

Canada. Parl. Senate.
Standing Comm.on
Finance, 1955.
Proceedings.

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REPORT
OF THE
COMMISSIONER
OF THE
FINANCE

FOR THE YEAR ENDING
MAY 31, 1907

ALBANY, N. Y., 1907

THE STATE OF NEW YORK

WILLIAM W. WALKER, COMMISSIONER

ALBANY, N. Y., 1907

1955

THE SENATE OF CANADA



PROCEEDINGS
OF THE
STANDING COMMITTEE
ON

FINANCE

on the expenditures proposed by the Estimates laid
before Parliament for the fiscal year ending
March 31, 1956

No. 1

WEDNESDAY, MAY 11, 1955

The Honourable THOMAS A. CRERAR, P.C., *Chairman*

WITNESS

Mr. J. J. Deutsch, Secretary of Treasury Board.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

STANDING COMMITTEE ON FINANCE

The Honourable Thomas A. Crerar, P.C., Chairman

The Honourable Senators

Aseltine	Gershaw	Petten
Baird	Golding	Pirie
Barbour	*Haig	Pratt
Beaubien	Hawkins	Quinn
Bouffard	Hayden	Reid
Burchill	Horner	Roebuck
Campbell	Isnor	Stambaugh
Crerar	King	Taylor
Dupuis	Lambert	Turgeon
Euler	*MacDonald	Vaillancourt
Fafard	McDonald	Vien
Farris	Paterson	Woodrow—(35).
Fraser		

50 members—(Quorum 9)

*Ex officio member

ORDER OF REFERENCE

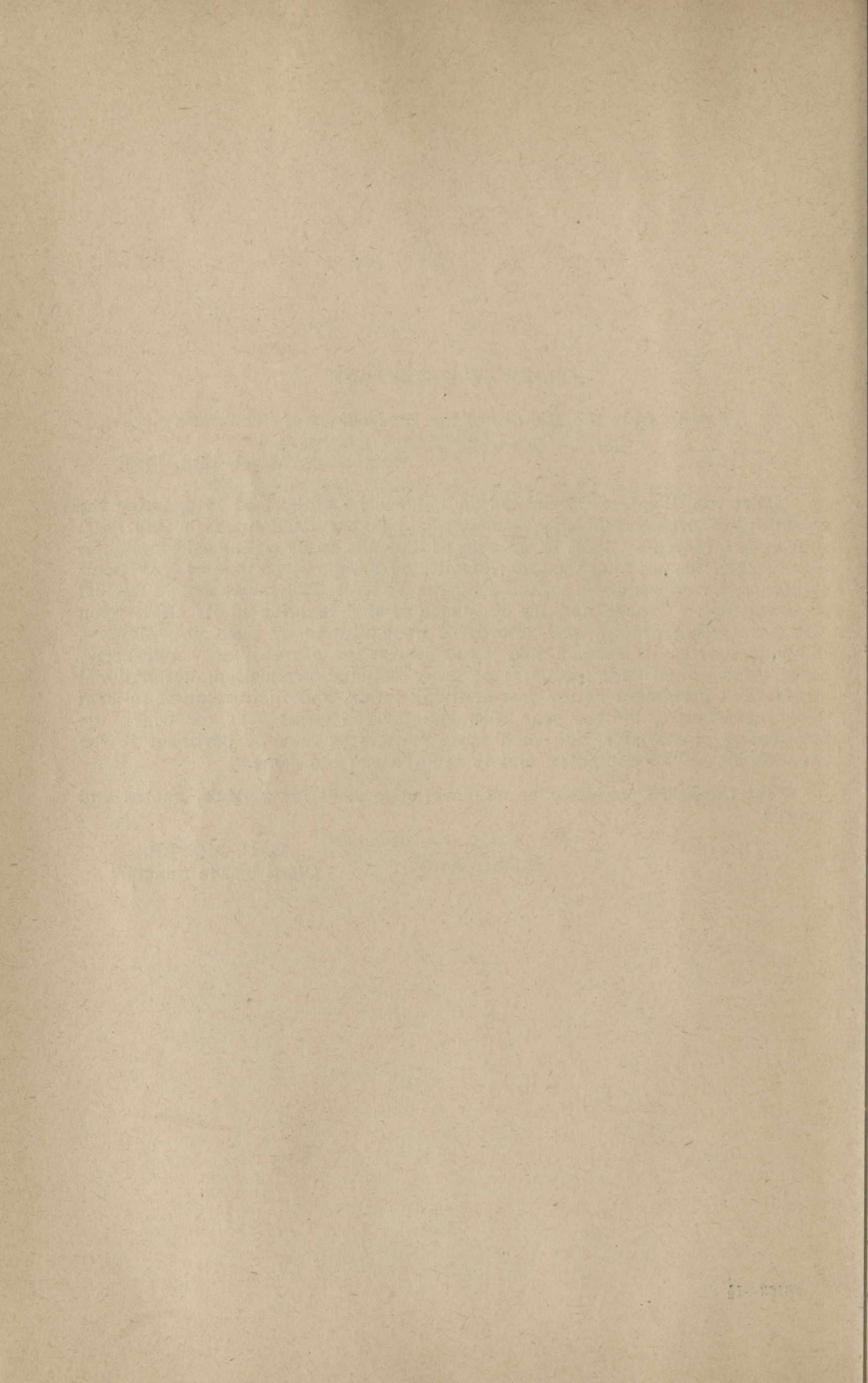
Extract from the Minutes of the Proceedings of the Senate

WEDNESDAY, March 16th, 1955.

“That the Standing Committee on Finance be authorized to examine the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending March 31, 1956, in advance of the Bills based on the said Estimates reaching the Senate; That the said Committee be empowered to send for records of revenues from taxation collected by the Federal, Provincial and Municipal governments in Canada and the incidence of this taxation in its effect upon different income groups, and records of expenditures by such governments, showing sources of income and expenditures of same under appropriate headings, together with estimates of gross national production, net national income and movement of the cost-of-living index, and their relation to such total expenditures, for the year 1939 and for the latest year for which the information is available, and such other matters as may be pertinent to the examination of the Estimates, and to report upon the same.

That the said Committee be empowered to send for persons, papers and records.

L. C. MOYER,
Clerk of the Senate.”



MINUTES OF PROCEEDINGS

WEDNESDAY, May 11, 1955.

Pursuant to adjournment and notice the Standing Committee on Finance met this day at 10.30 A.M.

Present: The Honourable Senators:—Crerar, Chairman; Baird, Barbour, Campbell, Euler, Gershaw, Golding, Haig, Hawkins, Isnor, King, Pirie, Reid, Stambaugh, Taylor, Turgeon, Vien and Woodrow.—18.

The Committee proceeded to the consideration of the order of reference of March 16, 1955—

“That the Standing Committee on Finance be authorized to examine the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending March 31, 1956, etc.”

Mr. J. J. Deutsch, Secretary of the Treasury Board, was heard.

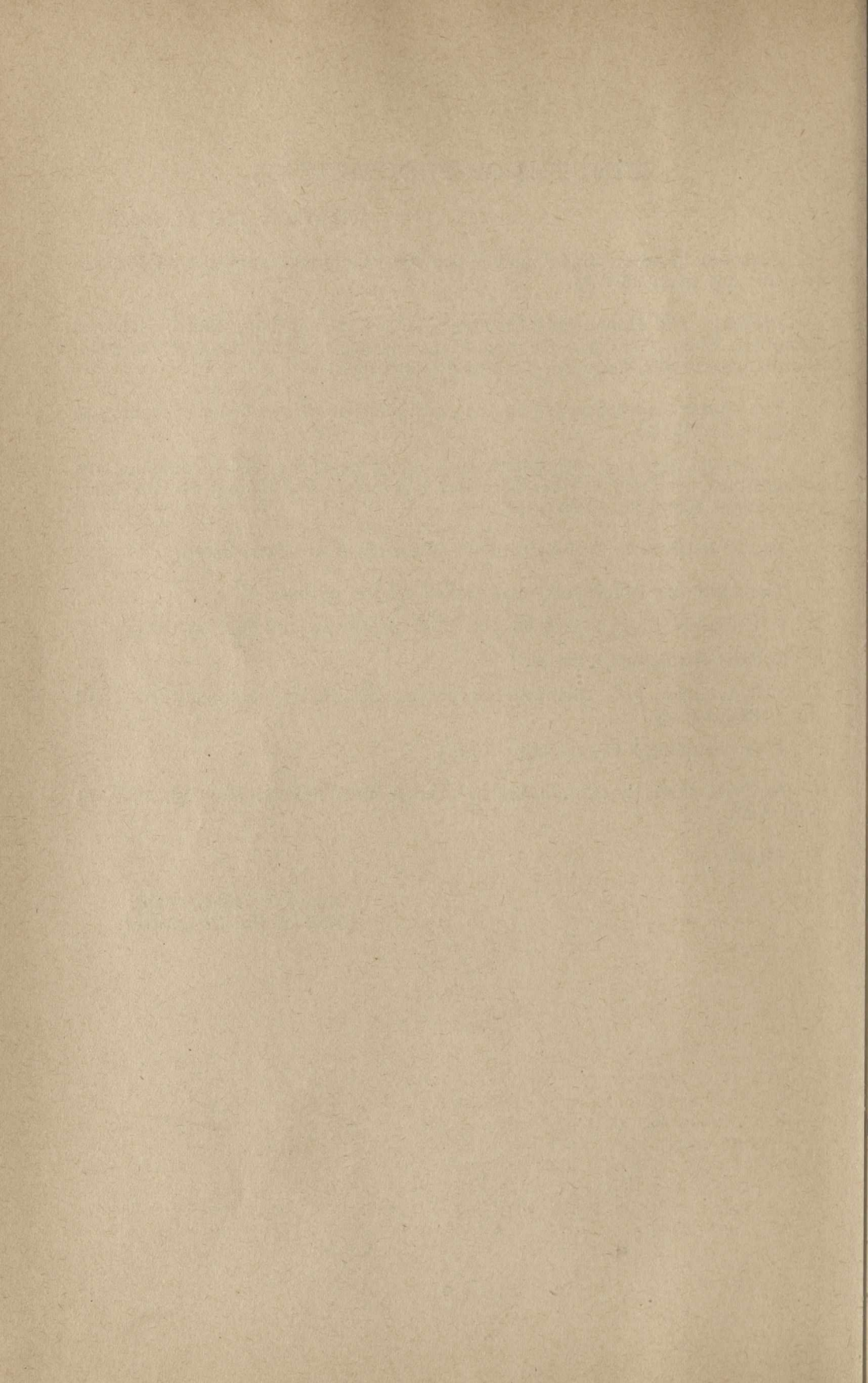
The following documents were tabled by the witness:—

1. Estimates by Standard Objects of Expenditure and Special Categories.
2. Staff Strength Statistics.
3. Travelling and Removal Expenses, Estimates, Expenditures and Regulations.
4. Departmental Organization Chart.

At 12.45 P.M. the Committee adjourned until Friday, May 13, 1955, at 11.00 A.M.

Attest.

James D. MacDonald,
Clerk of the Committee.



THE SENATE

STANDING COMMITTEE ON FINANCE

OTTAWA, Wednesday, May 11, 1955.

EVIDENCE

The Standing Committee on Finance, which was authorized to examine the Estimates laid before Parliament for the fiscal year ending March 31, 1956, met this day at 10.30 a.m.

Senator Crerar in the Chair.

The CHAIRMAN: We will come to order, gentlemen.

There are just one or two observations I would like to make at the opening of our committee meetings. The first is that we are starting rather late in the session. There is a good deal of ground to cover, and our work is commencing at a time when the house is perhaps at its busiest period with committee work, so it may be necessary to have evening meetings.

I would like to have the work progress as quickly as is reasonably possible so that we will be able, in ample time, to consider a report, which is the important thing, get it into the House and get it approved or discussed at any rate say within six weeks time, because I understand the prospect is that Parliament will conclude not later than the end of June. That is what I am told they are aiming at.

Now, roughly, that we seek to cover is the data in regard to the Civil Service establishments and the expenditures. Perhaps as we did in the earlier year we will take up some of the data which is very fully given in the summary to be found at the back of the Estimates. There is no document placed before members of Parliament in either house that gives more information on the important matter of expenditures than does this tabulation; and I trust that members of the committee have studied it and will be prepared to offer suggestions as we proceed.

We have here today Mr. Deutsch, who will explain to us how the estimates, consisting of several billion dollars, as tabulated in this book, and which will be voted by Parliament, come about; how the work evolves from the initial stages down to the period when it appears in Parliament in this form. Then we shall be able to ask Mr. Deutsch questions and get what information senators may desire.

We have here, for instance, data on the Civil Service; an analysis of the Civil Service, prepared by Mr. Deutsch, who is Secretary of the Treasury Board. This analysis is very interesting because it shows the growth of the Service, the Departments where the growth has taken place, the character of the service, and so forth; and that could have, I would suggest, the close study of members of the committee. Of course a certain expansion of the Civil Service is necessary, because we have a developing economy and a population whose expansion, though not very great, is perhaps of the net order of three hundred and fifty to four hundred thousand a year. This growth of costs is symptomatic of all governments, more or less, in Canada. I do think that this

problem of the expenditures of governments is one of the most important we have. It is not unusual to find municipalities pressing their provinces for more money, claiming that they should receive from the provinces larger grants for education, or roads, or something else: then at times we have the provinces saying to the municipalities, "That is not our responsibility, it is Ottawa's"; and we have provinces urging that Ottawa should give them more consideration. That sort of thing is confusing the public mind, and I trust that we in this committee will try to emphasize that in the end the important thing to the individual citizen is, not the amount of taxes he pays his municipal or his provincial or his federal authority, the important thing for him is the total of taxes that he pays to all authorities. Consequently, I hold, it is the first responsibility of members of Parliament to keep that fact before them and to proceed as carefully as possible in this matter of expenditures. That is where the growth in the Civil Service, as you will see from these data, is, to me at any rate, frankly a little bit alarming.

To illustrate what I say, the total in the federal service in 1939, which is only sixteen years ago, exclusive of revenue postmasters and casual labour, was between 46,000 and 47,000. That total has grown now to over 174,000, exclusive of revenue postmasters and casual labour.

Senator GOLDING: What number of hours per week were they working at that time?

The CHAIRMAN: I don't know. They were working longer hours than they are now; they were working at least five full days and part of a sixth day; whereas today the five-day week is pretty general.

Senator HAIG: All that will come out.

The CHAIRMAN: Maybe. With these opening remarks I think we will ask Mr. Deutsch to tell the story of how these estimates evolved. If any of the members of the committee are not aware of it—Mr. Deutsch is the Secretary of the Treasury Board. All estimates are funnelled through the Treasury Board before they come in the Blue Book.

Mr. J. J. DEUTSCH: Mr. Chairman and senators, your chairman has asked me to explain to you the procedure we go through to prepare this blue book which ultimately is tabled in Parliament. The process begins usually in September. For instance, this year the first step in respect of the next year's estimates, namely 1956-57, will begin next September.

A letter is sent from the Department of Finance to all the departments, asking them to prepare their estimates. In that letter the program and time table are set out. They are told the date on which the estimates must be tabled in the Treasury Board, and that usually is six weeks to two months later. If the letter is sent out in September they are usually asked to have their material in by the early part of November or, say, the last week in October; so that they have anywhere from six weeks to two months to prepare their material.

Together with this letter there will be a set of instructions as to the form in which the material is to be prepared. Those instructions consist of ten or fifteen pages of detailed directions. Briefly, these instructions ask the departments to set up their estimates in the following form.

The first information they are asked to present to the Board is to show for each vote the amount they are requesting for the following year and to put that alongside the amount they requested for the then current year. In that way there will be a straight comparison between what they are asking for in the coming year and what they had been given in the year then current.

Senator EULER: Is the comparison made as to the estimate of the previous year, or as to what is actually spent?

Mr. DEUTSCH: No, our first request is for the amount which they were given in the votes in the current year.

Senator EULER: And not what is spent?

Mr. DEUTSCH: No. I am going to come to that later, Senator Euler. Every vote has to be shown in this way. The amount they are asking for is compared with the amount they were voted in the previous year. That total amount has to be broken down into objects of expenditure. For an example let us take the vote for the departmental administration of the Department of Veterans Affairs, which I happen to have in front of me. They have shown the total amount requested for departmental administration. That particular vote was compared with what was voted the previous year, and that total amount is broken down into the standard objects of expenditure such as are shown in the back of this book.

Senator EULER: I do not like to interrupt you, Mr. Deutsch, but I am curious. When you show the amount that was voted the previous year does that include the supplementary estimates?

Mr. DEUTSCH: Yes, that is right. That is a good point. The amount voted in the previous year will include everything that was voted, whether in main or supplementaries. If there have been several supps the amount shown would include all the amounts voted in the various supplementaries. So when I say the amount voted I mean everything that was voted in that year. That must be then compared with what they are asking for the following year.

Senator EULER: Then the supplementaries would not be included in what they are asking for this year? They may come later?

Mr. DEUTSCH: There is another set of supplementaries that come at the end of the year. The comparison is made with what has been voted up to date.

Senator EULER: Then it would be smaller than what it would be later, for you are going to have more supplementaries later.

Mr. DEUTSCH: That is right; it could be. The final supplementaries come in March. We are now dealing with September and October. We always have another set of supplementaries in March, and, of course, at that time we do not know what they may be.

Senator EULER: So that the comparison is not quite accurate?

Mr. DEUTSCH: The comparison is not quite correct in that sense, but what we compare it with is everything that has been voted in the current year up to that time. That is compared with what they are now asking for. Then both of these amounts are broken down into their objects of expenditure, namely, salaries, allowances, travelling expenses, freight, postage, advertising, office stationery, rentals, etc., and can be directly compared one with the other.

In connection with this request for the total amount in each vote, they have to give a general explanation of what the vote is for. This, of course, does not change very much from year to year. Most of these items are regular things, and the description of the vote is a description of the purposes for which the money is needed, and that usually does not change from one year to the next.

Now, that is the first information. The second bit of information they are asked for is to show actual expenditures—to come to your question, Senator. Not only for the year immediately preceding, but also for the preceding three years. They are asked to show the actual expenditures as apart from the amounts voted, because what is voted is not actually the same as the actual expenditures, and in most cases the actual expenditures are somewhat less, of course. You know that, under our rules, a vote may not be exceeded; therefore, if there are any mistakes or errors in estimation they can only be downwards, they cannot be upwards, and therefore if there are any differences

between the amounts actually voted and the amounts actually spent they will always be less than the amounts voted. And they are asked to show, taking the case of the past year, in actual expenditures, first of all, the amount which they estimate will actually be spent in the current year. In September, October, or November, when these things are prepared they will be able to make some sort of estimate of what the actual expenditures in the then current year will be. It will not be completely accurate, but they have had five or six months actual experience, and on the basis of that and on what they can foresee they can make an estimate of the expenditures in the current year, which will be closer than they could have in the previous September, when they prepared the expenditures. It is in the nature of a departmental forecast of their actual expenditures in the current year. Alongside that they will require to show the actual expenditures in the preceding year, and then for two further preceding years. So you have a series of four years of actual expenditures.

Senator CAMPBELL: Mr. Chairman, may I ask the witness this question: Is that information given in the blue book, the estimate of actual expenditures?

Mr. DEUTSCH: There is in the blue book an estimate of a departmental forecast of the current year's expenditure; that is shown in the blue book.

Senator CAMPBELL: That is the only one that is actually shown?

Mr. DEUTSCH: Yes, we do not show the actual series for the previous four years; but in comparison with the amount that was voted the blue book shows the amount for the preceding year, the amount now requested, and also a figure of what the department's forecast is of the expenditures in the present year.

Senator REID: The amount voted in the preceding year, would that be included in the supplementary estimates?

Mr. DEUTSCH: Yes. In so far as any supps have been voted, they are added back into the main estimates and are shown in the blue book; that is, the figure is a total including supplementary estimates that have been voted up to that time, and that is compared with the figure that the department has actually expended. So, again, this series of actual expenditures running for a period of four years, including the forecast of the current year, plus three preceding years, those figures also have to be broken down into objects of expenditure, the same way as I explained earlier, namely, into salaries, traveling expenses, freight, postage, and all the various objects of expenditure.

