

That 1 per cent is furnished in toto by the Government.

If the period of service is 35 years and he retires immediately after transfer, he receives an allowance of 35 per cent of his average salary for the last five years' service, and his widow will rank for one-half his allowance.

He gets that benefit without paying anything.

If he contributes for past service with interest those allowances are doubled. This rate of allowance (1 per cent for each year's service) is the same for the employee as that provided under the pension scheme of the Canadian Pacific Railway (non-contributory), but the latter provides no widows' allowances.

While the C.P.R. provides no widows' allowances, we furnish a one-quarter allowance.

Similarly, a person in class (b) who transfers without contributing anything additional in respect of past service has his own allowance of 2 per cent for each year's service unaffected. His widow's allowance is, however, one-quarter of his own instead of one-half.

In the present situation, there are two obvious alternatives for the House of Commons to adopt: one, to initiate legislation to make the proposed amendment; the other, to decline to do so.

If the first is adopted the cost to the Government of the scheme will undoubtedly be increased immediately. Whether there may be compensation in the form of relief from special retirement measures some time in the future for those who are deterred from adopting the present scheme now it is difficult to say. The cost to the Government now may be more than 5 per cent of the salaries. This can only be ascertained after the transfers are completed and a valuation made. The longer the time for transferring is extended the further such valuation must be postponed.

The principal advantage in transferring from the old funds to the new fund is the widows' benefit provided for by the new scheme.

It was to be expected that the option to transfer would be chosen more readily by married men than by single men or widowers. It was also to be expected that married men in impaired health would be more anxious to transfer and pay up arrears of contributions than men in good health and likely to outlive their wives.

From this it will be readily seen how an extension of the time for election works to the disadvantage of the Government. During the extension of two years for elections under the Act men who, at the end of the first year, were single, have married, widowers have re-married and men in good health have become impaired in health, and while these men during the first year following the passing of the Act had probably decided not to transfer, they have decided now to transfer to the new fund and the chance of the new fund getting an average selection of risks from the old funds has thereby become less. All of these adverse selections have worked to the disadvantage of the fund and the same will be true the longer the period for election is extended.

If the second alternative is adopted it should be made clear that no person is thereby necessarily prevented from transferring who would otherwise transfer. The argument is, however, that in many cases the burden of past contributions is so heavy on account of the addition

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of interest, that the employees cannot possibly make them good, and rather than transfer with the prospect of only half-scale allowances they will prefer to remain where they are. There are, no doubt, many cases of hardship of this class. It will probably be admitted, however, that even in these classes it will be greatly to the advantage of these employees to transfer to the new fund and rank for allowances on half-scale.

Respectfully submitted,

G. D. Finlayson.

Honourable gentlemen will see that all those who have contributed less than the 5 per cent, including those who have contributed nothing at all, can join this fund and enjoy a benefit and it cannot be said that the Act works a hardship upon them in any way whatsoever.

With these explanations, I beg to move the third reading of the Bill.

Hon. Mr. BELCOURT: Honourable gentlemen, I moved an amendment which I want to have dealt with.

Hon. Mr. DANDURAND: But my honourable friend's amendment was covered by the decision of His Honour the Speaker. His amendment was to substitute another draft for the amendment of the Committee. It involved the same principle. So I move the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time.

The Hon. the SPEAKER: Is it your pleasure, honourable gentlemen, to pass this Bill?

Hon. Mr. BELCOURT: The third paragraph of the amendment which I moved had the effect of extending the period within which the election could be made to the 31st of December, 1927. What does my honourable friend propose to do with that?

Hon. Mr. DANDURAND: In view of the memorandum which has been presented to the Minister of Finance, and which I have just read, it has been found inadvisable to prolong that time beyond the month of July next.

Hon. Mr. BELCOURT: The decision of His Honour the Speaker was with respect to paragraphs 1 and 2 of the amendment, and had no application to paragraph 3; so it is still before the House.

Hon. Mr. DANDURAND: Unfortunately my honourable friend, unless he has the leave of the House, is too late, because the third reading has been adopted. The only precedent on which my honourable friend can rely is that of challenging the question which is