

*Supply—Finance*

companies, that they will not lend on land already encumbered. As a rule those who have a Veterans Land Act loan would not turn to the farm loan board for help. However, the board will review the situation.

**Mr. Fulton:** What I have in mind is that loans under the Veterans Land Act can be restricted to only one part of the farm, leaving another part even without buildings to be security for what would then be a first mortgage under the farm land board act. At the present time the requirement under both acts is that the loan shall cover the buildings and there does not seem to be room for any adjustment.

Item agreed to.

Administration of various acts and costs of special functions—

114. Superannuation and retirement acts, administration, \$176,603.

**Mr. Macdonnell (Greenwood):** My recollection is that \$75 million was put into the superannuation fund last year.

**Mr. Sinclair:** That is correct.

**Mr. Macdonnell (Greenwood):** At that time the explanation was given that that was so to speak a payment on account of arrears; in other words, that the fund was not actuarially sound. Could the parliamentary assistant give us the present position?

**Mr. Sinclair:** When the minister discussed this matter in the house when he introduced the \$75 million he said he had asked the actuarial branch to make a full investigation into the position of the government superannuation fund. The report on that matter has been prepared and the minister hopes to table it at the beginning of the fall session. It is a very detailed and technical report because there are so many peculiar features in the government superannuation fund.

As long ago as 1933 when the government of the day had an investigation made the fund was \$53 million below what an actuary would require as an adequate fund. Since that time two things have happened. There have been a great number of new entries which have been given credit for previous service and which have paid their contributions, but the government had not matched those contributions.

The second thing which has had a great effect is the sharp rise in salaries in the last ten years. The present government superannuation fund is based on the average salary for the last ten years. We have a situation now where the great bulk of civil servants who have been some years in the service were on a low salary scale and were therefore making small contributions. During the

[Mr. Sinclair.]

last few years of their service their salaries have gone up and they are going to be paid pensions on a markedly increased scale.

That is the reason for the lengthy and detailed study by the chief actuary of our insurance branch. It was as a bookkeeping entry that we made this payment of \$75 million into the fund. The minister told me that it was his intention to table this report in the fall at which time it would be appropriate to have a discussion of this matter.

**Mr. Macdonnell (Greenwood):** Does that report show a total which could be given now?

**Mr. Sinclair:** I do not know whether it would be proper for me to give it before the report is tabled, but it is here.

**Mr. Macdonnell (Greenwood):** Is it to be the policy to go on from year to year meeting deficits? Perhaps that is another question which the parliamentary assistant does not feel he can answer and I shall not press it.

**Mr. St. Laurent:** The government has been giving careful attention to this problem on the principle that it is only proper that the amount of the liability of the fund as it increases each year should be taken care of out of the revenues of that year. Whatever be the cause of the increase in the liability, as the actuarial liability of the fund is increased, either because more are brought in or because there have been salary increases, or as the expected outgoings are larger, there should be an attempt made to estimate that as closely as possible and have it regarded as a charge against the revenues of the current year in which it arises.

A report was prepared on the condition of the fund from an actuarial viewpoint as of December 31, 1947. In order to do that they had to establish a long series of tables of probabilities. Those tables of probabilities having been established, they have now been asked to bring the report along from year to year so we can see what the trend is. I expect that there will come a time when stability will have been reached and when it will be possible to see how much has to be paid into the fund annually so that as a going fund the amount taken in would always overbalance the amount paid out.

It is strange that although the actuarial deficit is said to have increased by many millions since 1933 the amount in the fund, even prior to this credit of \$75 million, was larger in 1947 than it was in 1933. I suppose that is due to the proportion of the debts that were being incurred being larger than the proportion of the debts that were being extinguished by the mortality of pensioners.