 per cent and 5.5 per cent. The shortfall, if there is one, could be made up through a temporary increase in the level of employee contributions for the same two-year period. Time has not permitted any of us to develop the detailed calculations, but a preliminary assessment suggests that it might call for an increase in contributions from the present level of 1 per cent to about 1.7 per cent for two years, or to about 1.5 per cent for three years.

For the public servant earning \$25,000 a year, this would represent an added contribution of less than \$125 to \$175 annually, before taxes. I would be the first to agree that this might be construed as in the nature of a special tax on public servants. To this I would say that it could also be seen as a measure of the willingness of public servants to act in order to protect the principle of full indexation.

Assuming the Government can demonstrate the absolute impossibility of maintaining full indexation for the next two years, I still believe that the situation could be better handled. For instance, the inclusion of a "sunset clause" in Bill C-133 would go some distance towards re-establishing the Government's credibility, especially if it were coupled with a provision that, with the demise of this Bill, pension levels and increases would be determined using, after December 31, 1984, today's formula.

A precedent for this type of action was set in the period 1976-1978, when under rules set by the Anti-Inflation Board annual pension increases were capped at \$2,400. At the end of that period, pensioners were able to make up what they had lost.

In conclusion, I would like to draw the attention of the House to what is a notable if not historic occasion, namely our present debate on Bill C-133. After all, it is not every day that the Government introduces a piece of legislation which, if passed, would result in all of the parties involved becoming losers. Pensioners would lose a significant part of the indexation to which they are entitled. Eligible federal employees would see the base level of their future pensions reduced, even though their contributions remain unchanged. Finally, the Government would lose the trust of their past and present employees, as well as losing credibility in the eyes of the Canadian public at large.

I fervently hope, in the next stage of our deliberations, that we are successful in finding some equitable way to protect the