

Supplementary Retirement Benefits Act (No. 2)

heartening that there is a willingness on the part of all these groups to sit down and talk about how best we should face these issues.

After assuming my responsibilities as President of the Treasury Board, I said that I would consult on future fundamental pension plan changes, and I intend to do this. I want to see how we can best carry out an orderly review of the existing financial arrangements of the Public Service pension plan and, in doing so, to seek the views of all concerned prior to making any permanent and fundamental changes.

I want to assure the House of my desire to have addressed within the reasonably near future, bearing in mind their complexity, the outstanding pension policy issues. These include the nature of future inflation protection, the method of financing indexing, investment strategy for the pension fund, the level of employee-employer contributions and whether there should be a change in the averaging period used for pension calculations. Such issues will, of course, have to be considered in light of the discussions on national pension reform. Such a debate will undoubtedly bring under scrutiny other aspects of the Public Service pension program.

Again, possible changes arising from this process should be fully discussed with Public Service representatives. I believe that a review of our Public Service pension plans can be accomplished in the context of national pension reform and, conversely, that these deliberations will be of interest to the other participants in the national pension reform debate.

With respect to Bill C-133, the Government remains convinced of the need for the six and five restraint program and of the role which this Bill and the other Bills on indexing play in the success of that program. Stabilization of purchasing power for all Canadian pensioners will be helped to be achieved by the six and five program and all its elements. I recognize that public servants contribute some of their salary toward the arrangements for indexing of their pensions, and in proposing my amendment to Bill C-133 I have attempted to recognize this concept. However, we cannot overlook a basic fact, and that is that under the present arrangements a substantial portion of the financing of public servants' pension indexing comes directly from the Consolidated Revenue Fund; that is, from the taxpayers of Canada generally.

Notwithstanding that suggestions have been made as to how this situation could be changed, Bill C-133 reflects the present legal framework and state of the accounts, a state which cannot be changed overnight, certainly not in the context of a short-term program of economic stabilization.

I also want to remark on the reference during the debate to a \$15 billion surplus in the pension account. I have already assured the House that this could refer only to the \$15.5 billion balance in the Public Service Superannuation Account, the account for the basic retirement pension. This is not a surplus. The balance in the account is the amount required to pay all the obligations accrued under the plan to date. In other words, those funds are already committed to the payment of basic benefits and cannot be used for indexation purposes without giving rise to a deficit in the basic account.

• (1115)

The Opposition has attempted to argue that the Government has broken an unalterable contract with its pensioners. However, there is no formal contract on this matter. It has not come from an agreement reached in the collective bargaining process between the Government, as employer, and the unions representing Public Service employees. In fact, by law pensions are excluded from that collective bargaining process as a subject to be considered in it. Nor has there been any other kind of formal agreement on this matter. In fact, coverage under the pension plans is a condition of employment in the federal Government and employees are required by law to participate in them.

I am told that the decision to provide full indexation was made unilaterally by the Government and Parliament in 1973, and while the advice of the advisory committee of the day, and others, was sought, ultimately the decisions were taken by Parliament on request of the Government. Other changes in the indexing concept have also been made unilaterally by Government and Parliament in the past. For example, a \$2,400 ceiling was placed on benefits for 1976 as part of the Anti-Inflation Board program. Contribution rates were increased in 1977. All this was done by Parliament unilaterally on recommendation of the Government.

There were also changes proposed in 1978 under Bill C-12, which would have altered very significantly the indexation provisions for Public Service pension plans. Under these arrangements, future indexation levels were not guaranteed in law but were to be subject to triennial review. The House gave second reading, approval in principle, without opposition, if I am not mistaken, to those proposals and they were considered in committee and again recommended unanimously to Parliament. The Bill was not dealt with, as we know, because not long afterwards the House was dissolved for an election. My point is that this House agreed, including Hon. Members opposite of that day, to what would have amounted to a unilateral fundamental change in the then existing system of indexing. I have also heard comments from Members opposite on what they have referred to as the lack of morality or social justice in Bill C-133. I would ask them where they find the morality or social justice in high levels of inflation, with the accompanying problems of unemployment and high interest rates, a serious situation which the six and five program, including the elements capping indexing, is designed to deal with.

It is likely also that deep down Hon. Members of the Conservative Opposition recognize the validity of the case we are making in support of Bill C-133. If that were not the situation, why would the Hon. Member for Nepean-Carleton (Mr. Baker) on behalf of his Party have presented his amendment to limit the capping of superannuation indexing under Bill C-133 to one year? If what the Hon. Member and his colleagues have been saying is correct, why would he have been willing to accept something he considered so wrong, so immoral, only for one year? Deep down, Mr. Speaker, the Hon.