

ROUTINE PROCEEDINGS

[English]

PETITIONS

INCREASED EXCISE TAX ON GASOLINE

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, it is my pleasure to table petitions signed by a number of individuals who oppose the recent increases in the excise tax on automobile fuel which has been levied to pay for the tax giveaways to the oil companies in the Western Accord.

[Translation]

POSSIBLE CLOSURE OF CN MONCTON SHOPS

Mr. Fernand Robichaud (Westmorland-Kent): Mr. Speaker, it is my duty to table another petition today from people in a number of communities in New Brunswick including Moncton, Richibucto, Buctouche, Salisbury and Sussex. Mr. Speaker, these people are worried about the situation at the CN shops, and the purpose of their petition is to ensure that the Government understands how important the jobs in Moncton are.

[English]

SALE OF DE HAVILLAND CORPORATION

Mr. Sergio Marchi (York West): Mr. Speaker, I have a petition from residents of my riding as well as ridings across Metropolitan Toronto who protest the sale of de Havilland to Boeing. They urge the Prime Minister (Mr. Mulroney) and his Government to maintain an active and effective Canadian interest in such a vital area of our economic life.

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QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Doug Lewis (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I wish to advise the House that the following questions will be answered today: Nos. 407, 408 and 409.

[Text]

PSSA—RATE OF INTEREST

Question No. 407—**Mr. Cassidy:**

1. For each year since 1970, what was the average annual real rate of interest that (a) was earned (b) the actuarial valuation of the Public Service Superannuation Account (PSSA) assumed would be earned by the PSSA?

2. By what amount were the actuarial liabilities of the PSSA for past service increased as a result of changes made in the valuation assumptions on the real rate of interest that would be earned by the PSSA?

3. By what percentage of contributory payroll were employer PSSA costs for future service increased as a result of changes made in the valuation assumptions on the real rate of interest that would be earned by the PSSA?

Order Paper Questions

4. Were representatives of PSSA contributors and pensioners consulted on changes made in the valuation assumptions on the real rate of interest that would be earned by the PSSA and, if not, for what reason?

5. What are the corresponding answers to parts 1 to 4 with respect to the Canadian Forces Superannuation account and the Royal Canadian Mounted Police Superannuation Account?

Mr. Paul Dick (Parliamentary Secretary to President of the Treasury Board):

Public Service Superannuation Account (PSSA)

1. (a) Average Annual Real Rate of Interest Earnings

Year	Per cent
1970	3.9
1971	0.8
1972	0.9
1973	-3.3
1974	-5.8
1975	-2.7
1976	1.3
1977	-2.0
1978	-0.6
1979	-1.7
1980	-2.6
1981	-0.3
1982	0.8
1983	6.0
1984	7.1

(b) The real rates of interest assumed in the actuarial reports for the PSSA since 1970 were:

Year	Per cent
1972	4.0
1977	3.5
1980	3.0

2 and 3. The 1972 PSSA actuarial valuation used a 4 per cent interest assumption. Rates of future salary increases and inflation were not projected.

The 1977 PSSA valuation used assumptions of 6.5 per cent for interest, 5.5 per cent for salaries and an implicit inflation rate of 3 per cent which means that the real rate of interest was assumed to be approximately 3.5 per cent. The effect of assuming a 6.5 per cent interest rate instead of a 7 per cent interest rate (which would have retained a real rate of approximately 4 per cent) was to increase liabilities by about \$843 million and current service costs by 1.5 per cent of pay.

The 1980 PSSA valuation assumed a 6.5 per cent interest rate and an implicit 3.5 per cent inflation rate (i.e., about a 3 per cent real rate of interest). The effect of assuming 6.5 per cent instead of 7 per cent for interest rates (which would have retained about a 3.5 per cent real rate of interest) was to increase liabilities by approximately \$1,009 million and current service costs by 1.2 per cent of pay.

4. Representatives of PSSA contributors and pensioners were not consulted about the change in real interest rate assumptions used to value the PSS Account. The benefits were not affected by the change in these assumptions. The assumptions were changed to enable realistic cost comparisons with private sector plans. Also, pensions are not negotiable with plan members.