but all this, of course, will have to be part of future discussions and agreed upon arrangements.

The Public Service Pension Fund should be placed on a solid financial administrative base and then taken out of the realm of politics and managed by a board of trustees representing not only the employer and the employees but also the pensioners. There would have to be very definite guidelines for them to follow, but if something happened to the viability of the fund, the trustees would be accountable and would have to take measures to correct the deficiency and not fall back on the taxpayers of Canada for funding. In this way, it would be removed from the realm of public issues. Any deficiency would likely only happen in times of extreme inflationary rates, but with changed, or amended, internal financial arrangements of the fund, it would in all likelihood not happen at all because the new guidelines would hopefully be very specific.

It is important to point out here that presently the Public Service Supplementary Retirement Fund is structured in such a way that every contributor and pensioner has his or her individual account. Now, some say, there is over a billion dollars in the Supplementary Retirement Fund. Why then, they ask, do you not take more money out of the fund instead of making up any shortfall out of the public treasury? One can readily realize why. You cannot take from Peter's account, who is still working, for example, to pay Paul, who is retired, because some day Peter is going to retire and he will want his supplementary pension.

● (1130)

On the other hand, the Public Service Superannuation Fund is not based on individual accounts, and it is also very wealthy. One can readily understand why some agreed upon reform measures for these plans can correct this straightjacket situation, which is the very basis of the problem. At the present time the Government picks up the difference between what the individual pensioners' accounts of the supplementary fund yield and the amount required for full indexation. It must also be recorded that the federal treasury picks up 100 per cent of the indexing costs for those who retired before 1970, because as we know, prior to that date no supplementary pension fund existed. I must reiterate that all these difficulties can be settled by constructive pension reform.

The Tomlinson-Alexander report, 1978, indicated that the Public Service Superannuation Plan could carry itself but that with proper investment the plan could be viable as well. I should point out that some Government agencies have their own pension plans, and CMHC is one of them. In Issue No. 109 of the Minutes of Proceedings and Evidence of the Standing Committee on Miscellaneous Estimates, page 34, for Monday, December 20, 1982, one of the witnesses gave a synopsis of the Canada Mortgage and Housing Corporation pension plan, and I will quote part of that evidence:

> We look at a pension plan such as the Central Morgage and Housing Corporation plan where the employer contributes his share to a fund along with the employees, and we see in ten years, from 1971 to 1981, a growth from $47 million to $170 million; an increase in pensioners of up to and about 980 pensioners. I think that sure as heck would cover their pensions and include the indexing. Perhaps if the Government feels, or the people responsible feel, they are unable to handle or control the pension plan, they should consider turning it back to a joint employer/employee committee who would, under restrictions such as Central Mortgage, be allowed to operate their own pension plan. Perhaps then, if something goes wrong with the indexing or the loss in interest accrued from it, we would have no one to blame but ourselves.

Later in the meeting the same witness said:

> Based on the very quick look I have had and from talking with neighbours and people who have worked at Canada Mortgage and Housing Corporation, I gather they are extremely pleased with their pension plan. And on looking into the facts and figures, I find that the employer which is the Canada Mortgage and Housing Corporation, contributes a certain percentage along with that from the employees. It is then under control by a board of directors and employer representatives, and they have restrictions as to how much they can invest in particular areas. For instance, they invest money in mortgages, provincial and dominion, or federal bond issues. Then they are allowed to speculate on the other 50 per cent in real estate and, I guess, chip stocks or whatever.

The reason I am talking so strongly in favour of reform of the Public Service Superannuation Act and the Supplementary Retirement Benefits Act, putting them on a firm financial base to pay indexing by changing the rules of financial administration therein and taking them out of public controversy, is that the federal Government can lead the way by promoting better pension plans for rank and file citizens in both public and private sectors across Canada. Indeed, this is in the Liberal tradition.

In his speech on second reading of Bill C-133, the President of the Treasury Board (Mr. Gray) said:

> The debate has also produced a great deal of confusion and factual error over the nature of the present indexation arrangements and I would like to deal briefly with some of the more common misconceptions at this time. Many of those who oppose the limitation on Public Service pension indexation argue that public servants have fully paid for their indexation through the contribution of 1 per cent of salary together with the matching direct Government contribution towards the cost of this benefit. This is not the case. Approximately 90 per cent of the indexation benefits paid to retirees are currently charged directly to the Consolidated Revenue Fund of the federal Government. The Consolidated Revenue Fund is in fact made up of moneys raised from the taxpayers of Canada generally. The balance of the benefit, that is approximately 10 per cent of those payments, come directly from the Supplementary Retirement Benefits account. This is the separate account set up to receive employee and employer contributions to provide for pension indexation.

That is the problem within about which I am talking. Surely this must lead someone to question the way the supplementary fund was set up in the first place.

I emphasize pension reforms in the public sector because they are the only answer to our dilemma, to the problem before us. As long as public funds are used in large amounts as an additional financial contribution, there will be controversy. The money should not be administered in such a way that embarrassing amounts are left sitting in the Public Service Superannuation Fund or the Public Service Supplementary Pension Fund. The administration of such funds should be flexible enough to permit the dollars to be used for what they were meant in the first place, namely, to pay the pensions and indexation of retirees. This is why there must be more flexibility and possible amalgamation of the two funds.

This is the alternative to the contentious issue of Bill C-133. It is important to note that all countries in the industrialized world are in financial straits because their financial base or taxation bases have been eroded temporarily. How does a