

the cost to Her Majesty in right of Canada for the benefits payable under that Act as a result of the said salary increases—\$10,000,000.

The Treasury Board, by T.B. 641422 of May 27, 1965, prescribed one-quarter of one per cent as the percentage of contributors required for purposes of Vote 18. This was to take care of a situation where salary increases were not authorized to all members of a large group at the same time within the fiscal year, and while no single increase applied to as many as one per cent of the contributors under the Act, in total they did.

Although the three superannuation Acts, as amended, authorize credits to the superannuation accounts in five equal annual instalments, the full amount of the actuarial deficiency in each account was credited during 1964-65 and an offsetting entry was made to a deferred charge account. The deferred charge was then reduced by debiting expenditure with the one-fifth authorized for the year, leaving four-fifths to be shown as "unamortized portions of actuarial deficiencies" on the asset side of the Statement of Assets and Liabilities until charged to expenditure in subsequent years.

By immediately crediting the superannuation accounts with the full amount of existing deficiencies, additional deficiencies resulting from loss of interest were avoided, but the practice is not consistent with the recent amendments to the governing statutes.

The following is a summary of the transactions in the deferred charge accounts during 1964-65 and the position at the year-end:

Balance, April 1, 1964, representing the unamortized portion of the actuarial deficiency in the Public Service Superannuation Account as at December 31, 1957	\$ 276,661,000
Add:	
Public Service Superannuation Account	
Deficiency as at December 31, 1962 with interest to December 31, 1964	\$ 119,556,000
Deficiency arising from pay increases authorized in 1963-64 with interest to December 31, 1964	30,506,000
Deficiency arising from pay increases authorized in 1964-65	19,395,000
	169,457,000
Canadian Forces Superannuation Account	
Deficiency arising from pay increases authorized in 1964-65	67,202,000
Royal Canadian Mounted Police Superannuation Account	
Deficiency arising from pay increases authorized in 1964-65	5,192,000
	241,851,000
	518,512,000