

50. *Government contributions not made to the Public Service Superannuation Account.* As was the case in the three previous years, no special credits were made to the Public Service Superannuation Account in 1963-64 in respect of salary increases granted to civil service classes as the result of cyclical salary reviews, although subsection (2) of section 32 of the Public Service Superannuation Act, 1952-53, c. 47, reads:

There shall be credited to the Superannuation Account, as soon as possible following the authorization of any salary increase of general application to the Public Service, such amount as, in the opinion of the Minister, is necessary to provide for the increase in the cost to Her Majesty in right of Canada of the benefits payable under this Act, as a result of such salary increase.

We were informed that the reason no such special credits were made to the Account as required by section 32 was that the salary increases granted in 1963-64 were not regarded as increases "of general application".

On March 6, 1964 the Minister of Finance outlined in the House of Commons a general policy for dealing with deficiencies in the various superannuation accounts. The Minister stated that the deficiencies existing prior to the commencement of the 1963-64 fiscal year would be written off to net debt, deficiencies created by general pay increases made in that year which the law requires to be charged to that year's expenditure would be so charged, and that deficiencies arising from pay increases during the year which were not general in scope would be charged to expenditures over a five-year period commencing in 1964-65. The Minister further stated that in future the deficiencies arising from pay increases, whether of a general or cyclical character or otherwise, would be charged against expenditures over a five-year period commencing in the year in which the increases are authorized.

When announcing the implementation of this policy on November 12, 1964 the Minister stated that authority would be sought from Parliament during the year to write off to net debt a deficiency in the Public Service Superannuation Account as at December 31, 1962 of \$110,536,000 plus interest and to charge the deficiencies arising from pay increases authorized during the fiscal years 1963-64 and 1964-65 against expenditures over a five-year period commencing with 1964-65 (see paragraph 123 of this Report).

It has been calculated by the Department of Insurance that the deficiency in the Account as at December 31, 1962 plus interest to December 31, 1964 will amount to \$119,556,000 and that the additional deficiency arising from pay increases authorized in 1963-64, with interest to December 31, 1964, will amount to \$30,506,000.

Paragraph 50, I would suggest, might be put forward to 1965.

51. *Errors in Public Service Superannuation Account pension and contribution calculations.* Comments under this heading have appeared in our Reports to the House for the past three fiscal years. The Public Accounts Committee in its Fourth Report 1963 noted with concern the high incidence of error in the superannuation accounts, and in its Sixth Report 1964 (see Appendix 1, item 33) expressed concern that this matter is taking so long to be corrected and requested the Auditor General to keep the Committee fully informed.