Now, this statement of actual expenditures may be compared, of course, with the amounts voted in the previous year, and may also be compared with the amount requested in the new year. You can see, therefore, from this information, how expenditures have actually compared with amounts voted; and in order to simplify this comparison we also ask for a series of years, in totals only, running back all the way from 1938-39; figures of actual expenditures of that vote, just in one total figure, without breakdowns. Alongside that column we ask for the lapses in the votes for those years; in other words, for the difference between what is voted and what is spent in any one fiscal year.

Senator ISNOR: May I ask of what use 1939 would be as far as salaries are concerned?

Mr. DEUTSCH: We do not attach any particular significance to the year 1938-39, but we want a fairly long series of years to see whether there has been or has not been a close relationship between amounts voted and amounts actually spent. If we see a long trend of lapses, well, that produces certain information for us that their estimating is not as close as it might be, and it is useful to have a fairly long series to see if there is a consistent trend of over-

estimating as compared to expenditures. That is the only reason we use it. But that series of actual expenditures running alongside the lapses in the vote for a series of years gives you an idea of how closely that particular vote has been estimated in the past.

Senator REID: In reading the estimates, would it be fair to say that in the one column of last year we had the total expenditures, and in the column this year, only the main estimates, and that the breakdowns are requested for the millions asked for before the house adjourns?

Mr. DEUTSCH: That is right. These estimates are prepared in the period between September and November. They are then asked to put into their estimates everything which they foresee will be needed, and they are instructed not to hold things back and come along later in the supplementaries; the instructions are that they are to put in everything they will require.

Senator EULER: Would you care to hazard any opinion, or from your knowledge, to what extent that comparison is not quite correct by reason of the supplementary estimates which come in later?

Mr. DEUTSCH: I am coming to that, Senator. When the main estimates are prepared the departments are instructed to make provision for everything which they foresee they will need, but as you know we always have supplementary estimates—usually in May and June. The reason for that is that by May or June things may happen which they could not have foreseen. Now, obviously one of the things that may happen that could not have been foreseen is what legislation is passed in the session of Parliament. You see, these main estimates are prepared before the house meets for the following fiscal year, and at that time it is not possible to foresee what additional expenditure may arise out of legislation which will be passed in that session of Parliament.

Senator GOLDING: I would point out that a Special House of Commons Committee on Veterans Affairs has been dealing with amendments to the War Veterans Allowance Act, and increase in allowances have been made to veterans. Were those increases estimated?

Mr. DEUTSCH: No, that is a sort of thing you cannot anticipate. You cannot anticipate legislation.

Senator EULER: You can pretty well estimate what the Government legislation is going to be.

Mr. DEUTSCH: We cannot assume at that stage that it is going to pass in Parliament.

Senator EULER: If the Government sponsors the legislation it will pass.

Mr. DEUTSCH: That may be, but it is not possible to estimate for it, because actually those expenditures will not be approved or effective until the legislation is passed.

Senator VIEN: Yes, but in bringing down estimates of expenditures to be made by the department in an ensuing year, the department itself must have in mind the legislation which it will propose to Parliament and the expenditure that will be attached thereto.

Mr. DEUTSCH: Well, they may have certain proposals in mind but they do not know at that stage whether those proposals will be approved, and whether they will be passed by the Government and by Parliament.

Senator VIEN: Does that mean then that the estimates that are brought to Treasury Board by a department are exclusive of all expenditures that may be involved in new legislation to be proposed by the department.

Mr. DEUTSCH: Generally speaking that is true. In other words these main estimates do not include provisions for expenditures that may arise out of legislation that will be passed in the subsequent session of Parliament.

Senator EULER: I will not ask for your opinion on this, but it is a well known fact that when the Ministers are asked to prepare estimates for their department there is a tendency, and naturally so on their part, to make their estimates a little bit smaller because they want to make it look good in the main estimates. Is that not so, Mr. Chairman?

The CHAIRMAN: Yes, perhaps not only the department but the Government.

Senator EULER: I would say the Ministers, which is the Government.

The CHAIRMAN: I do not know that we should ask the witness' opinion on this.

Senator EULER: I prefaced my remark by stating that I was not going to ask his opinion on it.

Senator GOLDING: I suppose there are illustrations of that.

Senator VIEN: So that expenditures involved in new legislation must necessarily be covered by supplementary estimates.

Mr. DEUTSCH: That is right. Supplementary estimates mainly are concerned with decisions that have been taken either by the Government or by Parliament subsequent to the preparation of the main estimates. In other words, we cannot foretell what these decisions will be, or I should say the department cannot foretell. Departments, for instance, may have proposals in mind but those proposals may not have been approved by the time these main estimates are presented, approved either by the Government or by Parliament, and so until they are approved they cannot be included in the main estimates. So the supplementary estimates are designed to take care of matters that have arisen, decisions that have been taken, subsequent to the preparation of the main estimates. Now that is what the supplementary estimates are designed to cover primarily, and if you will look back through the supplementary estimates that have been introduced over the years you will find that to be so.

Senator EULER: They are pretty big.

Mr. DEUTSCH: Yes, and most of the big items are items that have arisen out of legislation or decisions that have been taken in the current session of Parliament which could not have been envisaged when these main estimates are prepared.

Senator ISNOR: I do not think that the statement made by Senator Euler is entirely correct so far as certain departments are concerned. I have in mind particularly the Department of Public Works. Instead of reducing their estimates to the lowest possible amount they include a large number of projects that they hope to proceed with but do not, and when the end of the year comes around nothing has been done on them, no money has been spent.

Senator EULER: Senator, I am just speaking from a long experience.

Senator ISNOR: I am speaking from experience too.

The CHAIRMAN: Order.

Senator GOLDING: We will deal with that after, but I think we should let the witness get on with his presentation.

Senator ISNOR: No, it was a statement that was made and it should be corrected now.

Senator KING: Senator Euler and Senator Isnor have spoken from experience. However, I would ask the witness if this is not true: Estimates are prepared by the department under the supervision of the Minister. They then go to council or the Treasury Board, probably first to the Treasury Board, and the Treasury Board strikes out and reduces the amounts involved in the various items?

Mr. DEUTSCH: Senator King, I was going to come to this procedure shortly.

Senator KING: I do not believe that Ministers go to Treasury Board with fattened estimates. They go with the idea that they are trying to meet the service required of them, and I know from my own personal experience that we always have a fight with Treasury Board and in council, and council is responsible for the estimates that come to Parliament.

The CHAIRMAN: Before you pass on Mr. Deutsch could you give the committee any information as to the extent of the lapsed votes, that is to say where the estimated amount was not expended in a year. Is that very extensive in practice?

Mr. DEUTSCH: As I said, almost always there is some lapse in every vote. The question is how large is the lapse. The reason for this is that the expenditures may not exceed the vote. I may say that there is very great care taken to see that that should not happen. Now, that being the case any variation on account of expenditures from the vote can only be downwards, and when you are operating under a rule which says you may not exceed a certain amount, you make sure that you do not exceed it, but it is going to be very unlikely that you will hit it exactly on the head because you are playing safe to some extent. Moreover you may not succeed because you are trying to distribute your expenditures over all these various objects, salaries, postage, freight and all that sort of thing. You have to allocate a certain amount of money for all these purposes.

Senator VIEN: Is there a margin of safety?

Mr. DEUTSCH: When people are making their commitments they have to make sure they do not exceed the limits of the votes and the allotments within the votes—

Senator VIEN: In estimating expenditures some precaution must be made to leave a certain margin of safety.

Mr. DEUTSCH: Yes.

Senator VIEN: Because if the rule is that you cannot exceed the amount of money provided for by the vote, that there is a ceiling on the amount you can spend, so you must necessarily provide a certain margin of safety.

Mr. DEUTSCH: That is right, and there is a tendency in the department, when they know they cannot exceed a certain amount, to estimate an amount that they feel they can stay within and carry out the work.

Senator EULER: Of course they always know that supplementary estimates can be provided.

Mr. DEUTSCH: Yes, but they are not automatic.

Senator HOWDEN: Would it not be fair to say that when the Blue Book is compiled, that is the estimates, they start out with accomplished facts and that a guess is made as to what is not known but is contemplated by the Government. In other words, you do not know just what is going to happen?

Mr. DEUTSCH: I can say that anything that has not been decided,—

Senator HOWDEN: Exactly.

Mr. DEUTSCH: —any decisions that have not been taken either by the Government or by Parliament, there will be no provision in the estimates for those undecided questions. In other words, the estimates are to provide for activities and functions in the following year, for projects and activities which have been approved up to that time; and the process of estimates is to find what is going to be the cost of clearing out these activities and functions as they have been approved up to that time.

Senator EULER: That is what constitutes the main estimates.

Mr. DEUTSCH: That is what constitutes the main estimates.

Senator GOLDING: Mr. Deutsch, if I have followed you correctly, your opinion is that the Department or the Minister responsible for the Department will put in the estimate and exercise some care in putting in an estimate that will be sufficient to carry on the work of the Department: he will not put it below what he expects to need, in order to make a good showing, or something like that. According to your summing up, what he will do will be the very opposite.

Mr. DEUTSCH: I think that is correct. The Department is asked to request in its estimates what it thinks it will need to carry out the activities and the functions which have been approved to be carried out at that time. Now, you say, if they happen to guess low, they can come back and get supplementaries in March. That process is not automatic, sir. There will have to be very good reasons given as to why the supplementary is necessary, and the reason "We put in a low figure, knowing that we were going to need more money," is not usually regarded as a very good explanation. For that reason Departments are requested to put forward what they think they actually will need in that year.

Senator CAMPBELL: Do you know whether the procedure followed in Canada is different from the United States in so far as the carry-over of unexpended appropriations is concerned?

Mr. DEUTSCH: Yes; our practice is different.

Senator CAMPBELL: Would you explain the difference, please?

Mr. DEUTSCH: In our practice, amounts in a vote which have not actually been expended at the end of the fiscal year cease to be available to the Department. That is what I mean by "lapses". Generally speaking, there are some lapses in almost every vote, though some of them are very small. As I have explained, the vote total cannot be exceeded. The only way you can vary from it is downwards. There will be some slight variation; it varies with different needs that Departments have—

Senator EULER: In case of an emergency, where an expenditure is found necessary by the Government which is not covered by the main estimates, can they not spend more money than what has actually been voted?

Mr. DEUTSCH: Well, of course, you can get a Governor General's warrant. You can do it in an emergency. You follow certain procedures.

Senator EULER: It has been done?

Mr. DEUTSCH: It has been done, but relatively rarely in recent years; only under exceptional conditions. That is the only exception there is to exceeding the vote. In Canada, in our practice, these amounts which are not spent lapse. In the United States there are many amounts provided which do not lapse; they carry them from year to year. I do not use the general phrase here, senator, because the Administration from time to time imposes limitations of an executive nature even though large sums of money have been voted by Congress—the Executive once in a while puts limitations on what may actually be spent; so we cannot make a general rule about it. But in many cases moneys are voted in Congress for activities and for Departments which carry on until they are spent. They do not lapse automatically at the end of the year. That is quite a different practice from ours.

Senator CAMPBELL: May I ask another question? Do you feel that there is any advantage in the United States system as against ours, tending to encourage Departments not to spend up to their full amount voted that particular year, but to be able to spend it in future years?

Mr. DEUTSCH: Well, I think if you are discussing the pros and cons of this matter, one can say that if a department knows that it is going to have so much money to do a certain thing, it can plan its expenditures, it would

not be encouraged to try and spend everything within the fiscal year. That argument has been made. On the other hand, the counter-consideration is that under this system of lapsing, Parliament has a closer control over the expenditures from year to year. If you provide large funds to departments which would not lapse, the financial activities in the subsequent year go on on previous authorization, without any further review by Parliament. With this system of lapsing, every year's financial activity is subject to the full control of Parliament that year. That, I think, is the reason for this provision of lapsing.

Senator GERSHAW: Does the money have to be spent for the specific purpose for which it was voted?

Mr. DEUTSCH: Yes.

Senator GERSHAW: It cannot be transferred—

Mr. DEUTSCH: No, you cannot transfer it.

Senator GERSHAW: —within the Department?

Mr. DEUTSCH: From one vote to the other. Money may only be spent for the vote it was provided for. What you may have reference to, senator, is that the votes themselves are then further broken down into allotments, and the Treasury Board establishes these allotments. They take the vote total, say \$2 million, and break it down into sub-allotments, further breakdowns, and amounts are set up against each one out of the \$2 million. Now the departments have to spend that money in the vote in accordance with those allotments, but the amounts in the allotments may be altered; and that is where the flexibility comes in. Treasury Board may approve changes between those allotments, but the vote itself has to be spent in accordance with the definition of the vote, and moneys may not be transferred from one vote to another.

Senator VIEN: You can change the breakdown?

Mr. DEUTSCH: Yes, but not the vote. You can change the breakdown inside the vote, but you cannot change the vote or transfer between votes.

Senator CONNOLLY: May I ask you a question, Mr. Deutsch?

Mr. DEUTSCH: Certainly.

Senator CONNOLLY: Senator Campbell asked you what the difference was between the American and Canadian standards with reference to these lapses.

Mr. DEUTSCH: Yes.

Senator CONNOLLY: What is the system in Britain? Do they follow our system?

Mr. DEUTSCH: Yes, or we follow their system.

Senator CONNOLLY: Is there any place where the amount of lapses over the entire service can be found? Is it given in the Blue Books from year to year?

Mr. DEUTSCH: I suppose you would get some indication from the forecast of expenditures. There is an item called "Forecast of Expenditure" for any particular year and you can compare that with the amount voted.

Senator CONNOLLY: You can get individual examples from the Blue Book in many places but do you get an overall amount in any place?

Mr. DEUTSCH: Take, for instance, this year's Blue Book. I have a case here which has to do with the general administration of the Department of Finance. That is a good one to take. You will see that the amount voted for the general administration in that vote in 1954-55 is \$1,977,000. The forecast of expenditure for the same year, which is shown in the Blue Book, is \$1,930,000. Therefore, there is a lapse there of about \$47,000.

Senator CONNOLLY: Is there any place where the total amount of those lapses for all the departments can be found?

Mr. DEUTSCH: That can be found in the Public Accounts. The control of the Treasury reports the lapses for all departments and you can find them in the Public Accounts.

Senator CONNOLLY: Does it make any difference when the budgetary forecasts are being made? Is there money available there which will have an effect on budgetary proposals?

Mr. DEUTSCH: Yes. When the Minister of Finance prepares his budget he has to make a forecast of actual expenditures. In the first place, as you know, the minister reports to Parliament in his budget speech what the expected out-turn will be in the current year, whether there will be a surplus or a deficit. Therefore he has to make some estimate as to what the actual expenditures are as compared to his estimate of actual revenues in the current year.

In making his estimate of expenditures for budgetary purposes, the minister will make an estimate of actual expenditure. When he forecasts his expenditures for the following year, which is the basis of his budget he is presenting, he will also make a forecast of actual expenditures. In making that forecast he has to make some estimate of what the lapses will be. So that is taken into account when the budget is made out.

Now, to go on. I have indicated what we have asked the departments to do, namely, to show the vote requested as compared with the previous year. That is the most important thing. Then the next thing to do is to show a record of actual expenditures for a period of four years, so that the amount requested in the current year can be compared with what a certain department has actually spent over the previous four-year period.

The third matter which the departments are asked to present are detailed instructions of every increase which is requested. They are asked to explain the increases in the amounts required in each vote by the details of that vote. In other words, the votes are broken down into standard objects—salaries, allowances, and so forth—as outlined in the big table in the back of the Blue Book. They are asked to explain in every case why they are asking for an increase. They are asked the reason. There is a paragraph or so devoted to explaining each item, what it is for and why an increase is being sought. That in itself makes up a book for each department of anywhere from 100 to 200 pages. When this material is ready it is then sent in by the various departments to the Treasury Board staff. Incidentally, the material is prepared on a uniform basis by all departments.

Senator REID: How many members comprise the Treasury Board, may I ask?

Mr. DEUTSCH: There are six ministers on the Board, and the staff which is concerned with this work would consist of about forty members.

Senator REID: Are the ministers always the same or are they changed?

Mr. DEUTSCH: The ministers on the Board are designated by Order in Council. They have alternates, however, and when a regular member cannot be present, his alternate will attend. Generally speaking, the principal ministers are usually present at the Board, so that there is a continuity. The Minister of Finance is the Chairman.

Senator EULER: The Minister of National Revenue is always on it, is he?

Mr. DEUTSCH: Yes, and the principal ministers are usually present at the Board unless they happen to be out of town or something of that sort. There is a continuity.

When this material is submitted to the staff of the Treasury Board it is thoroughly analysed. The purpose of this analysis, first of all, is to make sure that the information which the Board requires has been supplied. That means going through all the information presented to see that what the Board has required and what is needed for the printing of the Blue Book has actually been presented. In itself that is quite a task, for this material is voluminous. The staff has to make sure that the information is presented in the way it will be required, and that may give rise to further communications with the departments, the request for further explanations and elucidation, and so on. The staff will also examine the proposals from the point of view of whether the form is correct. In other words, the staff has to see that the votes are properly described, that the presentation with respect to the material which has to be put in the Blue Book is in accordance with the wishes of Parliament. The Public Accounts Committee and other committees, such as the Senate Finance Committee, have indicated from time to time certain preferences or wishes regarding how they want material presented. The staff of the Treasury Board will examine the material to see that the presentation is in accordance with what Parliament has expressed from time to time.

Senator EULER: May I ask you another question, Mr. Deusch? Let us suppose a department or a minister seeks to add a considerable number of civil servants to his staff. Has the Civil Service Commission any authority to limit that in any way in accordance with the need?

Mr. DEUSCH: I was going to devote a separate piece of my—

Senator EULER: I am afraid I am always anticipating what you are going to say.

Mr. DEUSCH: Perhaps I could come to that later, Senator. To make the matter less complicated and easier to follow, I thought I would break up the two questions.

Senator EULER: I did not know that you were going to deal with that, I was just curious.

Mr. DEUSCH: Now, the staff also will try to make such analyses of this material as might be helpful to the Treasury Board when it comes to consider the departmental proposals. This is a pretty large amount of material with a great deal of detail, and it is necessary and desirable for the Board to boil it down so that the Board can get to grips with it, and the staff will make the kind of analyses which will enable the Board to come to grips with the proposals. As to the sort of analyses it will make, first of all, it will prepare the sort of summary for each department which you have in the back of your estimates, namely, this big sheet that Senator Crerar had, which shows the objects of expenditure of every department of government, all placed on one big sheet. Now, the Treasury Board staff will make such an analysis for each department so that the total expenditure programs can be put together on one sheet showing how much that department will spend altogether on salaries and wages compared to the previous year, and similarly, objects of expenditure all the way down to construction of equipment, for services, telephones, publications, for materials and supplies; they will show the proposals of that department, for the whole department, as compared to the previous year, and that enables the whole picture to be put down on the one sheet of paper, rather than going through each separate vote and looking at it. Also, a further analysis will be made for the purpose of the Board to break down the department's expenditure into what might be described "Ordinary Operation and Administration", that is, current operating costs, so to speak. Then another breakdown shows the capital expenditure for that department, so that you can see what the trend is in operating costs as against capital costs.

The latter is likely to fluctuate more rapidly than operating expenses. An analysis is made showing the ordinary operating and administration expenses of that department this year as compared to the previous year, and showing capital separately, so as to take out any unusual fluctuations arising out of that fact. That is another type of analysis.

Then a third analysis we also make for the Board is this: We show the change in total expenditures proposed from one year to the next, and then we prepare a brief memorandum showing the main reasons for those increases or changes. What are the highlights of it? What is it due to? Which factors accounted for the changes, and why? Again, that is done to boil the thing down to focus on the main issue. Now, the Board's staff makes that type of analysis, and in making it there is a good deal of coming and going with the department, in the matter of elucidation, and so on.

Also, the staff looks to the proposals from another point of view in order to assist the Treasury Board to consider the estimates. The staff will examine these proposals of the department from the point of view of whether or not everything that is proposed has been approved by the government. Is the program of expenditures based on existing government policy, or is it not? What is new here? The theory is that these expenditures should deal with or should provide for the carrying out of activities and functions which the government has decided the government should carry out. If expenditures are proposed about something that has not been approved by the government, then the Treasury Board staff in its analysis will point this out to the Board and say, "Well, look, this department is proposing to spend such and such on an activity; as far as we know there has never been a decision taken about this by the Cabinet or by Parliament." Now, we are not saying at this point whether it should or not be done; that is not our function.

Senator EULER: You are simply trying to carry out the policy of the government?

Mr. DEUTSCH: That is right. It is not our function as civil servants to do that, but in order to help the Board consider the matter we indicate any proposals which are outside of what has up to that time been approved.

