

The CHAIRMAN: And they would hold their contractual rights?

Mr. GULLOCK: They would hold their continuation of pensionable service.

Mr. McILRAITH: What was the latest time of re-employment of any case of an interior department employee who came back and still retained his 5 years.

Mr. GULLOCK: I am afraid I cannot tell you.

Mr. McILRAITH: Was there not a special order in council in 1935-36 covering the period of four or five years?

Mr. RICHARD: I think you will get that from the Civil Service Association.

Mr. BALCOM: Was there some employees who came under the same category.

Mr. McILRAITH: That is a different point.

The CHAIRMAN: I am going to reserve that for when the delegations come here.

Mr. BROOKS: Is the committee hearing representations from the Canadian Legion.

The CHAIRMAN: I wonder if before we leave this point, I do not know much about superannuation, but I wonder if Mr. Gullock would care to indicate the thinking behind the reason why these older employees retained the special five-year privilege. Was it based on a contract or why?

Mr. GULLOCK: I do not think I would like to make any comment.

The CHAIRMAN: I wonder if Mr. Taylor could be permitted to answer that question.

The WITNESS: It was before my time, but I presume it was due to a kind of implied contractual relationship. They were really contracted grants, all these grants were ex gratia payments made at a time when all civil servants were on a five-year average. It was found that that was actuarially unsound in relation to covering contributions, and Parliament made a ten-year average for all new employees after that date.

Mr. McILRAITH: It was the 1919 Retirement Act that was the base for all that?

Mr. LESAGE: I am told that the 1919 Act provided for a three-year period.

Mr. QUELCH: Mr. Chairman, I brought a case to the attention of the Minister of Finance a couple of months ago of a man who was eligible for the five-year period. He was on the permanent staff in 1922, and then I think early in 1924 he left the service for two years. Then he came back. He was allowed to pay up the contributions for that two-year period, which gave him the impression that he would still qualify for the five-year average, but the ruling now is that he is on a ten-year average, but at that time in 1924, when he came back, he was allowed to pay up his contributions for two years he was away. They put him on a ten-year average although he had been with the service for two years previous to the termination of the five-year average.

The CHAIRMAN: That was why I wanted that point clarified and I understand Mr. Taylor's answer to be that it was felt that those civil servants had certain contractual rights and with the termination of employment those contractual rights existed down to the termination of employment. After that they ceased to exist, so that re-employment, while the employee would be permitted to make contributions to the fund to build up his period of credit for the time he was away, would not reinstate the contractual relationship which he had lost. Is that right, Mr. Taylor?

The WITNESS: Perhaps I might read part of Mr. Abbott's speech which explains why this period of ten years was determined up.