

that amount—then the question of further increases based on additional contributions, as was suggested by my colleague, the Hon. Member for Ottawa-Vanier, must also be recognized.

● (1720)

The Government entered into an agreement with the Public Service, whether implicit or explicit, to provide indexed pensions. The Government reserved the right to alter contribution rates, and it has done so in the past. Indeed, it has altered the rate of indexation, as the Hon. Member for Ottawa-Vanier indicated. In the period during the AIB, there was a maximum transfer of \$2,400, a maximum increase in pensions of \$2,400, established. That established the principle of a cap on indexation, whether or not it was binding.

Further, the Government has established the right to alter the fundamental nature of the program. I would refer Hon. Members to Bill C-12, which was introduced in 1978. It received second reading, in other words, agreement in principle, by the Members of this House and provided that the Government could cap indexation, because that was precisely what the Bill accomplished. It said that there would be full indexation up to a certain figure, which I believe was \$12,000, and that there would be reduced indexation beyond that level. This received approval at second reading and, when it returned to the House for report stage, it came back with the unanimous agreement of all Members of the Standing Committee on Miscellaneous Estimates. Therefore, there are grounds for doing what is being done. There are grounds for limiting.

However, while I contend that the Government has the right to alter, it also has the moral obligation to employ all avenues to meet its commitment to pensioners. I therefore feel that all avenues mentioned by myself and by my colleague, the Hon. Member for Ottawa-Vanier, must be considered to meet the two objectives I have outlined above. First, it would restrict the expenditure of taxpayers' dollars to no more than six and five; and, second, it would meet its moral obligation to provide indexed pensions to retired public servants based upon their contributions.

The change announced by the Minister in Bill C-133 would make both these objectives possible. The old Bill restricted pension income while the new Bill would restrict the outflow of taxpayers' dollars, recognizing increases in pensions funded by contributions as being outside the six and five program. With these two principles intact, I can support the Bill at second reading. I accept its principles, and I have indicated that I will continue to work in committee with my colleagues to see that all avenues are rigorously explored so as to meet our moral obligation to provide indexed pensions within the principles of the Bill.

**Mr. Jack Shields (Athabasca):** Mr. Speaker, it is a privilege to take part in the debate today on Bill C-133. However, I would like to preface my remarks by complimenting most sincerely the Hon. Member for Ottawa-Vanier (Mr. Gauthier), who gave a very considered, well-researched, well-thought-out dissertation to the House today outlining some of the problems faced by the constituents of his riding.

### *Supplementary Retirement Benefits Act (No. 2)*

I would also like to comment on the remarks of the Hon. Member for Ottawa Centre (Mr. Evans). I am not really sure whether he has swallowed himself whole, whether he has gone halfway or whether we must wait for another time to see what the outcome will be. He indeed said a number of things. In relation to the principle of six and five, he felt that expenditures of Government funds should be restricted and that those funds should be freed up to help those in need, such as youth, industry and so on. He also discussed how we would break up those funds to fight inflation and get people back to work, helping industry. He said the aim was not to restrain income but, rather, to restrain public spending. I wonder if the Hon. Member had taken the restraining of public expenditures into consideration. For instance, has he considered the \$70 million to \$100 million spent on advertising by the Government?

Has the Government considered the tens of millions of dollars which have been spent to promote the six and five program? Has it considered the cost of publishing binders containing the interim report on the progress of the six and five program, such as the one which was dropped off at my office and those dropped off at every Hon. Member's office, having been sent clear across the country? That probably cost somewhere between \$100 and \$200 per copy to produce. What earthly good was that? It was a flim-flam attempt to tell people across the country that something is working in the six and five program.

Indeed, I hope to see inflation come down because it underlies simply everything which happens in our country. We all know that and we all agree that we must fight it. However, to fight inflation, does one break the trust of one's employees, the civil servants?

The basic principle of the Public Service pension is being suspended. It was agreed that people who work for the Public Service and for the RCMP would contribute to their pension funds and people who went into the Armed Forces would contribute to theirs. It was agreed that when they retired they would receive their pension, which would be indexed so that their purchasing power would not be eroded. It is very simple and progressive.

I spent ten years in the Armed Forces and contributed to a pension fund. I constantly knew what I would receive as my retirement benefit when I retired from the Armed Forces if I spent the required number of years in the forces.

Part of the enticement to a career in the civil service is a pension. That plays a part, as does security of tenure, working conditions and amount of pay. As well, I knew that if I contributed to a pension, when I retired after faithful service I would receive the kind of income on which I could live for the rest of my life. People simply do not work 25 to 35 years for one employer, contributing to a pension plan, and then say at the end of that time: "Gee whiz, we get a pension". That is part of the over-all family planning, the retirement planning. Each one of us goes through this. I have seen Members of this House sit down in the dining room and discuss, if they retire or are forced to retire after the next election, what indeed their pension will be.