Senator CAMPBELL: A new project for public works, for example, proposed by the Minister would be an example of that character?

Mr. DEUTSCH: Yes. Of course, in the case of new projects and public works, all new projects will be put to the Board, every single new one. Any new building—of course, in most of the cases, or in many cases, the building construction carries over from one fiscal year to the next. I mean, the building does not get done in one fiscal year, and new money has to be voted. Now, those all have been approved in the past, and there are simply revotes of money to carry out a previously proposed building, because you cannot stop in the middle of a building, and you assume that it will be carried out. But any new building will be brought specifically to the attention of the Board. But I was referring to activities, rather than buildings. If a department thinks it is a good idea to do something new, some new activity, if that appears in the proposals we would point out to the Board, "Look, this and this is something new, and so now you may wish to consider that." The main purpose of that is to boil down the relevant information so that the Board can get at it, and this is the sort of thing we pull out for them. Anything that appears to be new and which has not had previous approval either by the government or by Parliament will be brought to the Board's attention. Also the staff will sometimes draw the attention of the Board to any significant changes in scale of activity. A lot of things may have been approved in the past, a lot of activities, but what is the scale? That often is not a very easily definable thing, and again if there appeared to be to us any significant changes of scale, we would highlight that for the Board.

Senator EULER: You mean the size of it?

Mr. DEUTSCH: Yes, the size or scale.

Senator EULER: You are referring to building projects now?

Mr. DEUTSCH: No, any activities. Let us say, for instance, just as an example—and I do not intend you to take this as being real, but suppose we see in the proposals that they are going to double the expenditures on geological surveys and that they have been running around \$3 million or \$4 million a year, with a slight increase, perhaps, and all of a sudden you get a proposal that they should be \$10 million a year. Well, that I would consider a significant change of scale in activity. There is a problem of scale, and if there are any significant changes in scale, they will be brought to the attention of the Board. Supposing there was a certain doubling of activity in the Geological Service. That would be a significant change in the scale of activity, and that type of thing would be brought out in the analysis so that the board can consider it.

The CHAIRMAN: Suppose that the Department of Public Works decides to recommend the building of a new post office, say, in Toronto, and they propose an appropriation of \$15 million for that purpose. Is that proposal scrutinized by Treasury Board?

Mr. DEUTSCH: Yes, that is right. Let us take the concrete example of a proposal to build a post office in Toronto at a cost of \$15 million. That would be quite a building. The department in putting forward that proposal will be called upon to explain to the Treasury Board reasons why the building should be built, and those reasons must accompany the proposal. The Treasury Board staff will assist the board in discussions with the department to make sure that all the information ministers will wish to have to come to a decision is available to it. If the original material coming from the department seems to be inadequate in any way—not intentionally, just because they have overlooked it—the staff of Treasury Board will speak to the staff of the department with a view to obtaining more information about the proposal, and both staffs will try to work together to get out the kind of information which the ministers will wish to have when they are asked to make a decision on the proposal.

Senator REID: Does Treasury Board ever reach the point where they call the minister responsible for that proposed expenditure before it to explain the item?

Mr. DEUTSCH: Yes, when the estimates for a certain department come before the board the minister of that department comes before the board to explain them.

Now, to go on senator, I was explaining what happens to the material. When it first comes to Treasury Board the staff of the board makes this type of analysis in order to help the ministers consider the matter when it comes before the board. This material is very voluminous, very extensive and very detailed, and in order to assist the ministers and the board these various types of analyses are made and highlighted so that the ministers can focus on the issues which arise.

The staff of Treasury Board in looking over the material may have various discussions with the staffs of the different departments. For instance, on this question of lapsing that I discussed, the staff of the Treasury Board may, if it thinks it useful, go back to the department and say "Look, it seems you have a very high lapsing record in some vote or other, your lapses are 10 per cent, 15 per cent and 20 per cent of your vote every year. How come? Are you sure you have made the best estimates that are possible?" And the staff of the board will discuss it with the staff of the department to see if there is any explanation for this. We examine into all these things. Also, we may discuss

with the department whether the estimate they are making is as close and as good an estimate as it can be, having in mind the lapsing record, having in mind the explanations given for the increase, and in that way there will be a certain amount of detail cleared out of the way, to better enable the ministers to get on with the main business rather than spend too much time on the mechanical details of the estimates. The staff of the board tries to reduce to a minimum the mechanical aspect of the estimates.

Senator ISNOR: Have you been able to rectify to some extent that position with regard to certain of the departments in the last two or three years.

Mr. DEUTSCH: We have been trying, Senator Isnor, to make sure, in collaboration with the departments, that the estimating is as good and as close as it can be.

Senator ISNOR: I have in mind particularly the Department of Public Works. I may say that they have quite a lapsing record. However, in the last two years I notice that that condition was cleaned up pretty well.

Mr. DEUTSCH: The Department of Public Works and ourselves have been working on this problem to try and get the estimates and performance closer together. The staff of the board will work with the staff of the department to try and make sure that the estimates are made as accurately as possible, and if there seems to us to be any discrepancy we will draw it to their attention and say "How come?" And all this is done in a co-operative way between the staffs of the board and the staff of the department, so that the mechanical details are straightened away as much as possible so that the ministers can focus on the main issues.

The CHAIRMAN: Does that produce results at times? I mean are you able to induce the departments to reduce their estimates.

Mr. DEUTSCH: If it is a policy matter that of course is hardly our business as civil servants. If it is a matter of estimating, a matter of carrying out the technical aspects of the thing, I would say that our results have been useful, Senator.

This is all done on the staff level on a co-operative basis, between the staffs of the departments and the staff of Treasury Board. Both staffs sit down and look over the explanations given of the amounts, they ask for the lapse record in the past, look for something here and there that can be tightened up a bit. When it gets into a policy question, a question as to whether something should be done or not, as to whether a function should be reduced or increased, that is a matter for ministers. These proposals when they come to the board are ministerial proposals—I mean the minister signs them and they are his proposals and he has considered the policy aspect of them and when it gets into these policy questions it is a matter that ministers have to settle. What we want to make sure is that the staff gives every possible assistance to the ministers and eliminates detail so that they can focus on the policy issues that arise.

Senator PIRIE: What is the procedure for estimating unforeseen subsidies?

Mr. DEUTSCH: You mean to say subsidies which are approved without the amounts being known?

Senator PIRIE: That is right.

Mr. DEUTSCH: Well, they will have to make as good an estimate as they can.

Senator PIRIE: For instance, when the estimates are made up nothing is known about any particular subsidy that may come up later.

Mr. DEUTSCH: You mean it is approved later?

Senator PIRIE: Well, it must be approved later.

Mr. DEUTSCH: If it is approved later it would not come in these estimates at all. Nothing gets into these estimates that has not been approved.

Senator PIRIE: Let us say that there is a failure of the apple crop in Nova Scotia and that the Government decides that a subsidy of a couple of million dollars will be paid to the apple growers.

Mr. DEUTSCH: In the first instance that money comes out of the Prices Support vote. There is a vote of \$2 million for price support operations. That is a fund which Parliament has set aside for this purpose.

Senator EULER: You do not require an estimate for that?

Mr. DEUTSCH: No, and if the apple crop in Nova Scotia were to fail any subsidy would be paid out of that fund. Then, what happens is that at the end of the year that fund is repaid.

Senator PIRIE: Suppose that the amount taken out is more than the amount in the fund.

Mr. DEUTSCH: Well, to offset that possibility is the reason the fund is set at such a high figure. It would be quite a disaster if the whole \$2 million was required at the one time.

Senator HAIG: The supplementary estimates cover that.

Mr. DEUTSCH: Yes. If there was an apple crop failure in Nova Scotia and the Government decided to subsidize the apple growers, the money for that purpose comes out of that fund and at the end of the year that fund will recoup the amount by way of the estimates.

Senator BARBOUR: A national disaster could be dealt with by Governor-General's warrant?

Mr. DEUTSCH: If there was no money available that would be so. However, if Parliament was in session that would not be necessary. If parliament is in session the Government can at any time ask for estimates. It does not have to wait until the blue book comes in.

Senator EULER: It can ask for money at any time.

Mr. DEUTSCH: It can ask for money at any time. So long as Parliament is in session they are not bound by these blue book estimates, but if Parliament is not in session, and there is no money specifically voted, if it is a large amount it can only be done by Governor General's warrant.

Senator HAIG: Would it help you if we notified you now that we are going to have a claim from Saskatchewan for water?

Mr. DEUTSCH: For water?

Senator HAIG: For too much water?

Mr. DEUTSCH: Well, Parliament is still in session, Senator. As long as Parliament is in session they can go back and ask for money at any time. It is not confined to this estimate period.

Senator ISNOR: Is it a matter of policy, or does the Treasury Board decide as to the form of deposit which is necessary in connection with the building of projects awarded by contract? I am following along a question asked by Senator Campbell, concerning the difference between the United States and Canada in regard to methods. Here you ask a contractor to put up 10 per cent. There is some criticism of this practice from time to time by the small contractor. Does that come under your jurisdiction?

Mr. DEUTSCH: Well, sir, you want me to explain that here? You are quite right; the policy is to require a deposit of 10 per cent—as against a surety bond of some sort. This is a matter which has been considered from time to time.

Senator HAIG: That is government policy, anyway.

Mr. DEUTSCH: The ministers have decided that this should be done.

Senator EULER: Is it a matter of statute?

Mr. DEUTSCH: No, it is a matter of regulation, sir. This is governed by regulations of the Governor in Council. This question has been raised from time to time, and the Government has given consideration to it and has decided that they want the 10 per cent deposit.

Senator ISNOR: It ties up the small contractor. Perhaps they will hold the money for a period of six, nine or twelve months after the contract has been completed. I say that is not fair to the small contractor. Now I am asking as to whether it is a recommendation of your Board to the Government that this policy be continued.

Mr. DEUTSCH: No, that is a decision of Government, sir.

Senator ISNOR: Would you care to express your views on it?

Mr. DEUTSCH: I don't think so, senator.

To carry on with this: when this analytical material is prepared by the staff of the Board, as I said before, the purpose of this analytical material is to highlight the estimates which each Department is proposing—to highlight for the Board in a meaningful way what is involved in these things, and the Board may deal with the thing expeditiously and effectively, because the material is very voluminous and detailed, and it is hard to get to grips with unless there is some analysis made of what it means. And this is the function of our staff, principally to isolate all the policy considerations which arise with which Ministers have to deal. When this is ready—and usually it is ready about the early part of December—the Treasury Board meets regularly over a period of three to four weeks, sometimes longer than that, every second day, and each Department's estimates are taken up in turn. At these meetings the Minister of the Department and usually some of his staff—his Deputy and maybe some others—come to the Board, and the estimates are then discussed by the Board with that Minister, and decisions are taken as to what may be included for presentation to Parliament in the blue book. Some things the Board will dispose of right there—some of the policy considerations; others may have to be referred to Cabinet—things of more general interest. Particularly, concerning Government policy in general, the Board may say, "Well, here is a proposal which is new; this ought to be considered in Cabinet"; and the Board either decides what may be approved and what needs further approval from the Government as a whole; and when that is done, these matters are referred to Cabinet, decisions are taken, and once these things are settled we are in a position to prepare the material for the blue book for that Department.

The same procedure is gone through for every Department. This takes considerable time; it may run anywhere from three to six weeks, with the Board meeting every second day. The Ministers and the Treasury Board go through the material vote by vote; they take each vote, look at it for each Department, and they either approve of it or make changes; or, if further decisions are required, they may suggest that matters be taken back to Cabinet for decision; and when matters are all settled, either in the Board or in Cabinet, then the material is ready for presentation to Parliament for each Department.

Finally, when the whole thing is completed, all the Departments have been examined in the Treasury Board and the estimates are then in a draft form. The whole composite estimates of all Departments are then taken to the Cabinet, the Minister of Finance explains, presumably, what is in them, and the Cabinet approves them, and when they are approved by Cabinet they are ready for delivery to the House of Commons. That is the procedure.

Senator REID: Have you the figures regarding the uncontrollable expenditures compared with the controllable expenditures of Government?

Mr. DEUTSCH: Yes.

Senator REID: Over, say, four years, how do they stand in relation one to the other? How much of the money we are spending has the Government control of? I am speaking, in reference to uncontrollable expenditures, of commitments like veterans' allowances and family allowances, which must be paid. I think it would be very interesting to have that information. I am sorry to have to ask you that before you complete your statement.

Mr. DEUTSCH: I have not got that here with me, but we can provide it for you, if you like—the controllable as compared with the uncontrollable expenditures over, say, the last four years.

Senator REID: Or whether uncontrollable expenditures are going up or down.

Mr. DEUTSCH: By "controllable and uncontrollable" I presume you mean statutory and non-statutory. The amount of controllable expenditures is pretty difficult to define.

Senator HAIG: He means statutory.

Mr. DEUTSCH: You can say, I suppose, that the salaries of all civil servants are controllable. In any event, you have to use some clear definition such as statutory or non-statutory.

The CHAIRMAN: I think that would be a better definition.

Mr. DEUTSCH: What do you mean by controllable? How far do you want to control?

Senator VIEN: There is theoretical control and practical control.

Mr. DEUTSCH: Yes.

Senator VIEN: Mr. Deutsch, Senator Euler mentioned the Civil Service.

Mr. DEUTSCH: I was going to keep that separate from the main estimates so as not to complicate the discussion.

Senator ISNOR: Are you through with administration now?

Mr. DEUTSCH: I am through with the general estimates.

Senator ISNOR: I want to ask a question with regard to awarding contracts. What is your position and what authority have you in regard to the awarding of a contract in connection with a project which has been approved? Tenders have been called and the contract is about to be awarded but it must be approved by Treasury Board before it is finalized.

Mr. DEUTSCH: Yes.

Senator ISNOR: Are you then in a position to say "No, this exceeds the amount or there are some things in it that should not be in it"? I want to comment on that afterwards.

Mr. DEUTSCH: The Treasury Board is required by regulation of the Governor in Council to approve all contracts over certain minimum amounts. These amounts are \$50,000 where the lowest tender is taken, and \$15,000 for a contract where the lowest tender is not taken. By regulation of the Governor in Council the Treasury Board must approve all contracts over these minimum amounts. Naturally the ministers and the Board may either approve or not approve or may lay down conditions. That is a matter for their discretion.

Senator ISNOR: I am dealing with the position of the Treasury Board.

Mr. DEUTSCH: Yes, and I am talking about the Treasury Board. Senator Isnor, by regulation of the Governor in Council the Treasury Board is required to approve all contracts above these minimum figures, and in doing so the Board may approve or disapprove or may lay down conditions as it sees fit. In other words, it is automatic.

Senator ISNOR: That is your complete answer?

Mr. DEUTSCH: Yes.

Senator ISNOR: Mr. Chairman and members, I want to place before you and the witness the position which a contractor finds himself in. I think these things are being done backwards. They approve an amount for a project. They go to the trouble of having the architect draw plans and write specifications, and they advertise for tenders on such and such a date. These come in and the amount, we will say, is \$125,000 for this project. To finalize that contract approval must be given, as Mr. Deutsch has said, by the Treasury Board. When it goes before that authority, notwithstanding the contract has been approved by the department and the minister, Treasury Board may say "No, we are going to cut that down to \$100,000. We feel \$125,000 is too much." Of course, they give their reasons. They say that there are too many bathrooms or too many of something else. Then the matter is set aside and no contract is awarded. That is your position, is it not?

Mr. DEUTSCH: That is not my position. Those are the regulations of the Governor in Council, sir.

Senator ISNOR: Well, I want to put myself on record as saying that it is an unfair position in so far as the Board is concerned in their relation to that contract.

Mr. DEUTSCH: This is a matter of Government policy. The Government has passed regulations regarding the matter as to how contracts are to be awarded. These regulations require that all contracts above certain minimum amounts must have the approval of the Treasury Board.

Senator ISNOR: You have given the amount of \$50,000?

Mr. DEUTSCH: \$50,000 where the lowest tender is taken, and \$15,000 where the lowest tender is not taken or where it is not let by tender but perhaps by cost plus. The general rule is that all contracts must be let by tender, and if the amount is over \$50,000 it has to be approved by the Treasury Board.

Senator EULER: Must the lowest tender be accepted?

Mr. DEUTSCH: Yes. There is a whole set of regulations as to how contracts are to be placed, and the general regulation is that the lowest tender must be taken.

Senator VIEN: Unless there are good reasons to the contrary.

Mr. DEUTSCH: Yes. The department may give contracts on a fee basis or a negotiation price basis, and they have to give reasons.

Senator ISNOR: Mr. Deutsch, how would your Board arrive at a decision such as I have illustrated?

Mr. DEUTSCH: That is up to the ministers. They may say that a certain project is too big or they do not agree with it. It is their privilege to say no. That is what the regulation provides.

Senator VIEN: The Treasury Board is a Committee of the Cabinet.

Mr. DEUTSCH: Yes. It is a Committee of the Cabinet to carry out certain functions.

Senator VIEN: Suppose the department which prepared the estimate finds that this work could be done for \$80,000 and yet the lowest tender is \$125,000? There might be good reason why the Treasury Board would consider the amount of the lowest tender, \$125,000, as being excessive.

Mr. DEUTSCH: That is right.

Senator VIEN: They might, in checking the estimates of the department, feel there would be a reasonable margin of profit to the contractor at a price of \$80,000, and that \$125,000 is not reasonable.

Senator PIRIE: Then they would not be relying on their architects?

Senator VIEN: Suppose the architects and engineers of the department estimated that this contract should not cost the department more than \$80,000? Then they called for tenders and the lowest tender amounted to \$125,000, which is \$45,000 more than what the architects and engineers of the department estimated.

Senator PIRIE: That is not what Senator Isnor's case is.

Senator ISNOR: No. Let me put it another way. I do not want to over-stress this, but suppose the estimate of the department is \$97,000 and tenders are called and the lowest tender is \$90,000, which is \$7,000 below the estimate of the department. Then the Board comes along and says "No, we are not approving that contract".

Senator HAIG: That is the policy of the Government.

Mr. DEUTSCH: That is right.

Senator HAIG: And they decide \$90,000 is all they are going to spend on that building and that ends that.

Senator VIEN: Suppose the estimate of the architects and engineers is \$97,000 and the lowest tender is \$90,000. The Government may think they cannot proceed without losing money at that price, or that it cannot be done effectively.

Hon. Mr. HAIG: That there might be a slip-up on the job.

The CHAIRMAN: Is this not a bit out of range?

Senator ISNOR: No.

Senator VIEN: I would suggest that it is a matter of policy of the Treasury Board, which is a committee of the Government.

Mr. DEUTSCH: Senator Isnor, the Board operates in accordance with the regulations passed by the Governor in Council. They pass certain regulations as to how contracts are to be awarded, and they lay down certain regulations. The most important of these regulations is that the lowest tender is to be taken. That is a general regulation which applies to all departments. If the contract is for more than \$50,000, and the lowest tender is taken, that contract requires the approval of Treasury Board. That is what the regulation says. And Treasury Board may give approval or may not give approval. The reasons they use to, say, disapprove a contract is a matter that ministers decide. It may be too much money, it may be certain features of the building they don't like, and they say, "Well, we don't like that, we won't approve it on that basis", and they are acting within the regulations that are laid down.

Senator ISNOR: Thank you, very much. I felt it would serve a good purpose to bring this to your attention and to the attention of the committee.

Mr. DEUTSCH: Of course, I suppose the contract really, you see, Senator, is not awarded unless there is Treasury Board approval.

Senator ISNOR: I realize that, but in the meantime they have spent a lot of money.

Mr. DEUTSCH: Yes. Now, I wanted to deal separately with the question of staff, that is, civil servants. Senator Euler asked a question about that. In these estimates the departments are asked to show the amounts which they wish to obtain in the votes for, say, salaries and wages, in other words, to pay the civil servants. The votes themselves are votes for services like administration of a department, or to carry out a certain function. Now, in the breakdown of that vote, as I explained, one of the breakdowns is salaries and wages, and there are other breakdowns, such as equipment and supplies, and so on. These breakdowns are then set up as allotments against which the departments operate, and those allotments may be changed. As long as you stay within the vote you can change the amount within the allot-

ments. Therefore, since the votes contain allotments for salaries and wages the whole matter of staff has to be considered. Now, in the past year we started some changes in how this matter was dealt with. In connection with the estimates now before Parliament we began a procedure for reviewing the departments' request for staff.

