

Mr. BRYCE: I beg your pardon, sir?

Senator CROLL: You did not use that phrase. You spoke of the figure you set aside for future benefits.

Mr. BRYCE: Oh, these are the accruals of our obligations.

Senator CROLL: Annually?

Mr. BRYCE: Annually, yes. If you look at our last Public Accounts, our annuity, insurance and pension liabilities in the year, between March 1962 and March 1963, went up by over \$500 million.

Senator CROLL: In what length of time?

Mr. BRYCE: In 12 months. Part of that was annuities and part was—

Senator CROLL: Does it rise each year by that sort of figure?

Mr. BRYCE: Yes. If you take the accruing liability in the Civil Service pensions in that year, that rose by \$137 million. If you take it for the Canadian Forces, it rose by \$327 million. These pension liabilities build up to an enormous amount, but we are paying out very little of that.

The CHAIRMAN: That is true. However, if the Government were a private company it would in point of fact be paying that into some trustee account as against the ultimate liability.

Mr. BRYCE: Not every private company does that, sir. You do that if it is a trustee plan or if it is run by an insurance company. Some companies just make a memorandum of their accruing liability.

Senator CROLL: A memorandum they tear up and forget about in due course.

Senator O'LEARY (*Antigonish-Guysborough*): This is accrual accounting rather than the normal cash accounting?

Mr. BRYCE: It is. In fact, it is more than that; it is actuarial accounting.

Senator LAMBERT: Thanks very much for your patience.

Senator SMITH (*Queens-Shelburne*): This fund, this amount of deficit, or whatever you want to call it, is that the fund a former Minister of Finance, Mr. Abbott, used to find a way to reduce his surplus? It seems to me there was some contribution made to reimburse pension funds which were getting in bad shape.

Mr. BRYCE: We create deficiencies in those accounts when we increase pay rates, because our liabilities for pensions in the future depend on what pay rates are going to be at the time people retire. The practice now is—and I am speaking from memory—that we recognize those liabilities as soon as we have determined them with any precision. For example, the Minister of Finance tabled the latest report of the actuaries on the public service superannuation fund just the other day, and he indicated he was proceeding to implement the policy he had outlined to the House in March of last year. I have given instructions recently to increase that liability account by some \$110 million. We will ask Parliament's authority to charge this, in that particular case, to net debt, as we did last year—and this is a rather technical problem. But, again, we have recognized a liability for some \$20 million-odd for a particular set of pay increases that took place last year. We will ask Parliament for authority to charge that to our expenditures, so much a year over five years, so as to show that this is part of the cost of running the Government.

Senator SMITH (*Queens-Shelburne*): That is the same thing that was done some years ago.

Mr. BRYCE: Years ago we did not have a systematic plan. We knew there was an excessive liability there that had not been charged to expenditures, and from time to time Ministers of Finance did ask Parliament for authority to