

*Order Paper Questions*

Question 387—CDC Life Sciences Inc.	109.2	(1.3)	139.8	4.1
Question 388—Petrosar Limited	—	—	40.1	(.8)
Question 389—CDC Oil & Gas Ltd.	35.3	12.2	43.2	11.8
Question 401—Canada Development Corporation (consolidated basis)	724.1	23.8	1,305.9	36.4

2. Information concerning (a) direct or indirect subsidies or other benefits conferred by the government on any of these legal entities; (b) loans, advances or guarantees extended by the government to these companies; and (c) investment by the government in these companies is published in the Public Accounts of Canada and is equally accessible to the hon. member.

ANNUITIES BRANCH

**Question No. 730—Mr. Blenkarn:**

1. Can government annuities be purchased from the government and, if not, will the annuities branch be wound down and, if so, how long before this can be done?

2. How many employees are employed in the annuities branch?

3. Is the government contemplating paying to annuitants an interest rate equal to the interest rate presently paid on Canada Savings Bonds and, if not, for what reason?

4. Does the report of the annuities branch relate to the recruiting and the training of staff and, if so, for what reason, if the service will eventually no longer exist?

5. Is the annuities branch being moved to Bathurst, New Brunswick and, if so, for what reason, if the branch will eventually disappear?

6. What is the total cost of administering the annuities branch including salaries paid to those doing the administrative work?

**Hon. Lloyd Axworthy (Minister of Employment and Immigration):** 1. Canadian government annuities are no longer being sold. As indicated in the annual report for 1978-79, however, the annuities branch is still administering the contracts of some 115,200 persons now receiving payments; additionally, some 102,980 certificates under group pension plans are still to come under payment to participants in those plans; and a further 38,369 individual annuity contracts are yet to mature. On this basis, it is estimated that the branch's workload will increase until the early 1990s. The last deferred annuity may go into payment as late as 2035. There is therefore no intention to 'wind down' the branch at the present time.

2. At 31 March 1980 the branch had 114 employees in Ottawa and 64 employees in Bathurst, or a total of 178. The number employed is somewhat higher than usual, because of the overlap necessary to maintain continuity of operations as the Bathurst staff is built up and the Ottawa staff is run down. The 1981-82 level should be 109, almost wholly in Bathurst.

3. In the autumn of 1979, a review of the interest rate situation as it affected the annuities program was undertaken by the officials responsible in the departments concerned, to see if the rate of interest paid in the administration of annuities contracts should be altered under the provisions of subsection 3(2) of the Government Annuities Improvement Act of 1975. The review is now complete, and it has been decided that no change in the interest rate paid in respect of these contracts

will be made at this time. The review involved extensive interdepartmental consultations. The government regards government annuities as but one of a broad range of fixed contractual obligations into which it has entered. To grant special concessions at this time to the holders of government annuities, financed from general revenue, would raise questions of equity vis-à-vis other investors who have been equally affected by rising interest rates. The present situation is not to be compared with that which prevailed in 1975, when the rate was raised to 7 per cent. The 1975 initiative should be seen as the correction of a completely anomalous situation which had developed over many years, and not as the first in a series of periodic adjustments to correct the adverse effects of fluctuations in interest rates. In fact, in the entire period from 1908 to 1975, annuitants were bound by the rates prevailing at the time they contracted with the government, some rates being as low as 3 per cent, and this despite the sharp increase in rates in the 1960s. To undertake a continuing series of adjustments would offer holders of government annuities privileges, financed from taxpayers' moneys, which are not available to those who have invested in other comparable financial instruments. Such a policy would call into question the binding nature of contractual arrangements of the federal government and, if broadly extended, could ultimately lead to serious disruptions in capital markets.

4. Since (as explained in (1)) the operations of the branch must continue for many years to come, replacement of employees who leave must also continue. The relocation, to Bathurst has, moreover, required considerable restaffing and retraining of the branch, since no Ottawa employee has elected to move to Bathurst.

5. Yes. The relocation is part of the general program of decentralization of selected units of the public service from Ottawa. As explained in (1), the branch will continue to exist for many years.

6. Administrative expenses for the fiscal year ending on 31 March 1979, were: \$3,062,536. This figure reflects certain one-time expenses incurred in connection with the move to Bathurst. The corresponding 1977/78 figure, of \$2,481,940, probably more nearly represents a normal year for the branch.

POST OFFICE DEPARTMENT—STUDIES RELATED TO MARIJUANA

**Question No. 818—Mr. Howie:**

Since April 1, 1975, what amount was spent on studies related to marijuana by the Post Office Department?

**Miss Aileen Nicholson (Parliamentary Secretary to Minister of Consumer and Corporate Affairs and Postmaster General):** None.

CFB GAGETOWN—PMQ UNITS

**Question No. 895—Mr. Howie:**

On January 1 (a) 1979 (b) 1980, how many PMQ units at CFB Gagetown were (i) unoccupied (ii) occupied by non-military personnel or their dependents?