

Supplementary Retirement Benefits Act (No. 2)

million or more. It is worth noting that one year's interest on \$500 million is just about equal to the amount the Government expects to save in its first year's implementation of Bill C-133.

Employees and pensioners have a deep concern and worry about this rate of interest which their pension accounts will earn in the future. The interest rate on the main accounts, as I have said, is determined by averaging interest rates on long-term Government securities over a 20 year period. As a result of this formula, the Government has for many years been able to use Public Service pension funds at rates of interest that have been well below current rates of interest. This situation will change though when rates of inflation come down to more realistic levels. When this happens the interest rate lag that is built into the formula will cause the pension accounts to earn interest at rates that will be well above current rates of interest. The question put to me by many pensioners and Public Service employees from time to time is, what assurance do employees and pensioners have when this occurs? Will the Government not then change the formula to suit its own purposes? This concern, in my view, is not easily dismissed as the current formula is not prescribed by statute but, rather, is determined by regulation.

• (1650)

Frankly, I do not know how to go about putting the minds of employees and pensioners at ease when they ask, "If the Government does not consider itself bound by commitments that are enshrined in statute, why should we believe that the Government will have a stronger attachment to commitments that are contained in regulations, particularly when these regulations can be changed without seeking the approval of Parliament?"

Of all the things that have transpired since Bill C-133 was introduced, I think nothing has perplexed employees and pensioners more than the tendency they have witnessed on the part of the Government to underestimate grossly the pension savings of its six and five proposal. When Governments embark on restraint programs, they are not usually inclined to hide their light under a bushel when it comes to telling the public about the savings they have achieved. If anything, they are usually accused of overstating the savings of their restraint initiatives. "Why", employees ask, "is the Government in this instance underestimating the financial impact of its Public Service legislative proposals?"

Another question I am asked is why the Government has said nothing about the pension savings which will result from the enactment of Bill C-124. As most Hon. Members are aware, the Government is required to credit large amounts to the Public Service Superannuation Act, the Canadian Forces Superannuation Act and the Royal Canadian Mounted Police Superannuation Act each year to cover the past service pension costs of salary revisions granted every year. When salaries are restrained, these amounts, which are called actuarial liability adjustments, are greatly reduced. Estimates which were provided to the Miscellaneous Estimates Committee by one of the unions indicates that the pension savings which the Government will realize through the enactment of Bill C-124 will run between \$900 million and \$1 billion. I expect that this

figure might run as high as \$1.5 billion if we included the Armed Forces and the RCMP.

The Government, to date, has not been particularly reluctant to publicize the savings in salaries it hopes to realize from Bill C-124, but there has been not one word on the pension savings. This is difficult to understand, particularly when pension savings are bound to exceed salary savings from Bill C-124.

During second reading debate on Bill C-133, the Minister stated that the Bill, if enacted, will produce pension index savings of \$165 million in 1983 and 1984. The Bill, however, would affect pensions after 1984, but no figures were provided by the Minister on the effects of the Bill on pension incomes after 1984. Estimates which were provided to the committee by some of the pensioner's organizations indicate that Bill C-133 will, over time, reduce pensioners' incomes by about \$500 million.

My back-of-the-envelope calculations suggest that the \$500 million figure is much too low and that we are likely to find a pensioner income loss of between \$1 billion and \$2 billion to be closer to the mark. I arrive at that figure by multiplying the life expectancy of pensioners who, on average, are 70 years old, by the life expectancy of 12 years, and multiply the savings of the Government in 1984, which is \$105 million, by 12. One can easily understand that my projection of \$1 billion is very conservative, to say the least, and is twice the amount given by some of the witnesses who informed the committee during its hearings.

Some employees and pensioners are more than perplexed by the tendency on the Government's part to play down the impact of its six and five proposals on pensions and pensioners. They feel that if true and proper figures were published, it would clearly be demonstrated that the sacrifice pensioners are being required to make is neither minor nor temporary but, rather, is substantial and permanent.

In the limited time available to me, I have not been able to carry out a comprehensive review of the claims, charges and apprehensions which have been raised with me over the past few weeks. It was necessary to read all the Miscellaneous Estimates Committee reports to try to inform myself of the aspects which were put forth by letter and telephone and in personal contact with hundreds of public servants in my riding and elsewhere. I have noticed that most of the issues which have been raised were contained in the very briefs or representations made to the committee, but they sometimes went unanswered because of the structure of the committee. Many of the points and representations made by employee unions, pensioners' organizations and others were not answered in a comprehensive manner. This may, of course, have been due to the hurried nature of the committee's proceedings and examination. Accordingly, I would like to suggest to the Minister that he carry out a detailed review of all the briefs which were submitted to the committee and that he send a comprehensive and detailed reply to the organizations and individuals who