

introduced was that it did not recognize that superannuation and the indexation of superannuation were both contributory plans. It treated superannuation as a pure transfer program; it treated superannuation as though it were OAS or as though it were Family Allowance, both of which are pure transfers. That is the source of the difficulty that I have had.

Just the other day the Hon. Member for Nepean-Carleton (Mr. Baker) made some comments on this subject. I want to indicate that this has been the position I have taken all along and I come back to a speech I delivered in the House on July 8, 1982. At that time, as reported at page 19156 of *Hansard*, I said:

There is another aspect of the program, and that is deindexation. I support certain elements of that deindexation as well, but there is one element of deindexation about which I have serious questions. I intend to pursue those questions. I know you intend to pursue them as well, Mr. Speaker.

The Hon. Member for Ottawa West (Mr. Francis) was in the chair at the time. I continued:

—The element to which I refer is the element of deindexation of public service superannuation. The reason I have questions about that is that contractual payments are made to individuals who made contributions during their working lives to fund indexation. If it could be shown that the fund which has been built up by public servants to fund the indexation of their pensions is inadequate or insufficient, then I could see justification for saying, "Yes, restraint". I have not seen that evidence. I have not seen anyone put forward evidence or indicate to me that there is evidence which indicates that the funding of that indexation program is inadequate. I will have to see that evidence before I can support this particular element of the deindexation program. If public servants in our ridings, Mr. Speaker, and all across the country made contributions to that fund which are adequate to cover the indexation of their superannuation payments, then I do not think that should be part of the restraint program.

I do support the over-all restraint program, but I put forward the caveat that I do intend to pursue that one element of the program.

Indeed, Mr. Speaker, that is precisely what I have been doing. More recently, at the RA Centre, several of us met with a group of senior citizens and retired public servants. At that meeting I came out at the beginning and indicated my full and unequivocal support for the principles of the six and five program and for the vast majority of the six and five program itself.

Second, I stated at that time that Bill C-133 was not acceptable in the form it then was. I also stated that it was unfair in that it failed to recognize that public servants had made contributions, that it treated superannuation the same as a pure transfer program such as those I have mentioned, Old Age Security and Family Allowance. I committed myself to fight to have the Bill altered.

Bill C-133 was designed with the apparent intent to limit the increase in the income of pensioners, not to limit the expenditure of taxpayers' dollars. By its very formation, it was aimed at saying pensioners' increases shall not increase by more than six and five. At the same time, of course, that would mean that the transfer from the taxpayers' purse would not increase by more than six and five and would probably increase by less than six and five.

What has happened is that when the Minister introduced the Bill for second reading yesterday, he made a fundamental shift in philosophy. That shift in philosophy recognizes that contributions were made and that increases in pensions should reflect the effects of those contributions over and above the

Supplementary Retirement Benefits Act (No. 2)

part contributed by the taxpayer. The Bill has been fundamentally changed. It is now designed to restrain the expenditures of taxpayers to six and five and not to restrain the increases in pensions to six and five. The whole target of the legislation has been shifted.

The numbers are not the important aspect at this point. What we have seen is a fundamental establishment of principles. It is not important that it is 6.5 and 5.5. The fundamental principle established in this Bill—and I am not sure whether the Department realizes this—is that it is the transfer from the taxpayer that is going to be restrained to six and five and not the increase, necessarily, in Public Service pensions.

That is a fundamental change and, as I said, it is not clear to me that all people realize that, including those who made the recommendation to the Minister. Whether the Department realizes it or not, it has now opened up a number of options for consideration by the committee of which the Hon. Member for Ottawa-Vanier (Mr. Gauthier) is Chairman.

First of all, if the increase in pensions is not the issue but rather the contribution from taxpayers' revenue, and if the fund contributed by public servants is inadequate to pay full indexation, then the rate of contribution should be increased until it is adequate to give full indexation. This is not an unusual thing; it has been done before.

Until 1977, public servants contributed one half of 1 per cent to the supplementary retirement benefits account to fund pensions. In 1977 that was changed and since then contributions have been at the rate of 1 per cent of salary. The Government should have no objection, I contend, to full indexation provided that the portion above six and five is paid for by public servants and not by the taxpayer.

Second, the Minister states that only 10 per cent of the cost of full indexation has been paid for by contributions from public servants. I suggest that this is not fully accurate. Specifically, the figure of 10 per cent relates only to the contributions and the earnings on those contributions that have been made to the supplementary retirement benefits account by those people now receiving a pension, and only by those who are now retired. It does not include contributions and the earnings on contributions which have been made by those public servants who are now employed in the Public Service. Since indexation was implemented for all retired public servants in 1971, even for those who never contributed anything to the supplementary retirement benefits account, it is obvious that the contributions of those now retired would be inadequate to fund their own indexation.

• (1710)

Third, the officials have contended that each public servant has a separate account into which his or her contributions are paid, both in the main fund and in the supplementary retirement benefits account. It is in that person's name. If this is so, then recent retirees have adequate amounts in their accounts to fund the indexation for this year, but early retirees prior to