Minister recalled that the Canadian Government under Mackenzie King had established a modest pension plan, which was gradually expanded in subsequent years. Under Prime Minister Pearson, the Government added an income supplement for people lacking any other source of income, and as you know—I am quoting the Prime Minister—my Government has indexed these pensions to cost-of-living increases.

In his opening statement, the Prime Minister went on to urge participants to look at important issues, such as what would constitute a decent retirement income, and should there not be special consideration for people on middle incomes who, all things being equal, often suffer a very substantial loss of income upon retirement.

Finally, the Prime Minister invited participants to consider another important point, and I am quoting from page 12 on the Conference proceedings:

> Pensions which are not protected against inflation naturally tend to dwindle over the years. People who thought they had purchased protection for the rest of their lives find that they have more serious financial problems the older they become. The unfairness of that situation, particularly when the savings pool to which they have contributed may have been reaping inflationary interest premiums, is not tolerable in a nation which believes in social justice.

Mr. Speaker, I could quote a number of passages from various speeches that have been quoted in the House during the last few years. However, I am confident that being a rebel does not mean forsaking a principle as basic as that of protecting people who because of circumtances are unable to defend themselves. They cannot ask for a raise and are often unable to seek gainful employment.

[*English*]

Before discussing my concerns about this unfortunate piece of legislation, I wish to review briefly the history and present status of the Public Service pension plan. The first Superannuation Act was passed in 1870, only three years after Confederation. It provided for annual allowances upon retirement because of age or disability, based upon the average salary for the last three years of work. However, there was no provisions for what are now called survivor benefits.

• (1600)

The next milestone came in 1924 with the passage of the Public Service Superannuation Act. Coverage was broadened to include departments, commissions, corporations and others designated by the Act or by the Governor in Council. Benefits were granted by the Governor in Council for age, disability or abolition of position and after ten years of service for resignation or dismissal.

The Civil Servants Widows Annuities Act passed in 1926 provided first benefits to widows of contributors who had retired or died prior to 1925. A requirement for ten years' service as a condition for granting benefits was lowered to five years in 1944.

Our present Act, the Public Service Superannuation Act, was passed in 1953. Among other things, the Act broadened the coverage and removed the distinction between permanent and temporary employees. Of special significance was the recognition in the Act of benefits as a right rather than as a discretionary grant by the Governor in Council. I repeat that benefits are a right. This is a point which may have been overlooked by at least some of the present advisers to the Government.

The Supplementary Death Benefit Plan was added as part of that same Act in 1955. Part III of the Act was added in 1970, to deal with contributions needed to finance the escalation of pensions in response to inflationary pressures authorized by the new Supplementary Retirement Benefits Act of 1970.

In the interim period there had been a number of technical changes arrived at providing for the integration of certain provisions of the Act with those of the Canada Pension Plan, the Quebec Pension Plan and the Pension Benefits Standards Act, including the matter of pension portability.

In 1967, employees leaving the Public Service after age 45 and ten years' service automatically became entitled to pension benefits. In 1975, the equality of status for male and female contributors was legislated by Bill C-52 for both contributions and benefits. That was not 50 years ago; that was in 1975.

The Supplementary Retirement Benefits Act initially provided that benefits would increase in relation to the cost of living with a maximum increase of 2 per cent per year. Contribution rates for both employee and employer were set at a half of 1 per cent. In 1974, the 2 per cent ceiling on increases was removed and, in 1977, the supplementary contribution rates were increased from one-half per cent to 1 per cent for both the employees and the employer.

Today, the Public Service Pension Plan requires that public servants pay 6.5 per cent of their annual salary into the superannuation fund account. In addition, they pay 1 per cent of their annual salary into the supplementary benefits accounts to cover indexing of cost of living increases after retirement. Of course, the employer matches these contributions plus interest earnings of only 4 per cent.

I was told today that that has increased to 6.5 per cent, but I have not had a chance to verify that figure. Therefore, I will stay with the 4 per cent figure.

It is important to note that these contributions go into separate accounts, an account for pensions and an account for indexing, credited to individual civil servants. Pensions and indexing supplements are paid from these individual accounts.

The President of the Treasury Board (Mr. Gray) has overall responsibility for the public service superannuation account with detailed administration being provided by the Department of Supply and Services. The Minister of Finance (Mr. Lalonde) is responsible for the financial management of the superannuation account.

The Minister of Finance, through the Department of Insurance, is also responsible for making actuarial evaluations of the account every five years. Since the last available evaluation date is 1977, it would have been reasonable, in my opinion, to expect the Department of Insurance to have conducted