The CHAIRMAN: When was that?

Mr. DEUTSCH: It was started last July. It was felt that it might be helpful if we had a more systematic way of looking at the staff.

Senator VIEN: When you say "we", you mean the Treasury Board?

Mr. DEUTSCH: I mean the Treasury Board, that is right. The Treasury Board decided it would be a useful thing to have a general survey of the staffs of all departments; and so in July, well in advance of the estimates—because when you come to estimates time you have to put the dollar sign against it, and before you put the dollar sign against it, we say "Let us look at staff in numbers and classifications." And under the direction of Treasury Board the procedure was adopted called "The Establishment Review" procedure. This procedure was carried out in this way: A committee was appointed for each department; the committee consisted of a representative of the Treasury Board staff, a representative of the Civil Service Commission, and a representative of the department—usually the personnel officer or the main administrative officer of the department. There is one committee for each department. That committee requested the department to, first of all, prepare information on the existing staff and show its existing staff strength, their classifications, and so on; and then the department was asked to indicate what staff it would be requesting in estimates to compare with their existing situation. In other words, what is your staff now at a certain date? What are its various classifications? What are you proposing to ask in estimates for which you will be requiring money, so that we can see what changes are proposed in staff for the money which will be required in the estimates? Now, those requests were then examined by this committee, and they were looked at from an over-all point of view. In other words, last year's staff was so much. Now you are requesting this, and it involves increases in this area, and so on. Now, the purpose of this review was to, first of all, make sure that the requests were kept within the minimum necessary, and if increases were requested for any purpose and they can be substantiated. Before those increases are automatically sent forward every effort should be made to see whether staff could be saved anywhere before new staff is asked for. What other functions are there that are declining, let us say, or should be declining? Or, is there some place where staff may be saved, before we consider the addition of new staff? And you could only do this if you take an over-all look at the situation. If you are dealing simply with an individual request for an increase you are simply looking at that particular thing, and of course there may be very good reasons for that particular thing, and why it would require more staff, but that does not tell you whether something else may not require more staff, or may require less staff. So the idea of a general review was to look at the increases in relation to the general picture and to see if some place else the staff could not be reduced.

Senator VIEN: When did you get that information?

Mr. DEUTSCH: We asked for it in July.

Senator VIEN: When did you get it?

Mr. DEUTSCH: We got it in July, August and forward. We asked for it so that the committees could get to work as quickly as possible.

Senator VIEN: Are they at work now?

Mr. DEUTSCH: Well, this year we will start again in July for the next year. I am talking about last year, you see.

Senator EULER: You say there is a representative of the department on the committee?

Mr. DEUTSCH: Yes.

Senator EULER: A representative of the Civil Service Commission, and one from the Treasury Board staff?

Mr. DEUTSCH: Yes.

Senator EULER: Supposing a certain department, say the Department of Agriculture, wants an increase in staff of 25 people, do you then take the recommendation or the explanation of the member from that department as to whether this number of people are required, or do you go beyond that, and if so, how?

Mr. DEUTSCH: Well, we look at these requests for increases of that sort and we ask the department to explain why they want these increases. As far as the Treasury Board representative is concerned we will be looking at that increase from the point of view, first of all, of whether that function, or the extension of that function, is something which is in accordance with government policy, for one thing. In other words, has the government approved this activity, and if it has not we will find out from explanations given if that is so or not. If the government has not approved the undertaking of this activity for which 25 people are required, we would say to the department, "You had better get some approval on this first, we cannot accept this." Or if it is within government policy, the function has been approved, and so on, the next question is, are these people really needed to do what you say they are needed for? Why was this function carried out last year with this number of people, and why do you need extra staff now? And we will get the department to explain. The Civil Service Commission representative—they are supposed to be the people who study work loads, and things of that sort, and the number of people you need to carry out a certain kind of work, and so on, the Commission will give its views on whether that number of people is needed; they are supposed to be specialists.

Senator EULER: If in their opinion these people are not necessary, have they any authority to refuse the increase in staff?

The CHAIRMAN: You mean the Civil Service Commission?

Senator EULER: Yes.

Mr. DEUTSCH: No department may add to its staff, if they come under the Civil Service Act, without the recommendation of the Civil Service Commission.

Senator EULER: They are not controlled by the opinion of your committee?

Mr. DEUTSCH: There is another feature to it. All recommendations of the Civil Service Commission for increases to staff also require the approval of the Treasury Board, so in order to increase the establishment of a department you first of all have got to get the recommendation from the Civil Service Commission approving the increase, and if such recommendation is made that recommendation must be approved by Treasury Board.

Senator EULER: It is reciprocal then. The appointments cannot be made without the approval of the Civil Service Commission and they cannot be made without permission of the Treasury Board.

Mr. DEUTSCH: Yes. There are two hurdles to surmount. That is why we are present on this committee. If the Civil Service says that we are not going to approve the increase that ends it.

Senator EULER: That is what I wanted to know.

Mr. DEUTSCH: But if the Civil Service Commission says "Yes we recommended that increase" is still has to go to Treasury Board and Treasury Board may refuse it.

Senator VIEN: Does it?

Mr. DEUTSCH: Oh yes, sometimes.

Senator VIEN: Have you had an opportunity to assess whether this procedure that you have outlined has already accomplished something?

Mr. DEUTSCH: Well, I would hope so, Senator Vien. To follow through the sort of procedure I have described where we have a suggestion for an increase, that increase will be analysed as to its necessity.

Senator EULER: How do you do that?

Mr. DEUTSCH: First of all I was trying to explain the sort of thing we look at. The first thing we look at is the explanation, is it in accordance with Government policy. For instance, suppose the Government decides to add 25 people to do something new.

Senator EULER: The first question you would ask "Is this trip necessary?"

Mr. DEUTSCH: Not only necessary but who has approved all this. Has the Government approved it, where is your approval, where is your authority for this, and if they cannot produce such authority we say, "We better have that authority before we discuss this proposal any further". That is the first thing to look at.

Senator EULER: What do you do if the Government approves it and the Civil Service Commission does not?

Mr. DEUTSCH: This is where the Civil Service Commission comes in. Suppose this increase is approved by the Government, this activity. Then the next question is, is it necessary to have this many people to do this task that has been approved. Now this is where the Civil Service Commission comes in. They are supposed to be experts on numbers and classes of people required to carry out functions. That is one of their specialities, and the Civil Service Act requires them to do this. How many positions are need to carry out the functions?

Now, the Civil Service Commission and ourselves will examine the proposal from the point of view is the 25 you need, why cannot 10 people do this job you are talking about. The Civil Service Commission will be very much concerned with this question, and will, say, recommend 15. They will say, "that is all we can see is necessary, a further 10 are not necessary to do this work you are talking about." If that is the case, then the recommendation coming forward to Treasury Board will be for 15 and Treasury Board may or may not accept that. Sometimes it may, sometimes it may not.

Now, Senator Isnor's problem: I cannot always tell what instructions ministers give.

Senator EULER: But they cannot override the Civil Service Commission.

Mr. DEUTSCH: Well they cannot. The Civil Service Commission acts under an Act of Parliament, and every increase must be recommended by the Civil Service Commission. The Treasury Board could feel that instead of 15 there should be 20, but I do not recall a situation like that. The Treasury Board may refuse to approve the 15. It may say instead of 15 we will approve 10. However, I must admit I do not know of any case where they exceeded the recommendation of the Civil Service Commission. Normally, if in the first place the Civil Service Commission is not prepared to recommend anything then nothing happens.

Senator EULER: As a matter of fact does the Civil Service Commission do much in the way of reducing the number of staff?

Mr. DEUTSCH: Oh yes.

Senator EULER: They do?

Mr. DEUTSCH: Yes. But they are concerned primarily with the numbers that are required to carry out an activity which the Government has approved of. In other words to do a certain job you need 10, 15 or 20 people, and the Civil Service Commission is required to rule on the number and the classes of people required to do the job.

Senator VIEN: Are you satisfied that they also consider the possibility of coordinating other branches and divisions so as to have this particular activity carried out by some other particular division.

Mr. DEUTSCH: I was coming to that feature, Senator Vien.

When we get through with this examination, suppose it is agreed that the function in question is Government policy, and suppose after our careful examination that 15 people are needed to do it, then the third stage, Senator, is, and this is where the new procedure comes in: We need 15 more people so let us see whether this function could not be carried out by somebody else in that department or by some other department. We look into it to see if that is possible. Secondly, if that is found not to be the case, the next question will be if you increase the number of staff by 15 here can you offset that increase by some decrease somewhere else. That feature will be examined. That is where the advantage of looking at the whole picture comes in. You may say you have a branch of your activity over here the importance of which we know is declining, that several years ago the work you were doing was of prime importance but that is not the case today and so why cannot we cut the number down in that branch to make room for these 15 who are coming on. This is where the advantage of the committee comes in. We look at all the branches, we ask whether all are equally important, are they all equally active, where can some decrease be made so that we can take care of the 15 to be engaged. The committee will look into that.

We try to examine all increases in relation to all possible decreases. Then we make a report of the department as a whole and not on the particular little cases that have been brought up. That is what this committee does, Senator, it tries to look at requests for increases in relation to the department as a whole and to make sure that as far as possible increases are not put forward when they can be counterbalanced by decreases elsewhere. This is the purpose of this overall review which I have discussed.

The CHAIRMAN: I take it, Mr. Deutsch, this departure dates from July.

Mr. DEUTSCH: Yes, of last year.

The CHAIRMAN: Prior to that the Civil Service Commission investigated the request of a department for additional staff and passed upon it.

Mr. DEUTSCH: Ad hoc. In other words, the general practice had been that when the department wished to have an increase in staff they could come forward at any time of the year and say "Look, we need 10 more people", and then the Civil Service Commission would go in and investigate that request to see if 10 were really necessary, and then that particular proposal of 10 would be the subject of the recommendation of the Civil Service Commission. It would come to the Treasury Board and the Treasury Board would accept the recommendation or not. That particular request coming in at any time during the year was looked at separately. It was dealt with as an issue in itself, whereas this new procedure is related to the picture of the whole department. That is the change that has been made in the procedure.

The CHAIRMAN: This new departure must have arisen from the fact that the old practice had not proved entirely satisfactory?

Mr. DEUTSCH: Well, I think it was thought that with the large staff at the present time the old practice may not have been found satisfactory. It was satisfactory in the days when things were smaller but as it is now at the present time, with very large and growing staffs, it was felt that there was something missing in the procedure and that any increases in the size of the staff should be related to the overall situation in that department and should be examined alongside of possibilities for decreases.

Senator EULER: The final point I want to make is this: can the Civil Service Commission refuse—and is its refusal final—any requisition for an increase of staff?

Mr. DEUTSCH: If the particular matter comes under the Civil Service Commission Act.

Senator EULER: The answer is yes?

Mr. DEUTSCH: The answer is yes. If the Civil Service Commission does not agree with a recommendation, nothing comes to the Treasury Board.

The CHAIRMAN: There is another point which just occurs to me: I do not know whether you would care to pass an opinion on it. A good, efficient Deputy Minister who is a good administrator is probably the best judge of the number of staff and the kind of staff he requires to carry out the obligations of the Department; and I just wonder—and I am not asking you to reply to this—if this procedure is perhaps not an effort to overcome a defect that is primary. You do not need to answer that, Mr. Deutsch.

Senator EULER: You mean, there might be some Deputy Minister who is not so good an administrator?

Senator CAMPBELL: It would be obvious.

Senator GERSHAW: This question is partly answered. But supposing that for a time one group of civil servants is not very busy: something special comes up, and another group is not busy, can you transfer from one to the other to cover the emergency?

Mr. DEUTSCH: Yes; there is provision, obviously, for transferring inside of a Department, and also between Departments.

Senator EULER: If the witness has concluded his remarks, I suggest that we adjourn.

Mr. DEUTSCH: I would add one more thing, to conclude my description of this staff review. This committee, when it has made the examination of the staff proposals of the Department, and in the way which I have suggested, will then prepare a report on the Department's proposals. That report goes up to the Treasury Board at the same time that these estimates go to it, because the estimate is just another aspect of this thing; the money to pay this staff is going to be provided for in these estimates. So the Board, when it comes to looking at the estimates of the Department, will have before it the Department's proposals for expenditures and the report of this review committee regarding the staff. The Department, however, is not bound by that committee report, because obviously these staff people cannot usurp the functions of the Minister. It is advisory material, but not ultimate decisions, because if they could take final decisions they could control the activities of a Department; in other words, they could say "We will give you so much staff, and that is all there is to it". This committee is an advisory body. So what the committee does is to prepare a report, which goes before Treasury Board alongside of the estimates. If the Department does not agree, or if, in this particular case, the Minister does not agree with what this particular committee has suggested in the way of staff, he is quite at liberty to make his own recommendations to the Board.

Senator EULER: But they still have to get the recommendation from the Civil Service Commission as well?

Mr. DEUTSCH: That is right.

Senator EULER: And the Commission may "can" the whole thing?

Mr. DEUTSCH: It may. It may cause considerable difficulty. The Minister may decide that the staff recommendations which were approved in the review committee report are not adequate for his purposes; or he may have some other idea; he may want to carry out some policies that the committee do not feel competent to deal with. The Department may disagree with the committee report and bring the matter up to Treasury Board, and the Board will then have before it the Department's proposals and the report of the committee, and the Ministers have to decide.

Senator EULER: Where does the Civil Service Commission come in, then? They have to make a report on that same thing, do they not?

Mr. DEUTSCH: Well, if the Treasury Board agrees with the Minister's proposal, which, say, is at variance with the committee's report, and agrees that certain things should be done, the Civil Service Commission will have to go back and examine the requirements of that Department in the light of the Government's approval of that function. In other words, the Government may say "Look, we are going to expand on activity. We agree as a matter of policy that we are going to expand it. We have decided that." The Civil Service Commission will then go back and say, "How many people do you need if you have decided that that shall be done?"

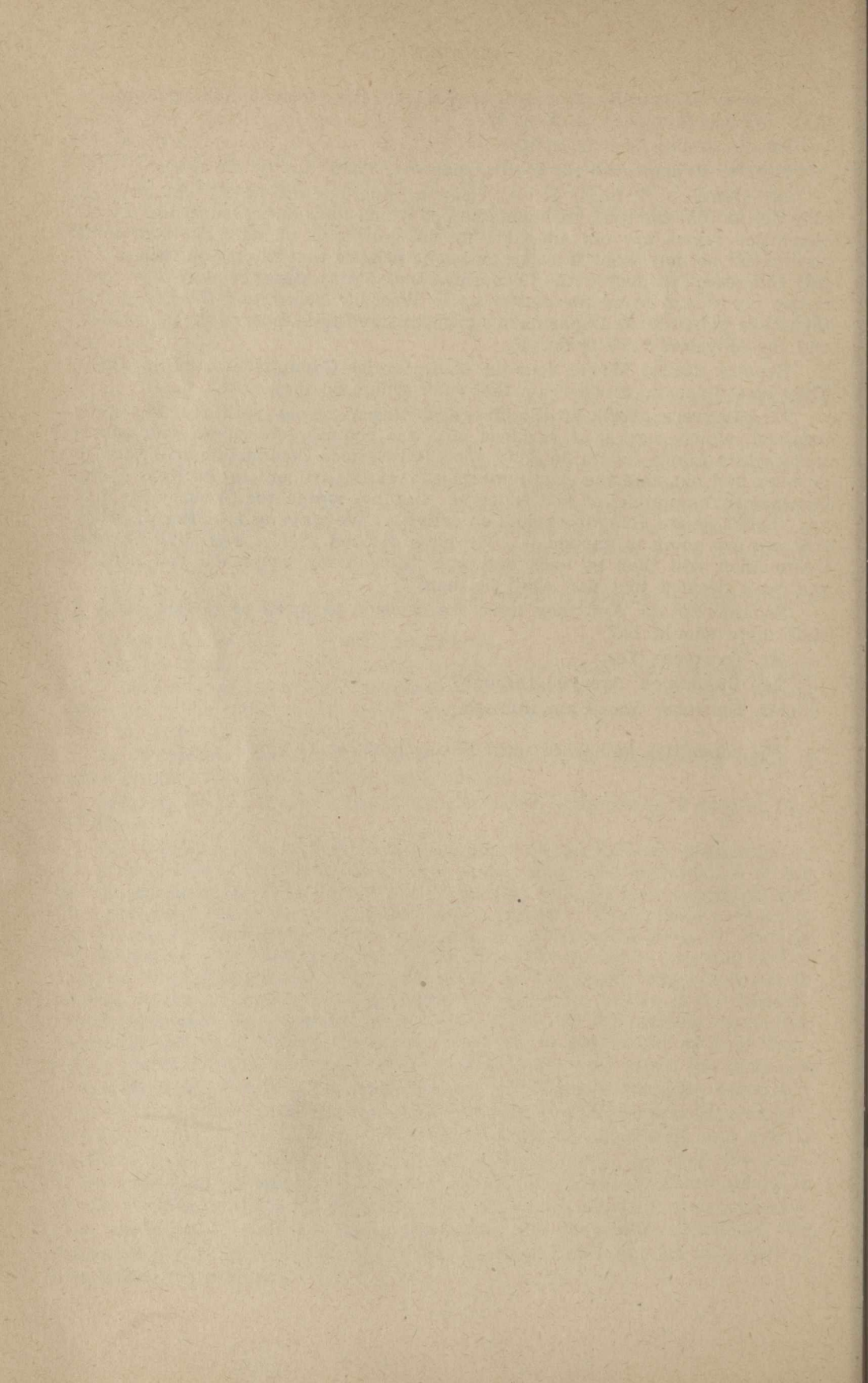
Senator EULER: And they have the decision to make as to how large a staff there should be?

Mr. DEUTSCH: Yes.

The CHAIRMAN: Are you through?

Mr. DEUTSCH: Yes, I am through.

The committee adjourned until Friday next, at 11 a.m.



1955

THE SENATE OF CANADA



PROCEEDINGS
OF THE
STANDING COMMITTEE
ON

FINANCE

on the expenditures proposed by the Estimates laid
before Parliament for the fiscal year ending
March 31, 1956

No. 2

FRIDAY, MAY 13, 1955
TUESDAY, MAY 17, 1955

The Honourable THOMAS A. CRERAR, P.C., *Chairman*

WITNESSES:

Mr. J. J. Deutsch, Secretary of the Treasury Board.
Mr. S. G. Nelson, Commissioner, Civil Service Commission.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

STANDING COMMITTEE ON FINANCE

The Honourable Thomas A. Crerar, P.C., Chairman.

