

Pensions

increases for the future, and also, of course, was projected on a demographic retirement age which they felt was being forced down by the somewhat generous access to fully indexed pensions at the age of 55, which of course is an aspect we are changing.

So between all these measures I am on safe ground in saying that there will be no need for fully funding, which was their argument. That is an actuarial theory. I think that the moves we are taking here will remove the theoretical necessity, as well as the practical necessity, to frontload it by \$5.6 billion, and the money will be there to meet the indexation problem. If there is some inter-generational transfer, I can tell hon. members that the bargaining agent and the advisory committee with whom I have discussed it have said that, for the sake of the few years involved here and the few people involved, it will not bother them and, as I said, it is their fund.

Mr. Deputy Speaker: Order, please. The hon. member for York Centre has requested the floor. He will be completing the first round of questioning. Following him, I will recognize the hon. member for Winnipeg North Centre, who will be the second questioner for his party.

Mr. Knowles (Winnipeg North Centre): There has not been one from our party yet.

Mr. Alexander: The hon. member for Winnipeg North Centre (Mr. Knowles) is the first speaker for his party.

Mr. Deputy Speaker: Order, please. I am to decide. The hon. member for York Centre.

Mr. Kaplan: Mr. Speaker, I have been concerned about this matter of indexed pensions for public servants and I am reassured, from what I have heard about the actuarial aspect of the problem, that, with the adjustment the minister has made, it appears clear that the taxpayers will not be called upon to make up large deficits because there can be none with the three year review that is to take place.

Another of my concerns about this fringe benefit for public servants was the exemplary effect that offering indexing to public servants had. There is a question about whether or not it is possible for the private sector to be able to match the same kind of benefit. I know that the minister has organized an investigation of pensions which is being conducted by officials of the Department of National Health and Welfare and of the Department of Finance. Does he have anything to say at this time about this other great concern with respect to indexed pensions, namely, the exemplary effect they might have on the private sector?

Mr. Andras: I would make two comments, Mr. Speaker. First of all, the federal public service pension plan will still be one of the best for employees in the country. We cannot deny it; that is the fact. Of course, it will be considered in our concept of total compensation when we compare it to plans in the private sector. On the other hand, there is no doubt about it in my mind that even the confirmation that this is actuarially sound will probably bring greater pressure on the private

[Mr. Andras.]

sector to do something, and as the hon. member opposite has indicated, there are movements within the private sector, even among the actuarial groups, to look at this with a more open mind.

I say quite candidly that they will have difficulties. It is one thing to say it is fair and just and should be done, but there is the other reality of the availability of funds and the method of paying for it. I cannot indicate to the hon. member yet what the findings of the Department of Finance and the Department of National Health and Welfare are, except that I hope they will be available very soon and will give some stimulation to the private sector. Because in my view, there will have to be an improvement in the private sector plans. Forty-seven per cent of plans in the private sector are non-contributory, and the Tomenson-Alexander report indicates that 80 per cent of the admittedly relatively small sample of the private sector that they took to determine what they were doing about adjustments in pensions to meet the cost of living have been adjusting. That is somewhat different from the propaganda we were hearing. Eighty per cent of them have adjusted on an ad hoc basis to sixty-six and two-thirds per cent of the cost of living. Let me make the point that the total cost of that adjustment was borne by corporations themselves out of their own revenue, whereas our indexation is borne partly from the contribution of our employees and partly from the contributions of the employer.

Mr. Knowles (Winnipeg North Centre): I thank the minister for clearing up the point about the extra interest to be earned on the money of the pensioners which is declared to be theirs. I confess that earlier I was thinking of it as the employees' contribution, but when the minister explains it, this is the money of the pensioners after they have gone on retirement. It is their money. I think the minister puts it in its proper light and does answer a number of questions.

● (1812)

I also thank him, if I may say so, for helping me to make it clear to the retired public servants out there that if there are scare headlines, they need not worry about them and that about 85 per cent or 95 per cent simply are not going to be touched. I think that is good news.

I also thank the minister for the answer he just gave to the hon. member for York Centre. I have many questions, but I shall narrow them down to one. The minister was answering the hon. member for Gatineau about the situation whereby everyone gets his indexation only at age 60. He put it in those terms. The point would be reached, when the whole thing has been phased in, when nobody would get indexation until age 60.

I think his earlier statement provided a couple of exceptions, and because of what he has said now, I hope he will confirm those exceptions. In other words, is it not a fact that persons who are on pension because of disability or persons who are on pension because they are survivors get indexation without having to wait until age 60? I hope that will continue.