

*The Budget—Mr. Groos*

The purpose of the government mutual investment fund would be to permit the government employee to share in the growth of the country through our industries and the development of our natural resources. The possibilities of growth in such a government mutual investment fund should go a long way toward keeping in step with inflation and the rise in the cost of living. It might even surpass it. In fact, the history of the growth of well-managed investment funds shows this to be likely. The cautious federal employee will keep all or most of his pension fund invested as at present. If he does this, he should know it will be at the risk of finding himself in exactly the same position as the federal superannuate does at the moment. The more venturesome federal employee will invest his funds more in the government mutual investment fund, and he should reap any benefits. As a result, he may well find his pension capital considerably greater than it would otherwise have been when he comes to retirement.

To pause for a moment in developing my proposition, I would point out that what happens today is that the government employee going to pension has, in effect, a government annuity purchased for him on the day of his retirement. It is a fixed amount, based in the main on his contributions and his age, and there are certain provisions for survivor benefits. Then, too, from time to time the government has to inject extra money into the fund to take care of salary increases beyond those due to normal promotion. I know this is an oversimplification and I apologize to the house for it, but I think it best describes the true situation. It is inflexible, and that is another fault I find with the present system.

Having said this, I will now proceed to my next suggestion. I believe that when a person retires from the federal civil service, the way these pension moneys are paid out should be more flexible than is now the case. I suggest that not everyone needs or wants to draw his full pension right away. If not, I do not think he should be forced to do so. Furthermore, I believe some persons may require a certain amount of capital when they retire. If so, I think they should be entitled to get it out of their pension fund. Why not? It's their money.

I believe the federal superannuate should, if he so desires, be permitted to leave all or a part of his money invested in the superannuation funds, fixed or mutual, just as long as he wants to, and if he dies while it is still

so invested it should then form a part of his estate.

I can see the plan I have outlined will not be an easy one for the government to accept, for a number of reasons. To begin with, it is still in the idea form, but in addition I can see that the Minister of Finance will be reluctant to allow the federal superannuation fund, which now contributes fairly large amounts to the government coffers, to slip from his grasp, since if this happened he would have to borrow equivalent moneys elsewhere to replace those amounts put into the government mutual investment fund. Furthermore the administration of the superannuation and the government mutual investment funds in the way I have suggested would be complicated and would require special equipment and personnel.

I feel sure, however, that none of these difficulties is insurmountable. The idea could be developed by persons with more expertise in these matters than I possess. The funds lost to the Minister of Finance can be raised for the government by other means over a suitable period of time, and the increased cost of administration can be calculated and perhaps allowed for as an operating cost chargeable to the fund.

● (4:10 p.m.)

I think the benefits from such a scheme as I have outlined would be several. First of all, most of these federal employees now "in the stream" would be able very quickly to establish control over their own pension funds. Once this is done, they would have little cause for complaint in the future if they found themselves in the income cost squeeze. Their pension income, quite largely, would have been determined by themselves. Of equal importance, however, is the fact that the government will equally quickly face a problem of known and manageable proportions in that, having removed from their direct responsibility most of the federal employees now in the government employment and those in the future, they would be left, in the main, only with those already retired. I think this is the point at which we want to arrive. The government can calculate exactly the cost of improving the financial position of this group. I feel most strongly that the government has a moral obligation to do this, at least to the point of re-establishing the pensioners' real purchasing power to the level where it was when they retired.

The government should give the lead to other employers in this respect. In fact some

[Mr. Groos.]