

Pensions

the very senior and large bargaining units. I am conscious of the desirability of what has been suggested. One of the reasons I need more time is so that I can consider the precise structure and mechanism to be set up.

[*Translation*]

Mr. Gauthier (Ottawa-Vanier): Mr. Speaker, I would like to thank the President of the Treasury Board who has corrected in his remarks to the House the French version of the text, which, I am afraid, contained some inaccuracies in paragraph A(1), that may have been confusing.

My question, Mr. Speaker, relates mainly to the figures given a short while ago by the President of the Treasury Board. If I am not mistaken, he said that the basic fund amounted to \$8.6 billion, at an anticipated interest rate of 7.6 per cent. I wonder if he could tell the House how much money is provided for the next three years, because these figures are calculated on a three-year basis. I think he has mentioned that \$525 million would derive from indexation, what would then be the amount required to maintain the present rate of indexation for the next three years?

● (1752)

[*English*]

Mr. Andras: Mr. Speaker, this gets into forecasting of certain things which one has to be careful about. I think that \$525 million to \$535 million would be sufficient to maintain the indexation the way it is now which is, of course, sufficient to meet the inflationary trends. I can confirm also at least \$525 million is available from the sources which I described earlier, subject to final check.

Mr. Howie: Mr. Speaker, I would like to direct my question to the minister. I refer to the three-year term that he has mentioned with respect to the triennial review. If I understood him correctly the minister indicated that at the beginning of each three-year term a rate would be struck in relation to the indexing, and that rate would prevail throughout the whole term. For example, how does this relate to the consumer price index which could fluctuate up and down quite rapidly during that three-year term? Would the indexing still be at the flat rate?

Mr. Andras: Probably it would, Mr. Speaker. Those are final details we would want to work out. I am saying that indexing will be up to the maximum of the fund available unless, of course, the consumer price index were lower than that, in which case there might be a surplus. That is not impossible to forecast in the future if the present equations hold.

Mr. Hopkins: Mr. Speaker, the minister has very capably explained the actuarial soundness of the pensions fund and how he intends to keep it sound. To add to some of the constructive remarks made by the hon. member for Winnipeg North Centre about the fears that might appear in headlines, I would like to add another statement to his. I have a statistic

[Mr. Andras.]

here which says that 85 per cent of the retire public servants in Canada today are receiving less than \$7,000 per year. That is a figure that should be emphasized, not the bigger ones.

Mr. Knowles (Winnipeg North Centre): Not all of them will be hurt.

Mr. Hopkins: The minister said he will be consulting with the Minister of National Defence. Several questions have been asked about the public servants and I would like to ask him what the status will be of a former member of the Canadian armed forces who is now on retirement at age 50. Can he give me this information in advance? Does it mean that with the five year prorated plan that he will find himself 60 years old before he gets any indexing? If he qualifies under the magic "85 formula" and by virtue of his being on pension now, even though it be a different system from the public service, will he or she receive indexing at age 55 or will that pension have to wait until age 60 also?

Along the same lines, what will happen to a member of the armed forces who has presently only one, two, three, four or five years to go for a pension; will he or she be prorated in the same way? In addition, what about the members of the armed forces who are presently retired between the ages of 51 and 55; what will happen to their prorating? Can the minister give me any information at this time?

Mr. Andras: Mr. Speaker, the plan is to bring all our pensioners, the Royal Canadian Mounted Police, the armed forces and public servants to the 60 year old access for indexed pensions. Those who are in the ages which the hon. member has referred to will move into that access in the same manner as I have described in my statement. If they are indexed now or are 55 years of age now, they will be all right. But one year at a time we will phase this out until everybody will be indexed at age 60.

As for the final question concerning the 51 to 55 age group, they would have to wait. They would be caught in that sense, I believe, and phased in the same way as I have described for public servants' indexation.

Mr. Hopkins: On a prorated basis?

Mr. Andras: Yes.

Mr. Elzinga: Mr. Speaker, first of all I would like to ask this question of the minister. In the event an individual does retire down the road at age 55 and the indexation does not take place until the age of 60 as the minister has announced, during that five year period when the cost of living may increase, is it completely done away with, or at age 60 is it accounted for, or is it completely lost?

Secondly, when the actuarial evaluation is made at the beginning of each three year period, is there any provision to look beyond that three years? In other words, is the decision based simply on what is expected to occur in the next three year period? If so, could this not lead to a situation where four years down the road a person might be faced with high