The Honourable Senators

Aseltine	Gershaw	Pirie
Baird	Golding	Pratt
Barbour	*Haig	Quinn
Beaubien	Hawkins	Reid
Bouffard	Hayden	Roebuck
Burchill	Horner	Stambaugh
Campbell	Isnor	Taylor
Connolly	King	Turgeon
Crerar	Lambert	Vaillancourt
Dupuis	*Macdonald	Vien
Euler	McDonald	Woodrow—(35)
Farris	Paterson	
Fraser	Petten	

*Ex officio member (Quorum 9)

ORDER OF REFERENCE

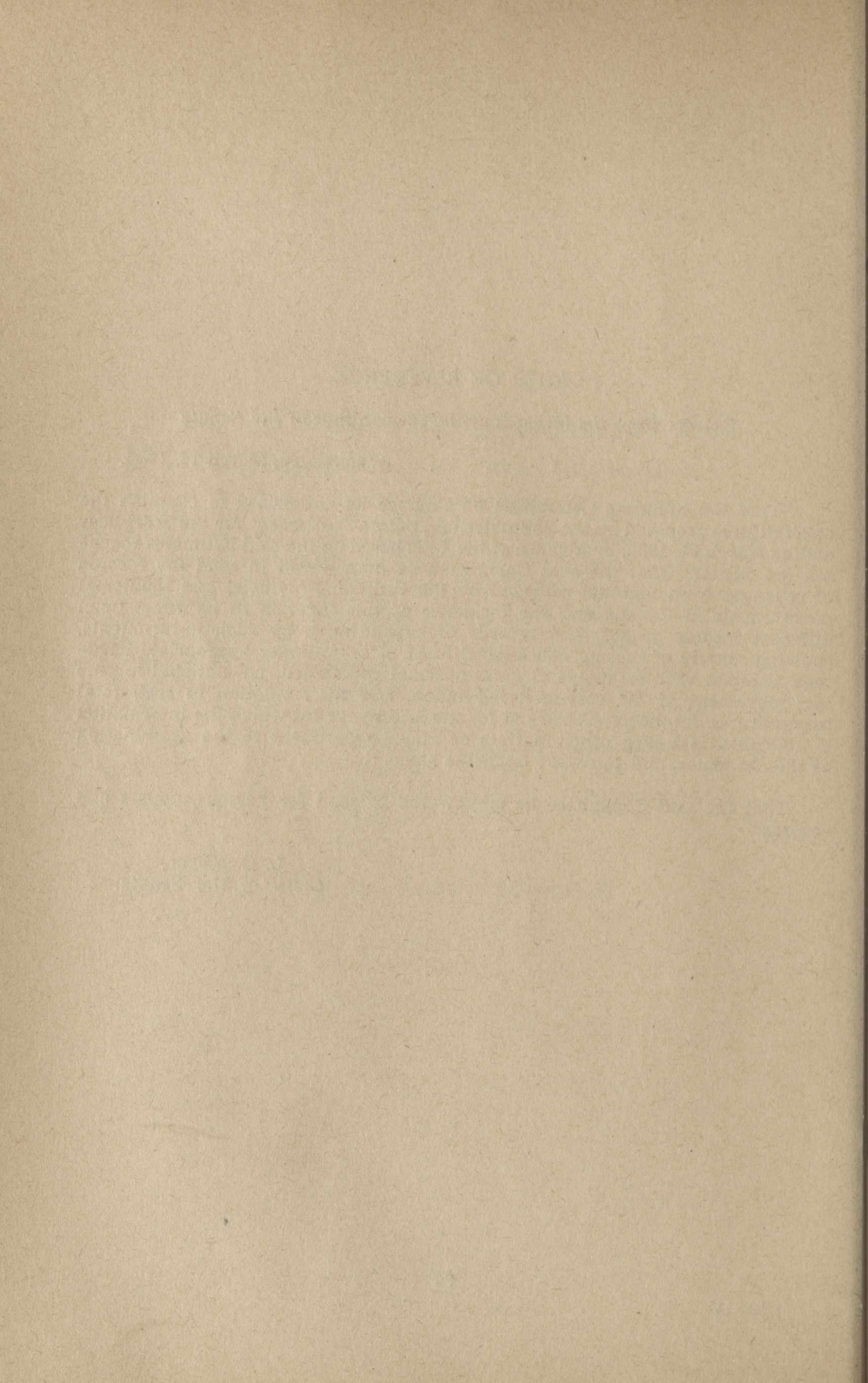
Extract from the Minutes of the Proceedings of the Senate

WEDNESDAY, March 16, 1955.

“That the Standing Committee on Finance be authorized to examine the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending March 31, 1956, in advance of the Bills based on the said Estimates reaching the Senate; That the said Committee be empowered to send for records of revenues from taxation collected by the Federal, Provincial and Municipal governments in Canada and the incidence of this taxation in its effect upon different income groups, and records of expenditures by such governments, showing sources of income and expenditures of same under appropriate headings, together with estimates of gross national production, net national income and movement of the cost-of-living index, and their relation to such total expenditures, for the year 1939 and for the latest year for which the information is available, and such other matters as may be pertinent to the examination of the Estimates, and to report upon the same.

That the said Committee be empowered to send for persons, papers and records.”

L. C. Moyer,
Clerk of the Senate.



MINUTES OF PROCEEDINGS

FRIDAY, May 13, 1955.

Pursuant to adjournment and notice the Standing Committee on Finance met this day at 11.00 a.m.

Present: The Honourable Senators: Crerar, Chairman; Aseltine, Baird, Barbour, Connolly, Golding, Haig, Isnor, King, Lambert, Paterson, Quinn, Reid, Stambaugh and Turgeon—15.

In attendance: The official Reporters of the Senate. Mr. J. A. Murray, Assistant Director, Organization and Classification Branch, Civil Service Commission.

The Committee proceeded to the consideration of the order of reference of March 16, 1955.

Mr. J. J. Deutsch, Secretary of the Treasury Board, was further heard and questioned.

Mr. S. G. Nelson, Commissioner, Civil Service Commission, was heard and questioned.

At 1.00 p.m. the Committee adjourned until Tuesday, May 17, 1955, at 11.00 a.m.

Attest.

John A. Hinds,
Assistant Chief Clerk of Committees

TUESDAY, May 17, 1955

Pursuant to adjournment and notice the Standing Committee on Finance met this day at 11.00 a.m.

Present: The Honourable Senators: Crerar, Chairman; Aseltine, Barbour, Connolly, Euler, Golding, Haig, Hawkins, Horner, Isnor, Lambert, Turgeon and Woodrow—13.

In attendance: The official Reporters of the Senate. Mr. J. A. Murray, Assistant Director, Organization and Classification Branch, Civil Service Commission.

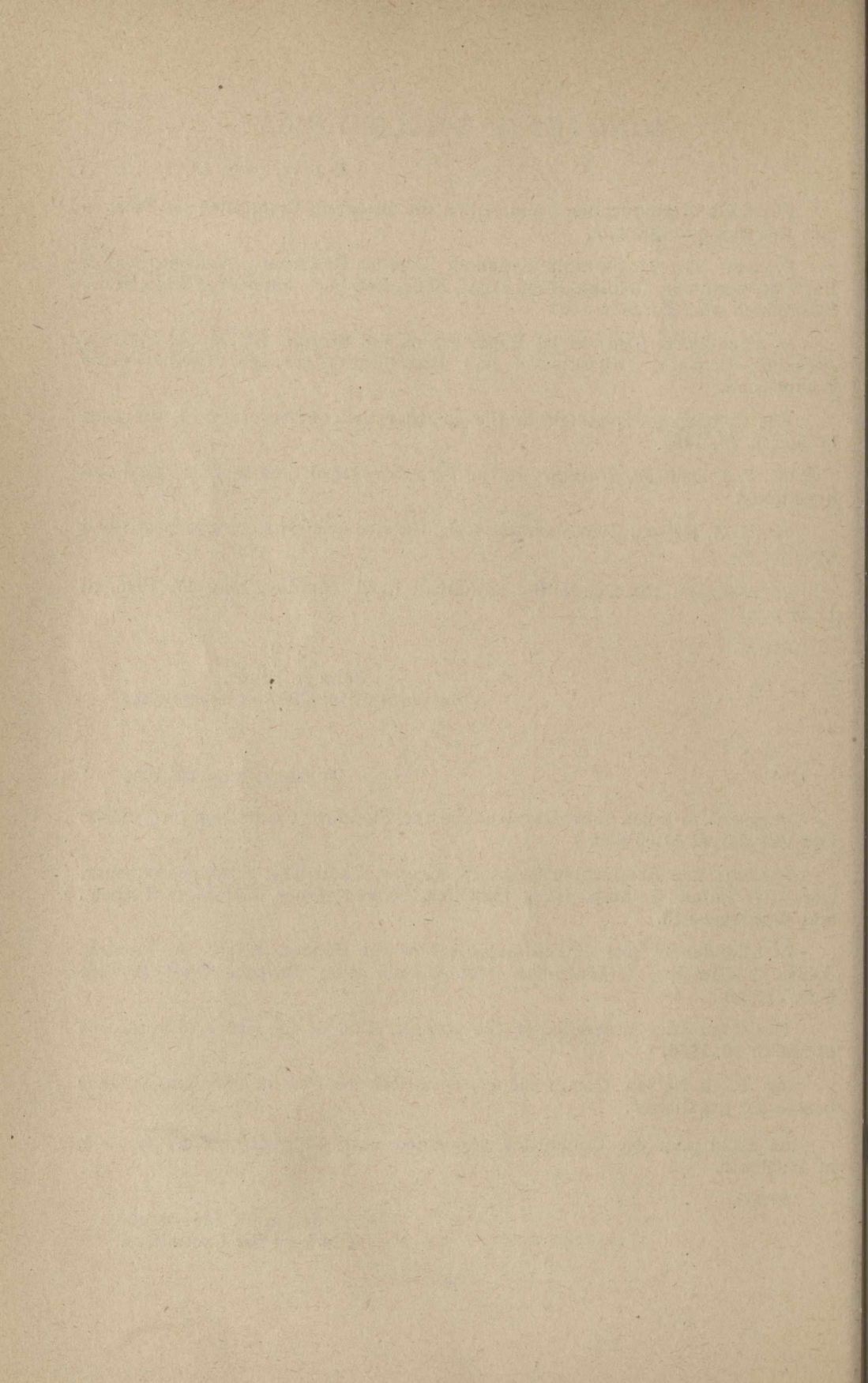
The Committee proceeded to the consideration of the order of reference of March 16, 1955.

Mr. S. G. Nelson, Commissioner, Civil Service Commission, was further heard and questioned.

At 12.30 p.m. the Committee adjourned until Thursday, May 19, 1955, at 11.00 a.m.

Attest.

James D. MacDonald,
Clerk of the Committee.



THE SENATE

STANDING COMMITTEE ON FINANCE

OTTAWA, Friday, May 13, 1955.

EVIDENCE

The Standing Committee on Finance, which was authorized to examine the Estimates laid before Parliament for the fiscal year ending March 31, 1956, met this day at 11 o'clock a.m.

Senator CRERAR in the Chair.

The CHAIRMAN: Gentlemen, we will come to order. At our meeting on Wednesday Mr. Deutsch, the Secretary of the Treasury Board, gave us a very full description of the manner in which these estimates in the Blue Book are prepared from the initial stage when a letter is sent in September to the different departments from the Minister of Finance, asking them to supply their estimates for the next year. Then he illustrated the whole procedure from that point right to where they are tabled in the House of Commons.

I am making this summary for the benefit of members who may not have been here at the last meeting. Mr. Deutsch also explained some new steps that were taken last year to get a little closer control over the increase in staff in various departments. It was some concern to members of the committee that increases in the number of employees in the Civil Service Commission amounted to over 9,000 from March 31, 1954, to February 28, 1955. The increase in the Civil Service has been progressive and steady during the past numbers of years. The data for these increases is contained in the statistical tables before you.

Heretofore when departments wanted to increase their establishment, when they wished to get a new servant in the department, the matter was taken up with the Civil Service Commission which examined into it with the department and satisfied itself that the increase was necessary. Then the decision on the qualifications of the position were discussed and advertising was placed for applications. The applications were submitted and were rated by the Civil Service Commission, and when certified by the Commission, the successful applicant went into the service.

Senator QUINN: Would the Civil Service Commission be in a position to judge whether extra help was wanted in a department? How would they be in a position to judge whether extra help is required?

Senator REID: And also, if it comes to the Treasury Board—

The CHAIRMAN: Just a moment. We will answer Senator Quinn's question first.

Mr. DEUTSCH: Senator, when a department requests an additional position the request goes to the Civil Service Commission and they then send over their people to see and discuss with the department—there are representatives of the Civil Service Commission here so I have to be particularly accurate in what I have to say—the need for the position. They will try to satisfy themselves that the person is needed to carry out the work that it is proposed to carry out.

Senator QUINN: But the departmental officials would be the ones to judge?

Mr. DEUTSCH: They would make the request.

Senator QUINN: The Civil Service Commission would not know whether they were required or not? They could not judge whether extra help was needed in a department?

Mr. DEUTSCH: They would try to satisfy themselves that the help was needed in fact, and that the existing staff was not capable of doing the work. In other words, that the additional work was there to justify another position. They would discuss with the department what they proposed this person to do, and then they would try to satisfy themselves that indeed that work was there and that the existing staff was not capable of doing it. On the basis of that examination they would make a report to the Treasury Board. Then that report would go before the Treasury Board and the addition could not be made unless the Board approved the Civil Service Commission's report. In other words, it is not automatic after the Civil Service Commission has made a report and recommended the addition of another person, for at that stage it still requires the approval of the Board and the Board may or may not approve the recommendation.

Senator STAMBAUGH: Does it have to have the approval of both the Treasury Board and the Civil Service Commission?

Mr. DEUTSCH: Yes.

Senator STAMBAUGH: The Treasury Board could not overrule the Civil Service Commission?

Mr. DEUTSCH: Yes. If the Civil Service Commission agrees with the proposal of a department to add another person to the department's staff, and so recommends, the Treasury Board may refuse to grant the request.

Senator STAMBAUGH: I mean the other way around. Suppose the Civil Service Commission refused it? Could the Treasury Board say "Yes"?

Mr. DEUTSCH: Suppose the Civil Service Commission refused it, could the Treasury Board say "Yes"?

Senator STAMBAUGH: Yes. In other words, the department carries it past the Civil Service Commission to the Treasury Board, claiming that they need the extra position?

Mr. DEUTSCH: The general practice, sir, is that if a request comes to the Board, the Board will automatically ask "What is the report of the Civil Service Commission?"

Senator QUINN: You mean the Treasury Board?

Mr. DEUTSCH: Yes, and in practice the Board will always request a report from the Civil Service Commission and will not deal with the case until there is such a report. That is, of course, on matters which come under the Civil Service Act. There are some sections of departments and some boards and commissions, and so on, that do not come under the Civil Service Act. In that case the Board deals with them finally. If it is a case where the employment comes under the Civil Service Act, the usual procedure is that a report from the Civil Service Commission is required before the Board will deal with the case.

Senator TURGEON: Am I right in assuming that the initial request to the Civil Service Commission for consideration of an additional employee comes to it from the Treasury Board and not from the minister of the department?

Mr. DEUTSCH: No, it comes from the department and goes to the Civil Service Commission. The normal procedure is for the request to go from the department to the Civil Service Commission, which examines it and reports on it to the Treasury Board. Then the Treasury Board has to give its final approval or otherwise.

Senator REID: When you speak of the Civil Service Commission in this instance do you mean the three Commissioners? When these requests come before the Civil Service Commission do the three Commissioners rule on them or is it done by another group?

Mr. DEUTSCH: If it is an ordinary request from the department for an additional servant, the initial examination will be done by a staff in the Civil Service Commission. However, before the report goes from the Commission to the Treasury Board such report is usually approved or examined by the Commissioners themselves. Obviously, the three Commissioners cannot be everywhere at once, and so they have a staff to do the initial examination. However, before the report goes to the Treasury Board it has to be approved by the Commission itself.

Senator LAMBERT: I want to ask Mr. Deutsch in connection with a point he made about the discretion of the Treasury Board being exercised to disallow recommendations from the Civil Service Commission after, I presume, officials of the Department have conferred with the Civil Service Commission, and what steps are taken at that point by the Treasury Board to notify the Department or deal with the Department affected? Do you consult the officials again?

Mr. DEUTSCH: Senator, when the Treasury Board receives the report from the Civil Service Commission it will make certain examinations of its own. In the first place it will relate that request to the general departmental program that was approved in estimates. In other words, when estimates for the Department are approved by the Board there is envisaged only approval of a certain program of activity for which money is required. The Board, in giving that approval, has certain things in mind, about what the program of that Department should be. Now, when a request like that comes in, that request will be related to the program that was approved at the time the estimates were approved. It may be that sometimes that particular proposal may be outside that program, and the Board will say, "Well, now, we did not approve anything like this as far as estimates are concerned, and therefore we do not feel that we can approve this particular request". The Board will also have in mind the general increase in staff that has taken place in that Department and say, "Well, it may be that a very good case can be made for this particular individual thing, if you like, but we are concerned about the whole scale of development here. We think the time has come perhaps to hold it down a bit, and we cannot approve this particular increase". In other words, the Board is concerned with the over-all implications of particular items in terms of increases in expenditures which they entail, and expansion of work which they entail, and the Board will have an idea in its mind that "Well, we do not envisage this particular kind of expansion".

Senator LAMBERT: I can understand you having a question mark in your mind about the adequacy of a particular recommendation.

Mr. DEUTSCH: Yes.

Senator LAMBERT: Then, to make the question still more pointed, would it be customary or would it be part of the procedure for the Treasury Board to bring directly before it some of the officials who do appear before the Commission?

Mr. DEUTSCH: No.

Senator LAMBERT: You deal with the Ministers affected?

Mr. DEUTSCH: Yes. When Treasury Board examines these things it is done by Ministers, and there are no officials present, usually, except the Secretary.

Senator LAMBERT: For additional evidence you deal with it at the top.

Mr. DEUTSCH: Yes, I should say we do this, senator: the Board will have in mind, when requests come forward for additional staff, this fact, that once you have the staff on the strength that commits you to further expenditures the next year, when the Department's proposals for next year come forward: that additional staff, of course, will appear in the money required for the estimates. So the Board has to keep in mind what is being developed in the estimates which will recur in subsequent years, and that is why, even though a recommendation may come forward from the Department endorsed by the Civil Service Commission, the Board will have in mind the effect of that additional staff on future expenditures, estimates, and so on, and even though the recommendation may be approved the Board may say, "This does not fit our ideas of what we can accept in the future in the way of estimates and expenditures".

Senator LAMBERT: From the point of view of the organization behind these things, in the first instance, when an approach is made to the Civil Service Commission for the employment of additional help in a Department is there any one official—I always assumed it would be the Deputy—who is primarily responsible for these recommendations before they go to Treasury Board?

Mr. DEUTSCH: Sir, the responsibility for every proposal before Treasury Board rests on some Minister.

Senator LAMBERT: Oh, quite.

Mr. DEUTSCH: Every proposal from a Department coming before the Board is on the recommendation of a Minister, though in some cases Ministers, for certain limited purposes, sometimes allow more or less routine matters to be submitted by their Deputies. But in theory all the recommendations coming to the Board are recommendations from a Minister.

Senator LAMBERT: I understand that officially it must have the imprimatur of the Minister. But you mentioned the fact that in the first place officials went before the Civil Service Commission to put their case to them. Now, amongst the officials who go, is there anyone who is really responsible to the Minister so that he can represent him officially? It would be the Deputy, I suppose?

Mr. DEUTSCH: I think, as far as dealing with the Civil Service Commission is concerned, the responsible person the Commission would look to for requests coming before it would be the Deputy Minister.

Senator LAMBERT: But really the responsibility in the final analysis is the Minister's?

Mr. DEUTSCH: Yes. He in turn is responsible to the Minister.

Senator TURGEON: If a Department wishes to make appointments of a temporary nature does it apply to the Civil Service Commission?

Mr. DEUTSCH: If it is the type of employment that comes under the Civil Service Act, yes.

The CHAIRMAN: As a matter of practice, when this procedure has gone to the point where the Civil Service Commission make their recommendations and are prepared to certify that the job requires to be filled, and advertises it, when the report goes to the Treasury Board, as a matter of fact do the Treasury Board vary it? They did not in my time. I know that.

Mr. DEUTSCH: They automatically accepted it?

The CHAIRMAN: They relied on the Civil Service Commission's judgment in the matter. If the Civil Service Commission certified that the position should be filled, it was more or less automatically accepted.

Mr. DEUTSCH: Well, senator, that has not been so in my experience.

The CHAIRMAN: That may vary under the new procedure you have set up, Mr. Deutsch. I was speaking of the old procedure.

Mr. DEUTSCH: The Treasury Board has the authority by law—

The CHAIRMAN: No doubt about that.

Mr. DEUTSCH: —to accept or to refuse those recommendations, and it does so from time to time.

Senator ROSS: I understood you the other day to say that if money was voted for public works, and the Minister later on felt that some other approved public work was more desirable, the vote could not be as a general rule transferred to this other public work, but I understood you to say that there were exceptions to that rule. Am I right in that?

Mr. DEUTSCH: As far as votes are concerned senator, the amounts shown in a vote may not be transferred to another vote. You can make transfers inside a vote.

Senator ROSS: What do you mean by that?

Mr. DEUTSCH: In other words—there are, I think, about six hundred votes in the blue book,—for purposes of accounting for expenditures, and to some extent for purposes of control of expenditures by the Comptroller of the Treasury, these votes are broken down into allotments. Take the total sum in a vote: that is broken down into maybe ten or fifteen parts. The parts are usually salaries, supplies, equipment, publications and so on. The vote is broken down into those categories. The amounts within those categories under a vote may be transferred from one category to the other.

The CHAIRMAN: Within a vote?

Mr. DEUTSCH: Within a vote, but you may not transfer between votes. Within the vote the suballotments are subject to transfer one between the other, with the approval of the Treasury Board, but you may not transfer from one vote to another. I should make this further statement, that in connection with a vote covering public works in the Department of Public Works, while there may be one vote for the construction of buildings, in the details in the back of the blue book there will be a breakdown given of each separate building.

Senator CONNOLLY: What is this you are looking at.

