

Adjournment Debate

● (2210)

Like many holders of these annuities I am concerned with the fact that since 1976 there has been no increase in the yield from these annuities, in spite of the 1976 recommendations by the minister's department that returns from these investments would be adjusted to reflect the cost of living increases and increases in interest rates. The minister's answer was that he and his department were aware of the situation and that he would be discussing it with the Minister of Finance (Mr. MacEachen).

However, there are several questions that remain unanswered. Positive answers would go a long way to help satisfy the legitimate concerns of annuity holders across Canada. Such questions would encompass why there has been no increase in the yield in these annuities since 1976, in spite of the promise made at that time that such increases would be made to reflect the higher interest rates and the cost of living.

The minister's answer to me indicated, as well, that a study would be made in this regard, and that he would be reporting to Parliament the result of this study. We can only hope that such a study will recommend that some positive action be taken.

I would recommend to the minister, in light of questions raised by several of my constituents who hold government annuities, that consideration be given as well to a possible retroactive increase in the yield, to reflect the upward spiral in the cost of living since 1976.

When the minister is setting up the study, he should be aware as well of the disparity between the rate of return on investment between the government's annuity plan and private annuity plans. Mr. Speaker, a 7 per cent return on investments, which is the return received today from government annuities, is completely inadequate, especially when we compare it to that from comparable policies in the private sector which offer at least double that amount. The government return of 7 per cent may have been a realistic figure back in 1976, but with interest rates and the cost of living at record-setting levels, the policyholder's savings are eroded very quickly.

I would ask that the government realize this injustice and remedy it as soon as possible, so that these Canadians who invested in their government in good faith will receive a more realistic return. Otherwise, their investment for retirement will wither away to nothing in the face of double-digit inflation.

[Translation]

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, in answer to the question put by my hon. colleague, I may remind him that on June 25, 1981, the then parliamentary secretary to the Minister of Finance, the hon. member for Ottawa Centre (Mr. Evans), told the House that after assessing the situation, the conclusion was that there was no reason to increase the yield of government annuities. He pointed out that government annuities were long-term, contractual agreements and that their

yield could not be compared to the rates of interest payable on short-term financial instruments, because of their fundamentally different nature. He went on to say that it was important to bear in mind the contractual nature of annuities and the potential effects of a change to the terms of these contracts on other financial instruments, both in the public and private sectors. He concluded that the only viable solution to this difficult problem lay in the pursuit of monetary and fiscal policies that would serve to reduce inflation and thereby reduce interest rates for all Canadians.

The remarks of the hon. member for Ottawa Centre are as valid today as they were last year. We shall solve the problem by taking steps to moderate inflation and thus bring down interest rates, an objective to which the government is firmly committed. Considering the concerns expressed by many hon. members, both this evening and during the past months, and in view of the fluctuation of interest rates during the past year, the minister is prepared to order another study on the yield of government annuities. Officials of the departments concerned will commence the study within the next few months and will make a decision on the basis of their conclusions.

I am convinced, Mr. Speaker, that the recommendations made by the hon. member, including those concerning a retroactive increase and the disparity between private and public annuities will certainly be considered by the officials who will undertake this review.

Questions concerning redemption of the annuities are also asked occasionally. The policy of the government is to reimburse the amounts paid plus any interest if the annuity amounts to less than \$10 a year at maturity. In addition, except if otherwise provided by a particular pension plan, the annuity holder can redeem it if it amounts to less than \$120 a year. If not, the Government Annuity Act prohibits redemption by the annuity holder. The only authorized exception is contained in Section 17 of the government annuity regulations, which authorizes the holders of collective annuity certificates who contribute to a federal or provincial employee pension plan to transfer the amount payable to the new pension plan. I therefore hope, Mr. Speaker, that a solution which my hon. colleague will find acceptable can be found as he himself noted in his comments, since the minister has already undertaken to make a review of the system.

● (2215)

[English]

PIPELINES—DELAY IN CONSTRUCTION OF ALASKA GAS PIPELINE. (B) CONSTRUCTION GUARANTEES

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, the matter I wish to bring to the attention of the House tonight arises out of a question I asked of the Minister of Energy, Mines and Resources (Mr. Lalonde) on April 1. It was a two-part question.

The first part was very simple: could he or could he not confirm an announcement made by the Hon. Mitchell Sharp,