By Mr. Richard:

Q. Mr. Chairman, will there be any evidence given as to whether it will be possible to have the five-year period from the point of view of making the fund sound at these rates? There should be some evidence of this nature come later.—A. I will put it this way, that the actuarial report which was tabled in the House just a year and a half ago indicated that there was a deficit in the fund, of a very large amount. That deficit was due not so much to the rates of contribution being too low, or the benefits too high, but for three other reasons. One was the government had not been in the habit of matching the contributions which civil servants made for past service; secondly, every time there is a general increase in salaries, which raises the general average of people going out, you create a hole in the fund because the pensions are based on the last ten years' average, or now the best ten years, and not over the average salary for the whole period of their service.

Q. But under this Act that is corrected?—A. That is correct.

Q. What puzzles me is that under the old plan of five years it must have been figured that it was sound actuarially. Maybe you will give us information on that later?—A. The report also indicated that on the present scale of benefits and present life tables and all the mathematically related factors it would cost 12½ per cent for males and 10 per cent for females. On the general principle that the employer would pay half and the employee would pay half, the contributions were put at five per cent for females, therefore the government contributes five per cent, and the males ought to pay 6¼ per cent if they were to pay exactly half of the mathematical calculation made two years ago.

Q. Then the government would have to pay more to make it a five-year plan?—A. Yes.

By the Chairman:

Q. You refer to two features: one, the government had failed to put in amounts matching contributions of employees for past services. Is that practice still in force?—A. No, the government changed the practice a year ago.

Q. And you also mentioned the fact that the government had not been paying into the fund the amount made necessary to keep the fund actuarially sound which arises when a general increase in salaries occurs. Is that being properly taken care of now?—A. That, too, was taken care of last year and is provided for in this Act on a statutory basis.

Q. What special contributions has the government made in the last five years?—A. In the last three years it made contributions of $175 million: $75 million two years ago, $75 million last year, and $25 million this year, in addition to the normal annual contributions.

By Mr. Macdonnell:

Q. What was the deficiency when the government began to make these payments, and how much is it now?—A. It is now $189 million. $175 million has been paid in, so the total deficit on an actuarial basis was about $360 million. It was $189 million at the end of the fiscal year just closed.

Q. This subject is so big I want to refer to your plan for carrying it through, Mr. Chairman. I have a letter here, but I am not going to read it. A man was appointed in 1922 and he is subject to the disabilities we have heard about. Could we have a figure showing what is involved, because it does seem to me that there is a great hardship. The old D.S.C.R.—

The CHAIRMAN: We have agreed we are going to deal with the D.S.C.R. in that special feature where the employee is called upon to pay not only his own contribution but the government contribution. The committee decided not long ago we are going to deal with that at one special meeting and have the delegates here.