Mr. DEUTSCH: If you look at page 59 in the blue book, you have “acquisition, construction and improvements of harbour and river works”. There is one vote. It shows the amounts in the vote by provinces. Although these items are all one vote, the detail is shown by provinces. The amounts may not be transferred between one province and another.

Senator CONNOLLY: But each province, as I read it, has a separate vote?

Mr. DEUTSCH: Yes, in this case each province has a vote; that is right. The details in this province are shown in the book. Take the province of Newfoundland: on page 491 the name of every individual project is shown, as you see. In carrying out this program, no project may be undertaken that is not listed in these details, although money may be transferred from one project to another within the province; but no project may be begun which is not listed in the details.

The CHAIRMAN: I think we can clear that up. Am I right in understanding this, that you have a vote, say, for a public building in Toronto, and you have a vote for a public building in Hamilton.

Mr. DEUTSCH: We have one vote for Ontario.

The CHAIRMAN: In the vote for Ontario let us suppose there is so much for a public building in Toronto and so much for a public building in Hamilton. Is it a fact that you cannot transfer any of that vote from Ontario to Quebec?

Mr. DEUTSCH: That is right. You cannot transfer between provinces.

The CHAIRMAN: But you can transfer some of what you expected to spend in Toronto to Hamilton, with the approval of the Treasury Board?

Mr. DEUTSCH: That is right. Suppose you had a list of buildings and you wanted to start one in Trenton which was not listed. That would not be permitted.

Senator TURGEON: Could the whole of an individual project be abandoned and the amount voted for that project be used in another project within the same province?

Mr. DEUTSCH: If the project is listed.

Senator TURGEON: It could be abandoned?

Mr. DEUTSCH: Yes. If they are listed you can transfer money between individual projects, but you cannot start a project that is not listed.

Senator REID: May I ask if there is such a thing as some department of government, even though it may have added expenditures from year to year, not having any more added duties placed upon it? I am thinking particularly of the Department of Veterans Affairs, where the work may gradually be lessened as pensioners, and so on, from the First World War die. What I am getting at is this. Is there any control over a department coming along and asking for more personnel, perhaps year after year, when the work of the department is not increasing?

Mr. DEUTSCH: The study made of those requests by the Civil Service Commission, and then by the Treasury Board, is designed to reduce the possibility of that sort of thing happening.

Senator REID: You are not answering the question. I am suspicious of it, you see.

Mr. DEUTSCH: Departments may feel they have additional things to do and want to do additional things, and they will suggest additional staff for the purpose.

Senator REID: And do some lobbying behind the scenes to get it.

Senator HAIG: That is human nature.

Mr. DEUTSCH: They naturally will endeavour to give all the reasons they have for supporting their requests and try to bring those requests to the attention of people who have something to do with deciding whether the appointments should be made. That is natural. The purpose of the examination by the Civil Service Commission and then by the Treasury Board, is to make sure that the personnel asked for in these requests are necessary, and that they would be doing the work which the department or the government has approved shall be done. That is the purpose of the examination by both the Civil Service Commission and the Treasury Board.

Senator BAIRD: What actually would the Civil Service Commission know about the requirements of an establishment in, say Newfoundland? What would they know about the requirements of places far away like that?

Mr. DEUTSCH: We have with us here this morning one of the representatives of the Civil Service Commission, and perhaps he should be asked such questions as these.

The CHAIRMAN: Yes, I think that question should be asked of a member of the Civil Service Commission.

Senator LAMBERT: To follow up the point Mr. Deutsch made in replying to Senator Reid, I think there is one further step. There are questions asked

in the House of Commons in relation to the estimates which might throw added light on a subject. Does the Treasury Board, in the light of that information, or whatever it may be, ever reconsider items?

Mr. DEUTSCH: Certainly. Treasury Board in examining requests from the department will have in mind all the information it can obtain, and naturally the ministers themselves, who are members of parliament and who have heard the discussions in Parliament, will have this in mind when the department's material comes up. Whatever discussions take place in the house will naturally influence their views. So far as the staff of the Treasury Board is concerned, they follow the debates on estimates very carefully. We have people who specialize in the various departments, and one of the things they themselves will follow are the debates in the House of Commons or the Senate on estimates. In this way they try to pick up attitudes on points of view and information that would be relative in considering the requests of departments. The main influence is brought to bear by the fact that the ministers themselves hear the debates and participate in them, and naturally they will have that in mind when dealing with particular projects that are put forward by departments.

Senator HAIG: I suggest we hear the Civil Service Commissioners. I do not want to criticize anybody but we had a lot of this the other day. The men who asked these questions the other day are perhaps not here today. That is why a lot of the same questions are being asked now. The only really effective way a committee like this can function is by the same senators sitting at each hearing of the committee. There is no use going over the same thing twice. Senators should not be asked to sit here and listen to the same questions answered twice by the same witness. I want to congratulate Mr. Deutsch for the way he has answered the questions that have been put to him at both our meetings, for he has given practically the same answers every time. There is no doubt that he is telling the truth.

The CHAIRMAN: We had Mr. Deutsch's evidence the other day and unfortunately some members of the committee were not present. But the proceedings of that meeting will be available as soon as the Committee Branch can get them printed. It is certainly not desirable to cover ground a second time, but it did occur to me there might be some questions arising in a general way out of the evidence Mr. Deutsch gave the other day.

Senator ISNOR: I was here the other day and followed the evidence. Mr. Deutsch gave us a very clear description of the work carried on by the Treasury Board. I would point out, however, that at that time we did not have these documents before us and had no opportunity to study them. I know that some senators have since studied these documents and wish to ask some questions on them. I have a simple question, for example, in regard to Crown companies and corporations. Do employment matters in Crown companies and corporations come under the same regulations and jurisdiction as persons employed in the federal service under the Civil Service Commission?

Mr. DEUTSCH: No, Senator Isnor. Neither the Civil Service Commission nor the Treasury Board have any functions in relation to the staff of the Crown corporations. They are authorized by their statutes to hire their own people on terms and conditions which they themselves establish.

Senator ISNOR: Mr. Chairman, I anticipated that that would be the answer I would get. That is why I asked the question. First of all, I wanted to find out why that item was included in this List No. 1. Secondly, I wanted to be able at some time in the future to point out that this should be brought

within the scope of government control in the same way as regular departments. For instance, if we look at the year 1939 we see they had 69,000 employees, whereas today they have 136,400 employees. That represents a very large increase and there is no jurisdiction in so far as expenditures are concerned by the Government, and no jurisdiction so far as the Civil Service Commission is concerned.

Senator CONNOLLY: I think the word you should use there is "control".

Senator ISNOR: Yes. Thank you.

Mr. DEUTSCH: The biggest one in there is the Canadian National Railways. The item includes the C.N.R., the T.C.A., the Polymer Company, the Eldorado Company, and a number of such Crown companies as those. Those are largely commercial enterprises which happen to be owned by the Government. In their statutes they are given authority to engage staffs on terms and conditions which they set, and we have nothing to do with the individual question of employing staff, and so on. Of course, the Government and Parliament have control over them in a general way in so far as deficits are concerned, and a number of them have to come to Parliament to get money voted to cover their deficits. On those occasions Parliament may examine their activities.

You have the case of the C.N.R. whose annual report is a matter of examination by a Parliamentary Committee. Also, an item appears in the estimates to pay the deficit on the railway. At that stage, of course, Parliament can discuss the operations of that particular company. In that sense there is control by Parliament. The carrying out of their functions and the way they carry out their duties, the staff they employ, and so on, are things which they have authority to do themselves.

Senator HAIG: Except for the fact the Government appoints the directors and controls the directors.

Mr. DEUTSCH: Yes.

Senator HAIG: And the Government can dismiss them if it wants to.

Mr. DEUTSCH: That is right.

Senator ISNOR: I wanted to pursue this point. I had a particular reason for asking that question, and the witness has certainly given a clear picture. It has helped me in regard to the next thought I have in mind. Is it the policy of the Civil Service Commission to find permanent employment for employees who find themselves out of work because the work they have been doing is no longer required to be done? I have in mind a particular case. In Nova Scotia tomorrow some 366 employees of the C.N.R. will be all through their work. They have received notice to that effect. As far as I know no provision has been made for those employees of the ferry that operates between Port Mulgrave and Hawkesbury. They are out of their jobs, notwithstanding the fact they have homes there, investments and so on. They are out of work and no provision has been made for them whatsoever. If they came within the scope of the Civil Service Commission and the control of the Government, it would be the Government's responsibility to find them employment elsewhere. I wanted to bring that out now because I intend to enlarge on it later.

Senator LAMBERT: Are they temporary employees now?

Senator ISNOR: No, permanent employees with anywhere from fifteen to thirty years' service with the C.N.R. Three hundred and sixty-six of them will be let out of work tomorrow.

The CHAIRMAN: I do not know how far it is pertinent for this committee at the moment to examine into the affairs of Crown corporations.

Senator HAIG: I do not think it is pertinent at all.

The CHAIRMAN: It is not pertinent to our inquiry at the moment, but while we are on this point I should like to ask Mr. Deutsch to give us the number of Crown corporations in existence.

Senator ISNOR: What has your question to do with this any more than mine? Mine at least has a direct bearing on our inquiry, whether Senator Haig thinks so or not. It is just a matter of opinion.

Senator HAIG: I am not trying to knock anything out. We are given a certain thing to do, but the Government has a policy in regard to Crown corporations and it is not up to us to find out whether the policy is good, bad or indifferent. At least, I do not think so. It is a political question and it can be argued in the House of Commons. We are here to get the basic facts and find out, for one thing, why the Civil Service has increased its personnel so much in the last ten years. That is what we are here to do. It is our aim to try to suggest something that will stop this increase. Mr. Deutsch has given us very valuable information, and I can now think of some machinery that can be put in motion to curtail some of this business.

Senator ISNOR: I am satisfied for the time being.

The CHAIRMAN: Senator Isnor, if we are going to explore the operations of Crown corporations I think we should reach a decision to do so, but for the purposes of this morning's hearing I think a discussion of the affairs of Crown corporations is not pertinent, and I would so rule at the moment. Are there any further questions of Mr. Deutsch resulting from the evidence he gave the other day?

Senator CONNOLLY: Am I right in assuming that the material we received the other day, including the booklet headed "Staff Strength Statistics", will be discussed in due course, and that perhaps this is not the place or time to ask detailed questions with reference to that material?

The CHAIRMAN: If I understand you correctly, I think it would be appropriate to ask your questions now.

Senator CONNOLLY: I do not want to embark on another line of thought which the committee would not think would be appropriate to ask Mr. Deutsch, but perhaps there should be some comment made on some of the items which appear to have increased between March 31st, 1954, and February 28th, 1955. Looking over that list rather casually I notice that the large items of increase appear first on page 2. The armed services have increased by approximately 4,000 personnel in that period; the naval services by approximately 2,000 personnel; the Post Office, on page 3, by some 2,000 personnel; National Revenue, on page 3, by 500; and Northern Affairs, on page 4, by approximately 300. This represents the major increases in personnel in various departments. I will assume that some of the increase in the Post Office Department arises from the introduction in that Department of the five-day, forty-hour week; but I wonder whether Mr. Deutsch can give any information about that, because my assumption may be wrong. And about the rather large increase in the personnel of the armed services and naval services. I take it also that in respect of the two services those increases are not in service personnel, they are in civilian personnel?

Mr. DEUTSCH: Senator, I think you touched on one of the reasons why there is shown a considerable increase between 1954 and 1955. One of the most general reasons which affects most Departments is the introduction of the five-day week. That has resulted in quite a considerable increase in the numbers of personnel required. I have not got the figures with me here. If the senators wish to have them I think I can make a stab at preparing a statement as to how much of this increase was due to the five-day week—

Senator CONNOLLY: I might just interject there,—I think every member of the committee would be most interested in the effect of the introduction of the short week.

Mr. DEUTSCH: I could make a stab at preparing this. I could not say that I could guarantee that it would be right to the last figure, because obviously it isn't possible to make more than an approximation, but if the senators wish I would be very glad to try to make a stab at this. I know that the increase run probably into the thousands due to the introduction of the five-day week.

Senator QUINN: Many thousands?

Mr. DEUTSCH: I don't know whether it is between two or three thousand.

Senator BAIRD: What about the coffee hour: would that result in any increase of staff?

Mr. DEUTSCH: It is not supposed to, senator. One of the factors that has resulted in the increase of staffs is the introduction of the five-day week.

Senator REID: When was it introduced?

Mr. DEUTSCH: It was introduced progressively; it has been extended gradually from one place to the other. We started off in the bigger cities. The general rule has been that the five-day week would be introduced where it was the prevailing practice; and of course the prevailing practice occurred first in the larger cities.

Senator BAIRD: In the commercial houses?

Mr. DEUTSCH: In the commercial houses; and then, as that five-day week spread in the commercial world, we followed it along; and therefore it has been introduced progressively. The general rule is that the five-day week is introduced in the Civil Service in locations where it is the prevailing practice, and where it is not the prevailing practice we have stayed on the old five-and-a-half-day week. I might say that the prevailing practice has spread very rapidly in the last year, but it first started in the big cities, and then gradually went to the smaller cities, and from one province to another. Now it is pretty wide-spread.

Senator BAIRD: And now, what do I read in the papers about a thirty-seven-and-a-half-hour week for the Civil Service?

Mr. DEUTSCH: The hours of work at the present time, as I recall, are 38·2 hours a week.

Senator ISNOR: The year round?

Mr. DEUTSCH: The year round, yes.

Senator ISNOR: They are no shorter in the summer?

Mr. DEUTSCH: Not now. At one time there was a system under which hours were reduced, after Parliament adjourned in the summer, until Labour Day. But that was discontinued, I think first of all when the Korean War began, and then with the introduction of the five-day week it was discontinued, and now the hours are the same throughout the year.

Senator BAIRD: Now they are agitating for the thirty-eight-and-a-half-hour week back again?

Mr. DEUTSCH: You are probably referring to certain representations that have been made in the press from the Civil Service Associations, that they wish to have a reduction of hours, to, I believe, thirty-seven and a half. That is what has been stated in the papers.

Senator REID: They have at least the assurance of a guaranteed wage.

Mr. DEUTSCH: To carry on with Senator Connolly's question, I think, in comparing the increase from one year to the next, particularly the last year, we have to bear in mind that this was the period in which the five-day week

came into effect in many places; and Departments like the Post Office and the National Health Department and others were very substantially affected by the introduction of the five-day week. A point which Senator Connolly has referred to particularly is the increase in the armed services. The figures shown here pertain to civilian staffs in the armed services, not service men.

Senator HAIG: They are civil servants?

Mr. DEUTSCH: They are Civil Service employees; and the armed services have been using civil servants wherever feasible, instead of service men.

Senator CONNOLLY: Might I just interrupt there. Would you comment on the wisdom of that course, or perhaps you would not feel that it is your own field?

Mr. DEUTSCH: I think I could indicate to honourable senators perhaps some of the considerations that are in mind. Generally speaking, and for some of the work the services have to do, it is more economical to use civilians than service men. The other consideration that comes in here is that the services naturally are under military discipline, and are there for military purposes and are subject to movements, to postings, as part of the course of training. They are based for a period in a particular place, and then moved to another place; and in the course of the development of their training they get moved around fairly frequently, not only from place to place but from job to job. That is part of their training as soldiers and as service men. For some of these functions it is helpful to have people continuing there, and particularly the administrative officials. People get to know the work, the rules and regulations; and if you have them moving around frequently from job to job and place to place you do not get that continuity which is certainly desirable in administrative work. For that reason it is considered desirable to use civilians wherever possible for these places where continuity is an important factor, as well as where economy is involved.

These, I think, are some of the important considerations which result in the employment of civil servants in the services.

Senator TURGEON: Are these civil servants employed in the armed services on a permanent basis?

Mr. DEUTSCH: Some of them are. Many of them are on a temporary basis. A great many of them are on the prevailing rate. Take the armed services: if you look at page 2 of the estimates you will see that, of the 22,000 employed on February 25th by the Army, about 13,000 were in the classified service; and 6,000 of them are prevailing-rate employees, people who are paid hourly prevailing rates, and they come and go as they are needed.

Senator CONNOLLY: They are not under the Public Service Superannuation Act?

Mr. DEUTSCH: They may be. There are certain regulations whereby they come in under the Superannuation Act. The general rule is if they have the equivalent of five years of service they may be designated to come under the Superannuation Act, but only after that period; whereas the classified Civil Service come under the Superannuation Act after one year.

You also see in the armed services nearly 3,700 are casuals, people who come and work for a month or two. So that a very large part of these 22,000 are not what you would call ordinary classified civil servants; they are probably rate people, or casuals.

The CHAIRMAN: Under the term "classified" you include both temporary and permanent servants?

Mr. DEUTSCH: That is right. They are classified into positions in the Civil Service by the Civil Service Commission. And I might say that all these classified people in the armed services are subject to the same procedures

regarding employment as are the people in the ordinary Departments. The Civil Service Commission does not exercise the same functions there as it does with respect to the ordinary Departments.

Senator CONNELLY: Would you care to say, in the case of the two armed services that are mentioned here, to what extent the increase in the last year is due, first, to the forty-hour week, and second, to the policy within the services of converting as far as possible in proper cases from the employment of service personnel to civilian personnel?

Mr. DEUTSCH: Senator, I have not got that information with me, but we can try to obtain it: how much of that increase was due to the five-day week, how much was due to substituting civil servants for service men. Part of the increase is due to the general extension of the services. As you know, the Departments have been building a great many new structures during the year,—new camps, new barracks, new training fields, new training grounds—and as that program has developed the number of people needed to maintain the camps and private services in the camps increases, and part of the increase is due to that. Now we are just in process of constructing a great Army training centre at Gagetown. When that gets completed, and more buildings are built, more people will be required to maintain and look after them and perform the necessary services, and the employment figures go up.

Senator CONNOLLY: Would you look for an increase in these figures for the armed services?

Mr. DEUTSCH: I think most likely there will be an increase next year, yes, for the reasons I have given. The number of camps, the number of buildings, the number of training areas is increasing; and as we carry out the program, and as these buildings and training areas get completed, people have to be employed to run them, and so on.

Senator LAMBERT: Take these 13,000 people who, perhaps, come within the purview of the Civil Service Commission. If for any justifiable reason it was found advisable to economize in connection with the number of employees in the National Defence Department, what would happen to those people who were in the classified group who have already been approved by the Civil Service Commission; would they be kept on in employment somewhere else?

Mr. DEUTSCH: Usually, when people are released, if they are in the classified service the Commission endeavours to find some other places for them. You must know that there is a fair turnover in the Civil Service. Instead of going out and getting people from outside the Service to meet the ordinary turnover, you can transfer people where there have been reductions of staff to where a turnover has taken place.

Senator QUINN: Would not that partly answer Senator Isnor's question?

Mr. DEUTSCH: Of course, that is within the control of the Canadian National Railways.

Senator QUINN: They are a Crown Corporation?

Mr. DEUTSCH: They are a Crown Corporation. I don't know what their policy is in this respect, but in any large organization there is a surprising turnover. I don't know what the figures are now in the Civil Service, but the turnover is, I think, about 16 or 17 per cent per year. Ordinarily people leave the Service either because they go to other jobs or because they retire, or die. So you have a turnover of a very substantial size.

Senator CONNOLLY: Is that figure related only to permanent civil servants or to all classes?

Mr. DEUTSCH: I think the whole Civil Service. Where reductions in staff take place the Civil Service Commission endeavours to place the personnel who have lost their jobs.

Senator CONNOLLY: Mr. Deutsch, there is just one point that I hope I am not being too direct about but there has been, I think, a feeling abroad in the country that as the armed services are developed, many jobs, sometimes entirely under the control of the armed services, are unnecessarily created. I take it from what you have said that if civilians rather than service personnel are hired under the control of the Civil Service Commission and Treasury Board, it would have the effect of reducing to a minimum the number of civilians who are employed for work in the armed forces? Is that a fair question?

Mr. DEUTSCH: I think the purpose of the procedure I have outlined is to make sure as far as possible that no increases are undertaken unless they are really necessary. That is why they have to go through the same procedure as any other department. As I said before, they try to employ civilians because, in the first place, it is more economical to employ civilians than service men. It also gives them a kind of continuity in administration that is desirable and which cannot always be obtained with service men because they have to be moved around from job to job in the course of their training. They are also able to acquire certain skills from civilians in certain areas where those skills are not available in the armed forces. For instance, industrial workers are employed at the big dock yard, operated by the Navy in Halifax. The same is true of the dock yard at Esquimalt. They employ some thousands of people and, for all practical purposes, they are ordinary industrial workers and they appear in these figures.

