

Mr. FRASER: In regards to ten year period I would like to ask a question.

The CHAIRMAN: If you do not mind, before we leave these two points I have another question I wanted to ask. Is the government now making a practice of immediately paying into the fund the amount which it should pay to match the employee's contribution for past service?

The WITNESS: Yes. It does it once a year.

The CHAIRMAN: And that is now established practice?

The WITNESS: Yes; and I might add the government is moreover crediting the fund with the full interest including the interest in this \$189 million deficit.

Mr. CRESTOHL: Is that done as a result of the statutory provisions or done as an ex gratia provision by the government?

The WITNESS: It has been put in the estimates in each of the last three years and the principle is in the bill now before us.

The CHAIRMAN: At the time the last general increase of salaries occurred did the government pay into the fund the requisite amount to complete the fund?

The WITNESS: Yes sir. \$23 million.

*By Mr. Balcom:*

Q. Has the government not keeping up their contribution influenced the decision to have the time extended to ten years instead of five? If that full amount had been paid up over the years— —A. As I understand it, the actuarial report says if you so to speak start from scratch it would cost 12½ per cent gross male payrolls and 10 per cent gross female payrolls to keep the fund in balance.

The CHAIRMAN: The present rate of payment really is a half per cent lower than it should be as to the composite payment of the employee and the government.

The WITNESS: The bill makes a mandatory requirement for a five year's re-examination and report on the actuarial basis and tabling in parliament.

*By Mr. Fraser:*

Q. How do you figure your average out then? It is a ten-year average on here and it was mentioned when you were talking about coming in from a provincial civil service that you start from the time of election and took their salary at that time. That would only be on a one year basis there. And then on the next page here on contribution it mentions the fact that a person who is in on only a five or ten year basis the formula is based on the average salary of that time so that a civil servant would get the advantage over the other one.—A. It is the case of a civil servant who leaves on account of age or disability having less than ten years service. A person could come into the government service at the age of 55 and retire at 63. He goes out on the basis of the average salary over the whole period of service which would be eight years in that case.

Mr. LESAGE: It is only 16 per cent he will get.

The WITNESS: The average of the eight years. He cannot have an average of ten.

Mr. FRASER: He might have come in for those eight years at a higher salary than a civil servant under other conditions.

The WITNESS: He would have to pay 6 per cent of his salary.

The CHAIRMAN: Any further questions under the heading of benefits?