

When the Civil Service Superannuation Act was passed in 1924 it was provided that those who were permanent civil servants within the meaning of the act on July 19, 1924, should be given the advantage of the average salary over the last five years of their service in the calculation of any allowances which might be granted to them. On the other hand any temporary employee on that date, or anyone else who subsequently became a permanent civil servant, was to be subject to a ten-year average salary provision instead of five years.

While ten years was determined in 1924 as a necessary factor for actuarial reasons in the benefit formula for future contributors, the five-year provision was put in primarily for the benefit of those who would be retiring shortly after 1924, after having gone through a recent period of low salaries which were supplemented by a cost of living bonus. The use of the five-year period instead of ten would be some compensation to that group, those who it was expected would be retiring very shortly after 1924.

The use of the five-year period instead of the ten-year period was deemed to be some compensation for that series of events.

Mr. RICHARD: Are those employees who were temporaries after 1924 and made contributions, and after 1924 when the new Act came into effect the five-year plan did not apply and the contractual relationship ended by statute?

The WITNESS: The only ones who got under the five-year average were those who were permanent civil servants prior to July 19, 1924.

The CHAIRMAN: If members want this evidence to go on the record, you will have to speak one at a time and not across the table.

*By Mr. Brooks:*

Q. What portion of the civil service would be under the five-year basis and under the ten-year basis?—A. I am sorry.

Q. What number would be under the different bases?—A. There must be a very small fraction of the present civil service who are under the five-year average now. That change was made almost 30 years ago. The period was changed, and in order to come under that an employee would have to have 30 years of continuous service and be still working in the civil service.

*By Mr. Macdonnell:*

Q. Mr. Taylor, I understood you to say something which I could not quite understand. You said, if I followed you, that it had been made a ten-year average instead of a five-year average because of the need of making the fund actuarially sound. Did you say that?—A. Yes.

Q. Well, that puzzled me because I thought of what is it that makes a fund actuarially sound. The conditions under which he has to work are set out and you have got to determine whether it is a ten-year period or a five-year period, and then have your contributions tailored to fit that.—A. I was not quite accurate on that, I agree. The point is that actuarial soundness, of course, depends on the rates of contributions and the variety of benefits, and we could have kept it actuarially sound on a five-year basis if you had changed the rates of contributions.

Q. Are these rates sacrosanct, so to speak?—A. No. We are making a small change in this bill. At the present time there are rates of five per cent, five and a half per cent and six per cent for different classes of male employees. We are now levelling it off to a straight six per cent for all male employees. The female employees have not been changed.