inflation and insufficient funds to provide adequate protection?

Mr. Andras: Mr. Speaker, to answer the first question, at age 55 when this program is phased in a person could still take early retirement on the 85 rule, or even a discounted pension but he would get no indexation until age 60, as is the case now for members of parliament. The pension rate is adjusted for the inflation that has taken place in the meantime, but there is no retroactive cash payment. That actual adjustment is lost to the person but the rate is adjusted upwards to catch up.

The answer to the second question is no. If the hon. member thinks through the intent of our proposal of the three year actuarial review, we are really pinning the indexation or supplementation to what is available in the fund. Of course, the paramount consideration is to set the rate for the next three years—every three years. I think the hon. member's concerns would be met by this mechanism.

[*Translation*]

Mr. Isabelle: Mr. Speaker, my question is quite simple. I would like to say, however, that I thought the hon. member for Hamilton West (Mr. Alexander) made a comment about me when he spoke. I merely heaved a sigh of relief because it is not that often these days that the opposition seems to approve principles put forward by this government. So, it is the only remark I wanted to make.

My question to the President of the Treasury Board (Mr. Andras) is the following. It is obvious that statements such as the one we heard today are going to create much uncertainty among retired officials. As the hon. member for Winnipeg North Centre (Mr. Knowles) and my hon. friend from Renfrew North-Nipissing East (Mr. Hopkins), many have said that it would be as if there were not any change. I would like the minister to tell me the number of retired officials whose indexing provision will be directly affected? Will it be 90 per cent, 95 per cent or 85 per cent? I heard that at least 85 per cent to 90 per cent of all retired officials will not have to undergo any change with regard to indexing. Would the minister confirm that allegation. Are they accurate figures? I am sure in doing so he would reassure thousands of retired officials.

[*English*]

Mr. Andras: Mr. Speaker, I want to hold to the principle of the three year actuarial review which I have proposed here. I will go on record as saying that it is my personal opinion that a very small percentage of public servants, perhaps 2 or 3 per cent, might be affected if those calculations down the road six years from now face up, unlike the adjustment between the ratio of interest, inflation and wages, and that sort of thing. So I think that the hon. member's 95 per cent figure is probably quite right. However, I want to make the final reservation that the actuarial review is just that, an actuarial review. So on that basis I am quite sure it will make very little difference.

● (1802)

[*Translation*]

Mr. Allard: Mr. Speaker, first of all I shall congratulate the minister for his good intentions. I thought I heard him say, a few moments ago, that the bill had not yet been printed. Can he tell us whether he intends to implement his good intentions through a bill, and when he will introduce it to the House? Will it be in the spring, before the next elections? I wish the minister would advise the House in this regard.

[*English*]

Mr. Andras: I will repeat the answer I gave the hon. member for Grenville-Carleton. It is our intention to have it available for the next session of parliament.

Mr. Clarke: Mr. Speaker, I understood the minister to say that no government funds would be used to supplement the indexing in the future, such as the $100 million that was needed to shore up the indexed portion of the fund last year. If that is correct, I have a two part question.

That deficit was caused by payments to pensioners who had not paid any indexing premiums because they retired before indexing came into effect and they are now indexed; also, the earnings in the fund were not adequate. The actuaries have said that even the excess earnings from the regular pension fund will not be adequate to cover indexed pensions in the future. It would seem to me, therefore, that the indexing is doomed to be cut back because of the inadequacy of the earnings. That is one part of the question.

Second, going back to pensioners who are already getting indexed pensions but have never paid into the indexing fund, where are their pensions going to be carried?

Mr. Andras: The injections of funds from the consolidated revenue fund really came because parliament had not yet authorized my proposal, which is the recognition, as the actuaries have said, that 30 per cent of the basic fund, or some $9 billion by the end of this year, belongs to the pensioners, retired people now. The excess interest over and above the basic 4 per cent, which is part of the actuarial calculations to protect their basic pension, has been credited back to the main fund, so that they have no access to it. It is our view that it is legitimately available for supplementing their benefits. Otherwise, how the devil will they ever have access to that additional interest which is being earned on the portion of the fund which they built up over their years of service? Granted that the 1 per cent they put in and the 1 per cent the government put in as the employer has only been in these last few years, but they would not have a sizeable nest egg from that, and that is the first that is used up.

I am satisfied, subject to correction, that this adjustment which I am proposing, which will be, at the present rate of interest, an additional 3.6 per cent on 30 per cent of $9 billion, will be sufficient to meet the index funding. I think the actuarial claim that it was not fully funded on the indexation is based on the more pessimistic projections of that all important ratio between interest rates, inflation and wage rate