

What I am coming at is, I am not clear on this point at all and I would like your clarification of it. Does this mean a recommendation that the government, or some other force other than the contributions of the superannuation under the statute, namely the 6½ per cent or the 5 per cent are required to take care of these two deficits.

Mr. FLEMING: As to any terms in the report, we have Mr. E. E. Clarke, the chief actuary who actually wrote the report. I interpret the recommendation in this respect to this effect, that in the interest of complete actuarial soundness it is recommended that a sum of \$139 million be added to the fund to meet what is found to be an actuarial deficiency in the superannuation account.

Mr. McILRAITH: Then there is a separate reference to \$137.7 million. Are there two?

Mr. FLEMING: Excuse me a moment. Let us keep these two separate. When I used the figure \$139 million I was speaking of the unamortized portion. There also is the actual deficit in the amount of \$137.7 million. If you turn back to the previous page 23, in paragraph 6, you will see in the fiscal year 1956-57, the government made a special contribution of \$50 million towards the deferred charge, reducing it to \$139 million. It still stands at this amount. That is a carry-over of an earlier deficiency. You will see in paragraph 1 that as of December 31, 1947, the deficit shown in the valuation summary was \$252 million. There were several reductions; there were some increases in it, and finally with the last credit toward the deferred charge it was reduced to \$139 million four years ago and has remained at that figure since. That is the \$139 million which is the unamortized portion. The actual deficiency in the superannuation account, as estimated as at December 31, 1957, was \$137.7 million.

Mr. BELL (*Carleton*): Those figures should be added together to make the total deficit of \$276 million.

Mr. FLEMING: They are slightly different in nature, the way they have arisen. Mr. Clarke could explain it to you. However, they are different figures and they arise in different ways. At an earlier point the report indicates how the so-called unamortized portion of the actuarial deficiency in the account arose. You will see that on page 22.

Mr. McILRAITH: The \$139 million, as I understand it, is subject to the same variation as the other. The other might vary more from year to year.

Mr. E. E. CLARKE (*Chief Actuary, Department of Insurance*): The \$139 million, or the prior amount, added to the balance in the account would be the government's interest year by year. So the \$139 million is an inadequate figure. The \$137.7 million—I am thinking of this as an ordinary pension fund—would increase if it were left with the interest being credited towards it; it would increase with the valuation of interest which the government ordinarily contributes towards the balance of the account.

Mr. McILRAITH: How much was contributed to these two deficits in the period from the end of the war up until the time of this actuarial summary? Was it \$250 million?

Mr. K. W. TAYLOR (*Deputy Minister, Department of Finance*): Yes, in respect of the first deficit since the second was not known to exist until later.

When the last preceding actuarial valuation was tabled in March 1952 an overall deficit of \$387 million arising out of the normal contribution procedure previously in force was revealed. Over the years in question, special non-statutory contributions amounting to \$248 million were authorized by Parliament and applied to reduce this deficit to the figure of \$139 million previously described as the unamortized portion of the actuarial deficiency in the Superannuation account.