

*Supplementary Retirement Benefits Act (No. 2)*

anticipated magnitude of lost revenues as a result of the reduced spending power of pensioners brought on by Bill C-133? Is it possible that the two-year savings to the Government might be less than \$180 million? In the House yesterday, the Minister gave notice of his intention to amend Bill C-133 and thus reduce anticipated savings to \$165 million, over two years.

According to available information, as of November, 1982 there were about 122,500 persons, contributors and survivors, receiving pension benefits. The average annual benefits paid out were, as I indicated earlier, about \$6,900 per individual. I must say I have a great deal of difficulty in believing that reducing the growth in their incomes could have any real effect on the outcome of the Government's battle with inflation and unemployment. Put another way, I for one would find it distasteful to ask anyone at such an income level to give up any part of income to which they are entitled. More and more I am driven to the conclusion that Bill C-133 might be intended more for cosmetic or other purposes than to make a real contribution to our economic recovery.

The proposed savings, as I understand it, are forecasted to be about \$60 million in 1983 and about \$105 million in 1984. Unless the Government intends to spend these savings before they have been achieved, I fail to see how they could make any significant immediate contribution to job creation, particularly since the Minister of Finance has told us he expects recovery to be well under way in 1983.

It has been argued many times by some outsiders in the past that the Government's total contribution to the pension plan has been too high and that a period of restraint such as today requires that it be reduced. The facts indicate a somewhat different picture. I refer back to our 1978-79 debates in committee, because that is where I gained most of my information. If we look at PSSA and SRBA revenue sources, including special employer payments made from the CRF pursuant to Section 8(2) of the SRBA, for the period 1966 to 1981 we find that the percentage provided by employee contributions has remained around 20 per cent to 22 per cent; the percentage provided by interest earnings has gone up from 36 per cent to 50 per cent; and the percentage provided by the employer, the Government, has dropped from 42 per cent to 30 per cent. Present trends suggest that the Government is on the way to becoming a minority contributor.

A study done in 1974 by Statistics Canada and the Department of Insurance, which we used during our committee hearings, compared the level of employer contributions by the federal Government and for private sector pension plans with the same basic formula, that is, benefits of 2 per cent of average salary during the last or best years multiplied by the number of years of service. In the federal Government the maximum is 35 years, which would give 70 per cent of one's best six years. The study showed that the Government's contribution percentage was about 13 per cent lower than that of private sector employers.

Treasury Board, in its review "The Basic Facts about Pensions in the Public Service of Canada in 1976", noted that for the same year, 1974, the contributions of public servants

were about 14 per cent higher than for employees participating in all pension plans with the same basic formula under federal jurisdiction. Unfortunately, there does not appear to be any more current information available. However, I would be greatly surprised if the essential situation had changed markedly.

We appear to have a situation in which the Government contributes considerably less than its private sector counterparts and the employees contribute considerably more than their private sector counterparts. Could the President of the Treasury Board advise the House whether this situation comes about because of gross inefficiencies in the management of the Public Service plan or, as is more likely the cause, because the Government finds this a convenient way to reduce its contributions?

Despite their relatively high levels of contributions, Public Service employees have been satisfied to leave the management of their pensions completely in the hands of the Government. I say "the Government" because I make the distinction between the Crown, which can be many things, and the Government, which in this case is the employer; and, in my view, sometimes there is a conflict.

Up to now, these employees have been able to trust the Government to manage the fund in the best interests of present and prospective pensioners. Bill C-133, representing as it does a unilateral changing of the rules, would effectively destroy that trust. If this Bill is passed, it would be reasonable to expect that employees would demand a more active role in the management of their pension fund in order to protect themselves from their employer.

What we are seeing today is the result of a fundamental conflict of interest in the Government's position. In the private sector, a contributory plan under the force of law would have to be administered by a third party in order to protect and to be seen as protecting the integrity of the pension fund. The same rules do not apply here. The Crown, which literally can do anything it wishes, is also the employer, which should be concerned with the interests of its employees. The temptation to use the pension fund and its proceeds for purposes of political gain must, at times, be very strong. The absence of an independent third party makes it almost impossible to provide assurance that such does not happen.

I am quite sure that retired public servants, like most other Canadians, are prepared to make some contribution to the restoration of the health of our economy. They would ask only that their leaders set a good example and that there be some equity in the contributions sought. For instance, pensioners might have felt somewhat reassured about the seriousness of the Government's intentions if the Government had shown more interest in restraint, or lack of it, on the part of federal agencies. I am thinking of numerous Crown corporations and of the news which is going around the country concerning some of them. There is a growing body of evidence that suggests that increases in federally regulated prices have been major contributors to our problem of inflation. I am sure that