

instalments of contributions. I thought that was definitely fixed at five per cent. There would not be any right to change that, would there?

Mr. MALCOLM: If my hon. friend will turn to section 17, sub-section 2, he will find this:

Any payment made under this section shall be deemed to be a contribution under this act and shall be made in one sum or in instalments of equivalent value computed on such bases as to mortality and interest as the Governor in Council may by regulation prescribe.

Sir HENRY DRAYTON: Really, what you are trying to do there, although it is not quite clear, is not to change the general basis at all, but to enable you to handle the other classes that may come in.

Mr. MALCOLM: I explained when I was speaking a little while ago that there would be a hardship created for those who had to pay five per cent, if it was compulsory to pay it all in one lump sum, and this clause is to provide for that.

Section agreed to.

On section 12—Consolidated revenue fund.

Sir HENRY DRAYTON: Should we not have this fund earmarked? It is a trust fund and ought to be carefully earmarked.

Mr. MALCOLM: Section 12 covers that.

Sir HENRY DRAYTON: Section 12 simply says that it shall form part of the consolidated revenue fund. The two clauses would seem to be a little inconsistent, would they not? To my mind not only should it not form part of the general fund, but it should be looked upon as a trust fund, and should carry its interest.

Mr. ROBB: I think my hon. friend is quite right, and the committee have carefully provided for that. Section 11 (c) provides that the Governor in Council may make regulations prescribing the nature and form of the accounts to be kept of income and disbursements under this act, and of the statement to be laid before parliament by the minister. Then section 14 (c) provides that the minister shall lay before parliament within fifteen days after the commencement of each session:

A statement showing the amount received as contributions and the amount paid as allowances during the said year under this act together with such further information as may be prescribed by the Governor in Council by regulation made under this act. Under these provisions it is proposed that there will be maintained an account to which will be credited from year to year:

(a) the contributions made by contributors under the act;

(b) an equivalent contribution made by the government;

(c) interest on the mean fund for the year at 4 per cent per annum;

(d) a proportion of the initial liability created in respect of past service sufficient to extinguish such liability at the end of the period approximating the average term of service remaining to present employees who elect to become contributors. This period will be fixed by regulation after the period of election under the act has expired. It is probable it will be found to be not less than twenty years or more than thirty-five years. In a similar act in Great Britain the period was taken as forty years, but in that act the maximum superannuation allowance was reached at the end of forty years' service;

(e) such further amount as is necessary to provide the full actuarial reserve for the current and prospective allowances as ascertained by an actuarial valuation. It is believed, however, that no addition under this head will be necessary.

There will be charged to this account the annual and other allowances and gratuities paid under the provisions of the act.

If in the above account the actuarial reserve is provided by a contribution of less than 5 per cent by the government, the government will benefit to that extent. On the other hand, it has a corresponding liability for further contributions—under (e) above. The assumption made in the scheme is that the contribution of 5 per cent and interest will cover the government's obligations under the scheme in respect of future service.

Sir HENRY DRAYTON: Is my hon. friend referring to paragraph (e) of section 11?

Mr. ROBB: No, of the memorandum I am reading.

Sir HENRY DRAYTON: Which section throws that liability on the government? I have not seen it so far.

Mr. ROBB: That will be by regulations to be provided.

Sir HENRY DRAYTON: I do not think the government can very well increase the obligations of the government by regulation. It should be in the act. The minister read out that it was expected that the government's obligation would be covered by that five per cent, and that in some cases it might be less than five per cent, and he went on to say that under subsection (e) the government's liability might be extended. I would like to know what that means. I do not think the act properly covers it.

Mr. MALCOLM: It is a very difficult matter to say that the government's liability will be actually five per cent, and that is why the clause is included providing for a statement being brought down annually. The estimate is that it will be five per cent, but if it does not work out exactly that way, it will be shown to the House each year exactly