Senator CONNOLLY: Thank you very much.

Senator HAIG: Have the number of people in the army, navy and air force anything to do with it? I understood the number of personnel in these three services was down.

Mr. DEUTSCH: You mean the number of men in the services?

Senator HAIG: I understood that on the 1st of February the numbers were down as compared to a year ago.

Mr. DEUTSCH: Certainly there has not been much of an increase. The services have not been increasing very substantially in recent months.

Senator QUINN: Under the voluntary enrolment system they find it difficult to get men. That is the answer.

Senator HAIG: The press gave the information that there has been no increase at all.

Mr. DEUTSCH: That may be so recently.

Senator HAIG: Do you have those figures in your offices?

Mr. DEUTSCH: Yes, but I have not got them with me today.

Senator HAIG: But you could give us those figures?

Mr. DEUTSCH: Yes. I would point out that there is a ceiling on the services. Each of the services has a ceiling as to service men. That ceiling at the moment is either 119,000 or 121,000. I am not just sure on that.

Senator QUINN: Has the ceiling been reached in any of the services?

Mr. DEUTSCH: It has been reached or is close to being reached in at least the army.

The CHAIRMAN: Are there any further questions of Mr. Deutsch?

Senator ISNOR: Have you any jurisdiction over the increase or decrease—and I am thinking particularly of the decrease—of personnel in the various establishments such as the Camp Hill D.V.A. hospital?

Mr. DEUTSCH: Yes, that information is available. We have information as to the staffs at D.V.A. hospitals, and so on.

Senator ISNOR: I think there was a return tabled in the House of Commons recently to the effect that there was a considerable decrease in the wages of certain employees at the Camp Hill DVA hospital, and I was wondering as to the reasons for such a decrease.

Mr. DEUTSCH: That is the Veterans Affairs hospital?

Senator ISNOR: Yes.

Mr. DEUTSCH: I would have to ask the department why such a decrease has come about. Perhaps there is not as much work to do as there was before. It may be that they have not as much work to do as they had formerly and as a result the staff is decreasing.

Senator LAMBERT: Is there any fixed percentage ratio between the number of people employed in National Defence, in all branches, with the number who are serving in the armed services? In other words, does it take a certain number of civilian employees to keep one man in uniform?

Mr. DEUTSCH: I do not think there is a fixed ratio, but there would be a relationship.

Senator LAMBERT: They used to say about the air force that it took a certain number of people in the background to keep one man in the air. There is no figure like that which you can give us?

Mr. DEUTSCH: I doubt it. The number of civil servants employed in the armed services is related to the overall size of the defence program—the number of camps, training areas, buildings, and so on. That really determines the number of civil servants required. The general size of the services themselves is a determining factor. If you increase the size of your camps, the number of your buildings and training areas you will require more people to look after them, and many of these people will be civil servants.

Senator HAIG: Mr. Chairman, I suggest that as we came here today to hear a representation from the Civil Service Commission we should do so now.

The CHAIRMAN: I wanted to give everybody an opportunity to ask Mr. Deutsch questions as a result of his evidence the other day. Are there any further questions of Mr. Deutsch at this time? Very well, thank you very much Mr. Deutsch. We will let you go now with the stipulation that we may possibly bring you back.

Gentlemen, we have with us this morning Mr. S. G. Nelson, one of the Civil Service Commissioners. I would suggest, as I did to Mr. Nelson yesterday when I asked him to come here, that he might outline for us briefly the function of the Civil Service Commission in relation to the departments, and how things follow through from an application of a department being made to the Civil Service Commission for an increase in an establishment. Arising out of that we can ask Mr. Nelson questions. If it is agreeable to the committee I would suggest that we let Mr. Nelson make his statement first, and that we jot down any points we may wish to ask him questions on later. Mr. Nelson, you have the floor.

Mr. NELSON: Gentlemen, I fear that I may be covering some of the ground already covered by Mr. Deutsch.

The CHAIRMAN: That is all right. We want it authentically from the horse's mouth.

Mr. NELSON: Before an appointment can be made the normal practice is that a requisition is received over the signature of the Deputy Minister for an appointment to a position, or over the signature of an officer who has been delegated this authority by the Deputy Minister. When that requisition is received it is examined by our officers. They check to see whether it is for an existing position which has become vacant by someone moving out, in which case, if they are satisfied that an appointment is in order, action can be immediately taken to effect an appointment. If it is a new position which has not previously been in existence, they examine the need for the post by conferring with the proper departmental officials. When they have satisfied themselves one way or another they report to the Civil Service Commissioners as to whether the position should be authorized or disallowed.

If the position is disallowed, of course, the department would be advised that in the opinion of the commission it was not regarded as necessary of establishment, and some other arrangement might be made. If it is agreed the position is justified then the matter would be referred to the Civil Service Commissioners who would approve or otherwise the report of its officers. If approval were given then a submission would be made to the Treasury Board. From that point on, as Mr. Deutsch indicated, the Board might either refuse or approve, although refusal would be the exception rather than the rule. If authority is given by the Treasury Board for a new position, the Civil Service Commission is notified and then proceeds to effect an appointment. It may be that if it were a fairly junior position we might have an existing eligible list available, but if it were a special post we would have to take steps to advertise and examine applicants. Is there anything further on that point, Mr. Chairman?

Senator BAIRD: How would you examine an application from a place which is a far distance away, say Newfoundland?

Mr. NELSON: We have a series of district offices. We have one in St. John's.

Senator QUINN: Local examiners.

Mr. NELSON: Yes. We have ten main district offices and I think five sub-offices now which cover the country from Victoria to St. John's, Newfoundland.

Senator BAIRD: Are they doing any other work?

Mr. NELSON: That is their job, to look after these matters in their area.

Senator BAIRD: Surely in a place like Newfoundland there would not be a sufficient number of federal civil servants to be looked after?

Mr. NELSON: I believe there is a staff of three at St. John's, but there are many appointments there in the Customs Office, the Unemployment Insurance Office, the Post Office, and so on. Actually it is fairly considerable. There is an added difficulty of inaccessibility there.

Senator BAIRD: You say something when you say that. The point is that when a job is filled I do not imagine there is a great deal of competition.

Mr. NELSON: It may be that our St. John's office is not as busy as some, but our general impression is that the district offices throughout the country are hard-pressed and do a job of considerable magnitude having in mind their staff facilities.

The CHAIRMAN: Can you explain to us, Mr. Nelson, the procedure that is followed in a case like this? The Labour Department, which administers unemployment insurance, requires an additional clerk, or thinks it requires an additional clerk, in Calgary. They make their request here to the Civil Service Commission for an additional clerk in Calgary. Am I correct in that?

Mr. NELSON: Yes.

The CHAIRMAN: Well, then, what function does your district office in Calgary perform in relation to that particular matter?

Mr. NELSON: Actually the district officer does not perform any real function in respect of the passing on the need for the appointment. That is handled by our head office staff. Primarily the district offices are recruiting offices; they find people to fill positions as they are authorized or as separations occur. We have in the headquarters organization an extensive staff of what are called organization and classification officers, who spend a great deal of time in the field looking over the individual audits. You mentioned the Unemployment Insurance Commission: our men have spent a great deal of time in these offices,—I think, so much so that they have pretty well laid down establishments that they think are proper in relation to the volume of business that is occurring in each of these areas.

The CHAIRMAN: In the case I cited will you ask for a report from the district officer at Calgary as to the need of a clerk?

Mr. NELSON: No, not as to the need. That would be dealt with at head office. These head office men are in the field constantly.

The CHAIRMAN: You would ask your Calgary office to make a report to you?

Mr. NELSON: Well, they would report if it were a position already authorized; they would simply ask us to fill it. If it were not a position that had been authorized, their office would have to come and clear the position before any action could be taken, and their request would be dealt with by the organization and classification branch at our head office.

The CHAIRMAN: Your Calgary office in this case would receive applications for the position?

Mr. NELSON: After the position has been passed, after indication has been given to them that an appointment is in order, they would call for applications, examine applicants, and report on the result to head office.

The CHAIRMAN: They would pass on the applications and make the report to your head office here?

Mr. NELSON: Yes.

The CHAIRMAN: And on the strength of their report you certify or not?

Mr. NELSON: That is right.

Senator HAIG: What they do—at least I think so—is this: you have an office in Winnipeg, have you not?

Mr. NELSON: Yes.

Senator HAIG: When they advertise in the press, a man or woman applies for the job, and he goes to the office. The advertisement, I take it, appears in the *Free Press* or the *Tribune*. The man applies for that position, and the officer there asks him for his qualifications and all about it, and he sends the application in with his report to the Department?

Mr. NELSON: That is right, except that they are generally assembled in groups, examination groups.

Senator HAIG: Yes. That does not guarantee that the man or woman will get the job, but all the facts about them are sent in with the report. My experience is that the local man says "Mr. Brown is a better man than Mr. Smith, in my judgment", and reasons are given. Whether it affects the Commission I don't know, but Mr. Brown generally gets the position when that report goes in. I used to be in politics. I know quite a bit about how things go in.

Mr. NELSON: Well, there are so many politicians who always reproach us that their men never get a job.

Senator HAIG: I don't complain.

Mr. NELSON: We are going to be governed to a considerable extent by the reports, but we do take the matter up at head office to satisfy ourselves that the reports are correct.

Senator CONNOLLY: Perhaps it might be helpful to the committee to mention that on the 28th of February 1955 there were 174,860 civil servants in government departments, presumably there under your supervision.

Mr. NELSON: Not that number, I don't think.

Senator CONNOLLY: Could you say how many of these are in Ottawa and how many of these are outside of Ottawa?

Mr. NELSON: I think approximately 30,000 would be Ottawa; the rest would be outside.

Senator LAMBERT: I am told by the Federal District people here that, considering the tax-paying population of Ottawa, there are nearer 40,000 here today.

Mr. NELSON: Well, that might be. We have no precise figures on that.

Senator CONNOLLY: Would it be possible to get a breakdown by provinces as to the numbers that are in each province?

Mr. NELSON: Yes, I think we can get that pretty accurately.

Senator CONNOLLY: I think that has got some relation, has it not, to the offices that you maintain across the country and the strength of these offices?

Mr. NELSON: Yes, that is very true, senator.

Senator CONNOLLY: Only 30,000. 140,000 out of 174,000 are outside. It seems that most of the people with whom you have to deal do not work in Ottawa.

Mr. NELSON: That is true.

Senator CONNOLLY: Perhaps, related to that same question, we might know what are the steps of the sequence when the offices are in the various provinces as well.

Mr. NELSON: In our cases?

Senator CONNOLLY: In your offices.

Mr. NELSON: Yes. I think perhaps I have that here, if you would like it now. Would you like them by individual offices, or in full?

Senator CONNOLLY: I think perhaps it would be more helpful to the committee if you had the two pieces of information together. There is only one other question I wanted to ask. When the Civil Service Commission has personnel requirements, who gets that?

Mr. NELSON: You mean, for additional positions? Well, our organization branch report on them.

Senator CONNOLLY: Treasury Board has the say, too?

Mr. NELSON: The Commission themselves are in pretty close touch with the situation.

Senator TURGEON: You apply to Treasury Board in that case?

Mr. NELSON: Oh, yes, in the standard fashion, yes.

Senator TURGEON: They have the same right to refuse to accept as they have in connection with any Department?

Mr. NELSON: Yes.

Senator HAIG: I bet they do not do it very often.

Mr. NELSON: Well, we have not been getting all we asked for recently, senator.

Senator LAMBERT: In the event of the appointment of employees to a Department, say the Department of Mines and Resources, in clerical positions, what control do you continue to exercise over that position over the head of that Department? In other words, if a Deputy or a superintendent of a Department says, "Here, I would prefer to use another person who is performing his duties under my direction a little more efficiently", are they free to move them around?

Mr. NELSON: They can move them around if there is no promotion or advancement involved.

Senator LAMBERT: Well, there might be.

Mr. NELSON: Well, that would have to be approved by the Civil Service Commission.

Senator TURGEON: But only if there is an advancement or promotion?

Mr. NELSON: Well, within the Department provided there is no change in allocation of work. They cannot move a man from Vancouver to Ottawa, or vice versa, without the Commission authorizing the action.

Senator LAMBERT: Basically that applies very practically, to my way of thinking anyway, to the whole question. In other words, if I am the Minister or the Deputy of a Department, and I find in my Department, especially if I have a good many employees, some more promising people than others, who should be encouraged to do their work and qualify for a better position, do you meet that situation?

Mr. NELSON: There are two ways in which that situation is met. One is by the holding of promotional competitions for positions that fall vacant at higher levels, the candidates being reported upon by the Department to the Commission, and the one who is most favourably reported upon is promoted. That is, where there is an existing position. The other way of looking after these better employees, say those who are carrying responsibilities beyond the job in which they are classified, is that the Department then makes a recommendation for the reclassification of the individuals.

Senator LAMBERT: That is what I am getting at. They do have some influence in connection with it?

Mr. NELSON: They report to us with a statement of the duties and indicate their reasons for feeling that the man's salary should be advanced. That is looked into by our people, and if a good case is made out we report to the Treasury Board, suggesting that a revision of salary be made.

Senator BAIRD: What preference does a veteran get? Where does the veteran fit in on examinations?

Mr. NELSON: The preference for the veteran is absolute, provided he passes the examination. The preference operates in the establishment of order of merit. If an examination is held, and he is among those passing the examination, the veteran goes to the top of the list, and if the veteran is handicapped and is not re-established, he goes ahead of all other veterans, provided he has passed the examination.

Senator STAMBAUGH: It doesn't matter what his marks are?

Mr. NELSON: As long as the veteran gets a pass mark he goes ahead on any examination.

Senator CONNOLLY: I know this is a matter of policy, and I only ask for information, I do not ask it for the purpose of embarrassing Mr. Nelson, and I hope it will not be a cause of embarrassment. But in practice, and looking at the efficiency of the Service, does this rule in fact work well?

Mr. NELSON: I hesitate to express an opinion Senator Connolly. I don't think that the Service has suffered materially since the preference was first set up back in 1918, because of the preference that has been allowed veterans. Actually, in the case of higher positions in the Service, the standards are set high, so that unless the veteran is fully competent he will not be qualified. It is a fact that for many junior positions a large number of veterans are appointed. I am thinking of maintenance jobs and jobs in the postal service, customs and so on. On the whole I think they do a good job.

Senator TURGEON: The preference to veterans is a statutory obligation, is it not?

Mr. NELSON: Yes.

Senator CONNOLLY: By and large you have no criticism of the rule in so far as efficiency in the service is concerned?

Mr. NELSON: No, I have not; and as years go on, of course, it becomes a decreasing consideration. The percentage of veterans who are available keeps getting lower.

Senator CONNOLLY: The rule is just as absolute for a veteran of the First War as any subsequent war?

Mr. NELSON: Yes. As a matter of fact, the preference is a bit broader for the First War than for the last war; but it is absolute in both cases.

Senator ISNOR: Mr. Nelson, a question was raised at the last hearing in regard to increases and reductions and how the Civil Service Commission is able to adjust itself to the conditions. Would you give us an outline of your procedure with respect to inspecting the elimination of certain branches which are no longer required because of conditions that have changed since the end of the war? I would like to know also how you replace these employees, and so on.

Mr. NELSON: Could you give us a specific case?

Senator ISNOR: Yes. Roughly two years ago you made a complete survey of hospitals under the Department of Veterans Affairs, and as a result of rehabilitation officers and other welfare workers having less to do certain changes were made at a considerable saving to the Government and, I might say, a certain amount of dissatisfaction to some people. Perhaps you would outline your method of arriving at decisions of this kind.

Mr. NELSON: Senator Isnor, the procedure is that an officer from our headquarters proceeds to those areas where the hospitals are located and, in conjunction with the hospital administrators or the regional administrators, looks into the situation as to the need for staff, and he suggests recommendations for reduction if it is felt the personnel is unnecessarily large. As you know, of course, there have been considerable reductions of staff in the Veterans Affairs Department in the past few years.

Senator ISNOR: Do you do the same thing where it is a question of an increase?

Mr. NELSON: Yes.

Senator ISNOR: My second point was in connection with the departmental promotions and the composition of boards. The statement is made quite frequently that they are overloaded and that the Civil Service Commission, which is expected to make unbiased and fair decisions, are outweighed by departmental officials.

Mr. NELSON: Well, Senator Isnor, the responsibility is imposed on the Commission under the Civil Service Act for effecting promotions, but we have proceeded largely on the assumption that when it comes to appraising a man who is working in a department, the department is in a better position than the Commission to make at least the initial appraisal.

Senator HAIG: Hear, hear.

Senator ISNOR: I do not dispute that.

Mr. NELSON: In order to safeguard the procedure a regulation has been established that it shall be the practice, unless it is not practical in exceptional cases, that the rating board in the department shall consist of three officers, one from the immediate unit and two others from administrative units within the same departments. This is done in an attempt to control the possibility of favouritism entering into the making of appointments in the case of promotions. This board reports to us and while we do not always accept their recommendations, generally the promotions are effected on the basis of these departmental reports.

Senator ISNOR: Is there an appeal allowed?

Mr. NELSON: That is provided for in the regulations. Any candidate who is not satisfied with the result of a promotional competition may appeal to the Civil Service Commission, in which case the Commission sets up a Review Board consisting of a departmental representative, a representative of the Commission, and a representative of the employee, who is normally a member of one of the Civil Service organizations.

Senator ISNOR: Do you have many appeals?

Mr. NELSON: A considerable number. As a matter of fact, I think the appeal procedure has a very salutary effect on the recommendations that are made in the first instance. I think a rating officer is much more careful in appraising candidates when he knows there may be an appeal from one or more dissatisfied applicants. I think it is an excellent system.

Senator ISNOR: I suppose most appeals are not upheld?

Mr. NELSON: Very few but enough to indicate it is not cut and dried and that they have to watch their "p's" and "q's".

Senator HAIG: Let us suppose a new position is being created and has been approved by the Treasury Board, and so on. Say you get forty-two applications and you have reduced them to two or three at which point you cannot quite decide. Whom do you call in then to help you decide? Let us suppose it is an engineering job. Do you call in engineers, for instance?

Mr. NELSON: In such cases we have an expert from the department, someone from the Commission who has that sort of engineering qualification, and an outside engineer or architect who will assist us in making a selection following an oral examination of those candidates who appear to best meet the requirements for the post.

Senator HAIG: Then their recommendation is sent to you?

Mr. NELSON: Yes, and we endorse it or otherwise.

Senator HAIG: And then it goes to the minister?

Mr. NELSON: In the meantime a requisition for the appointment has been made to the Commission and we merely issue a certificate covering the services of the man who has been judged to be best qualified.

The CHAIRMAN: In that case you would issue a certificate?

Mr. NELSON: Yes.

The CHAIRMAN: I want to get more information on a point which has been touched upon already. It has to do with the procedure in the departments. Let us suppose a department has half a dozen units and the Deputy Minister feels that things are a bit slack in one unit so he wants to move a stenographer from unit A to unit B. He wants to do so without having any change in salary made. Can he do that?

Mr. NELSON: Yes, it is fully competent for the Deputy Minister to make that move.

The CHAIRMAN: Supposing he wants to move a stenographer from unit A to unit B and that move entails a promotion. Can he do that without reference to the Commission?

Mr. NELSON: No. Actually, once a promotion or an increase in pay is involved it has to be passed upon by the Commission.

The CHAIRMAN: What steps do you take when such occasions arise?

Mr. NELSON: The department sends along a requisition if action is required on our part, and they indicate whether or not it is in the best interests of the service to fill this position by promoting someone within the department or whether it is best to get someone from outside.

The CHAIRMAN: In a case where an appointment is to be made which will involve promoting somebody to a higher salary, say in the case of a stenographer, the Deputy Minister surveying the situation may say, "I think this stenographer in unit A is fully competent to discharge the duties of this job in unit B that has more responsibilities." He then has to make an application to the Commission?

Mr. NELSON: That is right.

The CHAIRMAN: As to whether or not he can do this?

Mr. NELSON: Yes.

The CHAIRMAN: And the Commission may then say "Well, that is a promotion to a higher range of salary and everyone in the department, all the stenographers in the department, and even the stenographers in the service anywhere have the right to put in their application for this position".

Mr. NELSON: Yes, that is perfectly correct except that under normal conditions we would not go beyond the confines of the department if there were competent people within the department.

