Order Paper Questions

SUBSIDIES TO CITY OF ROBERVAL

Question No. 2,848—**Mr. Gauthier (Roberval):**

Since 1956, has the Department of Regional Economic Expansion granted subsidies to the City of Roberval for the construction of a breakwater and rampart, directly or through programmes such as the Winter Capital Projects Programme and, if so, what was the amount annually?

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: DREE was not created until April 1, 1969, and since that time the department has not provided any funds for the construction of a breakwater or rampart in Roberval.

CBC—ANNUAL CONSUMPTION OF PROCESSING AND PRINTING 16 MILLIMETER FILMS IN BRITISH COLUMBIA

Question No. 2,849—**Mr. Lee:**

From 1973 to 1977, what was the annual consumption of processing and printing services for 16 millimetre film, in terms of dollars and footage, by the Canadian Broadcasting Corporation in British Columbia?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: Fiscal years: 1972-73, $281,263; 1973-74, 297,465; 1974-75, 292,-426; 1975-76, 296,966; 1976-77, 338,658. These figures include other film laboratory services such as edge numbering, sound mixing and transfer. No cumulative record is maintained of film footage processed and printed, and this information cannot be extracted readily or without an inordinate amount of work, time and expense.

CNR PENSION TRUST FUND

Question No. 2,850—**Mr. McKenzie:**

1. Did the Superintendent of Insurance, in 1967, approve a 60 year period for CNR to pay off their debt to the employees' Pension Trust Fund and, if so, for what reason?

2. Was this an unusually long period of time when the Pension Benefits Standards Act required payment in full by October 1, 1967 and, if it is not, for what reason?

3. Did CNR, upon receiving permission to pay off their $671 million obligation over a period of 60 years on an amortized basis ($29,255 annually), increase the interest rate from 4 per cent to 7½ per cent thus reducing their debt to $300 million and, if so, for what reason?

4. How was the 7½ per cent interest rate arrived at?

5. Was the Superintendent of Insurance aware that the change was to be made at the time he was asked to approve the 60 year repayment period and, if not, was he subsequently informed that this change was being made and given the reasons for it?

6. What information was the Superintendent of Insurance given concerning this matter and what was his response to the CNR Pension Trust Fund?

7. Is this type of change a common occurrence or was this a unique situation?

8. Did the change create a paper surplus of $371,000,000 which would not have to be paid into the pension fund account by CNR and are the pension funds being held owned 100 per cent by employees and pensioners and, if so, did (a) the employees and pensioners receive 100 per cent of the paper surplus and, if not, for what reason (b) CNR receive any part of the paper surplus in their position as a trustee and, if so, for what reason?

Mr. Ralph E. Goodale (Parliamentary Secretary to President of the Privy Council): I am informed by the Departments

of Finance and Transport as follows: General Comments: From the questions, it would appear that there may not be a common understanding as to the nature of funding under the Pension Benefits Standards Act. Accordingly, so that Canadian National's answers may be meaningful, its understanding is stated as follows: the term "Fully Funded", when applied to a pension plan, describes one which has assets which, with their earnings, are sufficient to provide for all pension and other benefits payable under the terms of the plan in respect of service of employees and former employees; and "Unfunded Liability" is the amount by which the assets of the plan are required to be augmented in order to make it fully funded. It follows, then, that an unfunded liability is not a fixed sum of money, but rather an estimate, prepared by independent professional actuaries, of the amount which, at a particular time, would have to be added to the trust fund in order to make that fund, together with its earnings, adequate to provide for payment of all pension benefits payable under the terms of the plan. In making such an estimate, the actuary bases his opinion upon assumptions related to life expectancies of employees and pensioners, and their spouses, anticipated earnings of the fund, the rate of inflation, and the anticipated rate of change in salary levels. Each of these factors varies, from time-to-time; at intervals of not more than three years each, a plan must be reviewed to establish, among other things, the amount of the unfunded liability arising out of a change in the actuarial methods or bases, and the experience deficiency or surplus, if any. 1. No. A sixty-year period was permitted by the Regulations for Crown corporations.

2. When the Act became effective on October 1, 1967, Crown corporations were permitted a period of sixty years to liquidate deficits that existed on October 1, 1967; other employers having pension plans subject to that Act were permitted a period of twenty-five years.

3 and 4. As at December 31, 1968, on the recommendation of its independent consulting actuaries and investment advisors, reflecting more realistically investment and wage trends, the earlier assumption with respect to investment income was revised from 4 per cent to 7½ per cent; and a 4 per cent wage inflation factor was, for the first time, built into the assumptions. The actuaries concluded that the amount of the unfunded liability of the CN pension plan, as at that date, was, in fact, approximately $300 million rather than the $671 million which had been previously estimated.

5. The Superintendent of Insurance was not aware, on October 1, 1967, of any intention to change the interest rate used to value the obligations under the pension plan. When the change was made in 1968, the Superintendent was aware of the change and was given the reasons for it.

6. Information was given to the Superintendent of Insurance concerning the rate of interest being earned on the assets in the fund and the rate of interest expected to be earned in the future in the light of investments currently being made. Discussions took place with the actuary responsible for the valuation. The choice of the interest rate to be used was the