

Auditor General's Report.

Superannuation Bill introduced during Session of 1897.

AUDIT OFFICE, OTTAWA, May 5, 1897.

SIR,—I have the honour to inclose herewith a communication regarding the Superannuation Bill now before Parliament. Perhaps you will be good enough to submit my letter and the accompanying papers to Council.

I am, sir, your obedient servant,

Hon. W. S. FIELDING, Minister of Finance.

J. L. McDOUGALL, A.G.

AUDIT OFFICE, OTTAWA, May 5, 1897.

The Hon. The Privy Council :

I have the honour to forward a communication from the clerks of this office of less than ten years' service, on the Superannuation Bill now before Parliament. It seems proper that I should say a word on the subject.

The existing Superannuation Act must in its effects extend beyond the mere giving to the Government the power to grant or withhold a superannuation allowance. If the Government can legally allow to a man who has been 25 years in the service, and has reached a salary of \$1,500, \$750 per annum, or say \$7,500, in all for the remaining years of his life, it surely cannot be contemplated that to another who entered the service at the same age, remained in it 25 years, and performed the same kind of service in the same satisfactory way, nothing should be allowed.

Then the Act has been administered for 26 years, and with scarcely an exception as if the allowance was a right.

The superannuation part of the civil servant's bargain may, viewed by itself, have been too favourable to the civil servant, but it was only part of the bargain. Without a Superannuation Act the civil servant would have had no greater claim to superannuation than the servant of a private individual. Then it must be admitted that the superannuation system was adopted for the benefit of the country, and not for that of the civil servant; that it was adopted because the service would without it have been encumbered with men who had ceased to be useful. While, however, admitting these two points, there appears to be no answer to the argument that there are two parts in the bargain of the civil servant with the Government, the civil servant agreeing to give his services and an abatement on his salary, the Government agreeing to pay the salary and the yearly allowance after the expiration of the service, as provided for by the Superannuation Act. The bargain is broken by denying to the civil servant the allowance provided by the Superannuation Act just as much as if part of the salary were not paid, and it is broken also if instead of getting the allowance, he gets only the money which was retained. Then it is too late to say to a civil servant, when his services are being dispensed with, that they were unsatisfactory, and therefore that he has no claim to the superannuation allowance. The Government virtually said that they were satisfactory by allowing him to continue in employment without complaint. In this respect the predecessors of the Government bind this Government.

If the services of a clerk of less than ten years' standing have been satisfactory, and if it be assumed that the Government may dispense with his services, even in the case of the clerks whose memorandum I inclose, and whose services are required, the process must apparently be this: Take a clerk who has been six years in the service, and is now in receipt of \$800 a year. Under the Superannuation Act he is entitled to a gratuity equal to six months' salary, or to \$400. This \$400, and not \$70—the probable sum of his abatements—should be the amount to start the fund to which is to be added the 5 per cent deduction on his salaries of subsequent years.

Respectfully submitted.

J. L. McDOUGALL, A.G.