The CHAIRMAN: The examination would be within the department?

Mr. NELSON: Yes.

The CHAIRMAN: And in that case that stenographer might not get the job?

Mr. NELSON: She might not, although if the feeling of the department was strong that she was definitely the best qualified for it and we could not find anything in our examination to dispute that fact, she would certainly get it.

The CHAIRMAN: What I am getting at, and this is not a criticism of the Commission—this is done on the assumption that the Commission is a better judge of the qualifications for that position?

Mr. NELSON: No, I would not say that it is a better judge. It is just a matter of attempting to protect the rights of any employees in the department who feel they should have a chance of applying for that particular job. I would point out that if there is no written examination involved, as there frequently is not, there is no reason to suppose that the department's recommendation will not be honoured and the person they had in mind originally be appointed to the position. The Civil Service Act calls for competition for promotions and we like to know that everyone in the department feels that if they have a claim for that position their claim will be considered.

The CHAIRMAN: In other words, three or four other stenographers might feel they would like the job.

Mr. NELSON: Yes.

The CHAIRMAN: Your coming into the affair is simply to indicate to them that no favoritism is being shown and that their chances are as good as anyone else's?

Mr. NELSON: That is right.

The CHAIRMAN: Have you any observations to make, Mr. Nelson, as to the effect of that on good administration?

Mr. NELSON: I should not feel that the administration is unduly hampered by such action.

The CHAIRMAN: Do you think it reduces, say, the moral authority of the Deputy Minister who, after all, is really the general manager of the department? Do you think it tends to reduce his moral authority over his staff?

Mr. NELSON: It may reduce his authority a bit but I think it enhances the morale of the employees.

The CHAIRMAN: What is the practice in Great Britain, do you know?

Mr. NELSON: Certainly in connection with the higher positions the Treasury Board over there exercises great control in the matter of transferring and promoting.

The CHAIRMAN: Does the authority in the English system correspond to yours?

Mr. NELSON: I think they are more concerned with the initial appointments to the service.

The CHAIRMAN: Well, the practice pretty well is that everyone who enters the Civil Service must enter through the Civil Service door?

Mr. NELSON: Yes.

The CHAIRMAN: That is the authority which certifies as to their competence and functions, but once they are in the Service then the authority of the Civil Service Commission finishes?

Mr. NELSON: That is right.

The CHAIRMAN: That is the practice, is it not?

Mr. NELSON: In large measure that is true.

The CHAIRMAN: In the matter of promotions, then, it would be the senior officer in the Department who would have the same say. Or he might say to some of his subordinates, "Will you examine this and give me a report on it?" Do you think that method would give a little more flexibility in the Service?

Mr. NELSON: Oh, I will admit it would be more flexible, but I do not think that it would be—

The CHAIRMAN: —more efficient?

Mr. NELSON: Well, I am not going to comment on that point either, but my very strong feeling is that it would not be nearly as acceptable to the staffs and the associations that are represented.

The CHAIRMAN: As a matter of fact, whether it is acceptable or not is pretty much a matter of the practice that has obtained, is it not?

Mr. NELSON: Oh, that is perfectly true.

The CHAIRMAN: Once you get people accustomed to this practice, a departure from it would upset them a little bit. But if they had been accustomed to that practice it would pass unnoticed, as it does in corporations.

Mr. NELSON: As a matter of fact, of course the actual selections for promotions in ninety-nine cases out of a hundred conform to recommendations made by the Departments.

The CHAIRMAN: Ninety-nine cases out of a hundred?

Mr. NELSON: I would say at least that. Their recommendations are honoured; and it might seem as though a Deputy with some authority could say "You move in here" and that is the end of it. But I think there are other angles to it.

Senator BAIRD: How long has the Civil Service Commission been in vogue?

Mr. NELSON: Oh, for a great many years; but under the present Act, since 1918, after the first war.

Senator BAIRD: Well, before that you had a pretty chaotic condition?

Mr. NELSON: Well, they had a Board of Examiners—two Civil Service Commissioners. At that time they were concerned only with the inside service at Ottawa here.

Senator ISNOR: What tie-up, if any, is there between the Civil Service Commission and the National Employment Service?

Mr. NELSON: Well, none, actually. We appreciate their co-operation on occasion.

Senator ISNOR: What co-operation is there between the two?

Mr. NELSON: Well, for instance, if in a certain locality we cannot find enough clerks, if our advertising does not produce enough, or we do not get enough stenographers, we would see what the Unemployment Insurance Commission has on their lists.

Senator ISNOR: You are only doing that when you advertise and find the situation as you describe it. Why do you not reverse the order?

Mr. NELSON: Because under our Act we are required to hold competitions. Appointments must be on a competitive basis as far as appointments to the Service are concerned.

Senator ISNOR: You have heard me make inquiries concerning Crown Companies?

Mr. NELSON: Yes.

Senator ISNOR: Did you ever make a comparison with the scales and records of salaries for various classifications?

Mr. NELSON: Well, I have seen something on some of the lower salaries. I am not familiar with the same thing on the higher levels at all.

Senator ISNOR: Well, take the clerical.

Mr. NELSON: In some cases they are a little above, in some cases they are a little below Civil Service salaries, but I do not think they are very much out of line. They cover the same scales.

Senator ISNOR: My information is altogether different. My information is that the Crown Companies and the Railways are attracting a large number of employees who leave the Civil Service to accept positions with these companies because of the increased salaries for the same type of work. What have you to say as to that?

Mr. NELSON: I have not too much experience. I remember a year or two ago making some inquiries of the Central Housing and Mortgage, and certainly at that time their salaries were a little lower, if anything. What they are at the moment I don't know, but I am advised that within this area—the Ottawa area, certainly—they are pretty much in line.

Senator ISNOR: I think it is causing considerable dissatisfaction because of that, and it should not exist. That is one more reason I feel that organizations such as Central Housing and Mortgage Corporation should come within the scope of the Civil Service Commission. They do for superannuation. Would you make a comment on it?

Mr. NELSON: It is a very large problem, Senator Isnor. The numbers involved, in the first place, are so great that I think perhaps that sort of thing has to be left to the management of the corporation concerned.

Senator GOLDING: In the case of employees going into Crown Companies, they have not got any assurance of permanent employment such as they have if they enter the Civil Service, have they? They do not come under the Civil Service regulations and that sort of thing?

Mr. NELSON: No, not the usual Civil Service regulations, but I think in general they have a pension plan and that sort of thing, in large part comparable to the Civil Service plan.

Senator ISNOR: They have been brought under superannuation benefits by Act of Parliament. Just a short time ago twenty-three employees of the Central Mortgage and Housing Corporation were, by bill, brought in the scope of the superannuation. That is a fact, as you know.

Mr. NELSON: I think it is their own plan, Senator Isnor. I do not think they come under the Civil Service Superannuation Act.

Senator CONNOLLY: Just one or two things I want to ask, and they are not direct questions. I wonder, Mr. Nelson, when you set up these figures for civil servants in the various provinces it would show a breakdown by sex, so many men, so many women.

Mr. NELSON: Not for the whole Civil Service. I am thinking of our own staff. I do not think a breakdown is available.

Senator CONNOLLY: You do not know how many women are in the Service as against men?

Mr. NELSON: We know approximately, but not on the basis of provinces.

Senator CONNOLLY: Well, whatever you can get along that line might be helpful to the committee. There was one other thing I wanted to say. I think I would be interested in hearing Mr. Nelson's view, on another occasion perhaps, on the question of retirement from the Civil Service and what the rules are, and what the numbers are that are involved; and I also wondered whether there was anything to be said about the operations of the Commission in relation to the various Civil Service Associations, employees' associations that they have functioning here. But I do not think it is something we can discuss today.

The CHAIRMAN: It is almost one o'clock. Mr. Nelson will be glad to come before us again. I have a few questions also. I think we can thank Mr. Nelson and his associate here, and adjourn.

THE SENATE
STANDING COMMITTEE ON FINANCE

Ottawa, Tuesday, May 17, 1955.

EVIDENCE

The Standing Committee on Finance, which was authorized to examine the Estimates laid before Parliament for the fiscal year ending March 31, 1956, met this day at 11.00 a.m.

Senator CRERAR in the Chair.

The CHAIRMAN: Gentlemen, will you please come to order. We have with us again today Mr. S. G. Nelson, one of the Commissioners of the Civil Service Commission. Mr. Nelson, have you anything further to add to what you said last Friday?

Mr. NELSON: I would be glad to speak further on any points you or the committee members wish. Perhaps that would be better than for me to continue talking.

The CHAIRMAN: Very good. We are open for questions.

Senator LAMBERT: May I ask the witness a blank question right at once. How far is the changed schedule of working hours in the Government Service responsible for increased staffs throughout the various departments, particularly in the Department of National Defence? Have you any views on that at all?

Mr. NELSON: I think I can recall that Mr. Deutsch was to furnish some figures as to the increase incidental to the forty-hour week. We should remember, of course, that the forty-hour week has only been in effect in a general way for about a year now, so that it could only reflect a change during the past year at the most.

Senator LAMBERT: Well, according to our Chairman, an increase of some 9,000 personnel has occurred during the past year.

Senator GOLDING: That was only in one department.

The CHAIRMAN: I was going to ask Mr. Nelson a question about this. The reduction of the forty-hour week would have no bearing on the increase between March 31, 1953, and March 31, 1954?

Mr. NELSON: No.

The CHAIRMAN: And that increase was over 6,000.

Mr. NELSON: Yes.

The CHAIRMAN: Can you throw any light upon that?

Mr. NELSON: Was not a considerable part of that increase in the Department of National Defence?

The CHAIRMAN: I can give you that from Table 2 of "Staff Strength Statistics", prepared for the Senate Finance Committee. Under "Administration", of National Defence, from March 31, 1953 to March 31, 1954, the increase was about 475.

Mr. NELSON: Yes.

The CHAIRMAN: Under "Army Services", the increase was roughly 600. "Naval Services", about 140, "Air Services", roughly 1800. That is 3,000, but that is just half the increase that took place.

Mr. NELSON: Yes. Then of course there were increases in the Post Office Department, and as I recall, a very substantial increase; and an increase in National Revenue, too.

Senator CONNOLLY: About 500 in the Post Office Department for the same period.

Senator ISNOR: Would it not be as well to take the latest date, in order to get the true picture?

The CHAIRMAN: This appears to have been pretty general over all departments. This was in the year before the 40-hour week was reduced. Have you any general opinion on that, Mr. Nelson?

Mr. NELSON: There have, of course, been increases in certain departments because of specific projects. For instance, in the Department of National Health and Welfare there was some expansion in old age security. I would think, though, in general, that the increases are related to the expanding economy.

The CHAIRMAN: Well, in Health and Welfare, departmental administration went up. The health branch went up about 16. The welfare branch was reduced. Indian Health Services were reduced slightly. So that I would say that from now—

Mr. NELSON: There is no general increase there.

The CHAIRMAN: No. Health and Welfare did pretty well that year.

Mr. NELSON: Apart from that figure in National Defence, the increases are relatively small, but in total they add up to 300 or 400 here, and there and so on.

The CHAIRMAN: But you cannot offer an opinion or suggestion as to why the increases in these departments continue?

Senator HAIG: The price of wheat did not go up.

The CHAIRMAN: No, it did not. Order please. We are going to have one questioner at a time. Senator Barbour has the floor.

Senator BARBOUR: Was there any reduction in the Post Office staff during that period? I know there was quite a reduction in the number of mail deliveries. In Charlottetown formerly we had two deliveries a day and about two or three years ago the number was changed to one a day, and I think that was pretty general in a good many places throughout Canada.

Senator HAIG: That reduction in deliveries applied all over Canada.

Senator BARBOUR: I should think because of that there would have been some reduction in the staff of the Post Office Department.

The CHAIRMAN: Mr. Nelson, have you the figures for the Post Office Department? I see from these figures that the total classified employees of the Post Office Department went up from 19,298 to 19,789, that is about an increase of 500 in that year.

I suppose it is like Topsy in Uncle Tom's Cabin, it "just grew".

Senator LAMBERT: It is not just quite that way.

Senator TURGEON: What period was covered by that change of 500 in the Post Office Department?

The CHAIRMAN: That occurred during the period we are talking about, from March 31, 1953 to March 31, 1954, a period in which the reduced working hours did not apply.

Senator ASELTINE: That is the time when the postage rates went up.

The CHAIRMAN: I think, then, if Mr. Nelson is unable to throw any more light on that question, and I appreciate that, perhaps we might have some other questions.

Mr. NELSON: You were speaking about procedure. I might add that all requests for additional positions are carefully considered by officers of the department making the request along with representatives of our Organization and Classification Division, and when an increase in staff is allowed it means a case has been put up that is acceptable to our office.

Senator LAMBERT: The initiation of those requests, of course, is in the department.

Mr. NELSON: Yes.

Senator GOLDING: What do you mean by the 40-hour week? They are working 40 hours at the present time.

Mr. NELSON: In the Post Office they are.

Senator GOLDING: But in general?

Mr. NELSON: No, the Clerical Staffs and the Administrative Staffs generally speaking are working 38·2 hours over the year, but the Operating Services are, generally speaking, on a 40-hour week.

Senator ROSS: 38·2 what?

Mr. NELSON: 38·2 hours per week.

Senator HAWKINS: How long has that been the order of the day?

Mr. NELSON: That has been in effect since the Korean War when the hours were enlarged from 37½ to this 38·2.

Senator BURCHILL: When a department has agreed to a change in personnel, does the Civil Service Commission have any power to reject and do they reject sometimes, and reduce the numbers?

Mr. NELSON: Yes, they reduce the numbers, and on occasion they reduce the proposed classification of the job, that is they authorize a lower salary, and in some cases they refuse to make any recommendation at all.

The CHAIRMAN: How have you found it in your own organization, Mr. Nelson, the Civil Service Commission. I see in the figures before me that on March 31, 1953 the Civil Service Commission had 578 reporting, whereas on March 31, 1954 they had 570. That was a reduction of 8 in your own establishment.

Mr. NELSON: That is right.

The CHAIRMAN: Then from March 31, 1954, to February 28, 1955, it is increased by 28.

Mr. NELSON: Yes.

The CHAIRMAN: Would you say that was due to the shorter work week?

Mr. NELSON: No, because actually there has been no shortening of hours; the staff is working the same hours, but is working it in a five-day week rather than a five and a half day week. The members of the staff do not work Saturdays, but they work the same number of hours. The reduction applies to the operating staffs which previously were working forty-four hours and are now reduced to forty hours. That is really where the increased expenditure comes in.

The CHAIRMAN: Would you define "operating staffs".

Mr. NELSON: For instance, the Post Office, postal clerks and letter carriers and the custom ports staffs. Those are the big ones.

Senator CONNOLLY: Did I understand you to say, Mr. Nelson, that the forty-hour week when it was introduced did not, in effect, actually reduce the number of working hours that the great number of civil servants had been working prior to the introduction of that plan?

Mr. NELSON: That is correct.

Senator CONNOLLY: Could you bring to the committee some prepared material to show what happened across the board in the civil service when the forty-hour week was introduced?

Mr. NELSON: Yes.

Senator CONNOLLY: I think we have all been under the impression that the introduction of the forty-hour week so-called in effect reduced the number of working hours across the board of the civil service. You say that is not the case.

Mr. NELSON: Not the case.

Senator CONNOLLY: Then could you bring us some material in order to show every member of the committee what exactly happened?

Mr. NELSON: Yes, we could do that, Senator Connolly.

Senator HAIG: That would substantiate just what you told us a little while ago.

Mr. NELSON: Yes.

Senator CONNOLLY: May I go on—and these questions, Mr. Chairman, may be rather disjointed, but since Mr. Nelson is here I should perhaps ask them. The other day I asked you for some information in connection with the distribution of civil servants by provinces.

Mr. NELSON: Yes.

Senator CONNOLLY: And also the number of people in your various offices across the country. You were kind enough to send that information to me personally by letter. Really, what I was asking for was a circular so that each member of the committee would have the information available to him. Would you have any objection to doing that?

Mr. NELSON: No.

Senator LAMBERT: Why not place the letter on the record?

Senator CONNOLLY: Would you like to use the letter, or the memorandum, that you enclosed with your reply, in order to tell the committee what the situation is?

Mr. NELSON: Yes.

The CHAIRMAN: For the information of the committee, perhaps you would read that letter formally into the record?

Mr. NELSON: This is a breakdown of the civil servant population by provinces.

Senator CONNOLLY: For what year?

Mr. NELSON: As of the 1st April, 1954. It also includes a statement of the number of employees in the district offices of the Commission in these areas.

<i>Provinces</i>	<i>Employees</i>	<i>In District Offices of Commission</i>
Newfoundland	2,197	3, St. John's
New Brunswick.....	4,263	4, St. John
Nova Scotia.....	6,388}	10, at Halifax, serving both
Prince Edward Island.....	679}	provinces
Quebec	21,349	26, Montreal and Quebec City
Ontario	61,302	33, Toronto Office and London Sub-office. Including headquarters at Ottawa.
Manitoba	6,333	10, Winnipeg
Saskatchewan	3,958	6, Regina and Saskatoon
Alberta	6,763}	15, Edmonton office serves both
Northwest Territories.....	666}	province and Territories.
British Columbia	11,725	18, Vancouver and Victoria
	125,623	125

Senator TURGEON: Is the Yukon included in what you said for the North-west Territories?

Mr. NELSON: It would be, yes.

The CHAIRMAN: There is here a point which perhaps it would be good for you to clear up. That total is at the 1st of April, 1954?

Mr. NELSON: That is right.

The CHAIRMAN: These figures that Mr. Deutsch gave us at March 31, 1954—that is, practically April 1, 1954—were 165,454. I think I know where the explanation is, but we want to get it. What is the difference between your figure here and 165,000?

Mr. NELSON: These figures represent classified civil servants under certificate from the Civil Service Commission.

Senator CONNOLLY: Who are excluded?

Senator LAMBERT: The senior civil servants?

Mr. NELSON: In the main they would be employees of Crown companies.

Senator CONNOLLY: No, no; they are excluded here, Mr. Nelson; I am sorry.

Mr. NELSON: Crown companies are not included in these figures.

Senator EULER: Perhaps the number in the branch offices, added to the head office employees, would make that up.

Senator CONNOLLY: Could I help in this? Would that include casual employees?

Mr. NELSON: Yes.

Senator CONNOLLY: And hourly-paid employees?

Mr. NELSON: Prevailing rate employees.

Senator CONNOLLY: And the like.

Mr. NELSON: Yes.

Senator CONNOLLY: And then would the answer to Senator Crerar's question be that the difference is in these people like hourly-paid employees, casual employees and the like, who are not certified by you?

Mr. NELSON: That is right. That is the distinction.

Senator CONNOLLY: That accounts for the difference?

Mr. NELSON: Yes.

Senator LAMBERT: That does not cover the whole thing, by a long way.

Senator CONNOLLY: Let us get it from the witness.

Senator LAMBERT: There is a point arises in my mind on so-called senior civil servants. The line between the area now covered by the Civil Service Commission is delimited by a very marked demarcation between the upper or senior Civil Service ranks and others.

Senator CONNOLLY: I think, Mr. Chairman; perhaps we had better have that on record. The figures that you have given to Senator Crerar are 125,623. Now you have excluded from that category the hourly-paid employees and that type of person?

Mr. NELSON: Yes.

Senator CONNOLLY: Now you have heard what Senator Lambert said. Does it also exclude certain higher civil servants; and what higher civil servants?

Mr. NELSON: Well, I think this would be all-inclusive. The Deputy Ministers may not be included, but everyone else who is under Civil Service certificate, all these others, would be included.

Senator CONNOLLY: So in the higher brackets it only excludes the Deputy Ministers.

Mr. NELSON: Yes. And of course anyone appointed under statutory authority.

Senator LAMBERT: There are certain special commissioners and deputies whose numbers, I suppose, since that classification was pretty well established from the salary point of view, have increased.

Mr. NELSON: That is right.

Senator LAMBERT: Now, then, I would like to know how many there are because they are doing a good deal towards running this country.

Senator CONNOLLY: Could we have a breakdown on that?

Senator LAMBERT: I do not think Mr. Nelson should be asked to define that category at all, but it is information we should get later.

Senator CONNOLLY: Perhaps we could ask Mr. Nelson from whom we could get it if he cannot give it.

Senator HAIG: Mr. Deutsch can give it.

The CHAIRMAN: I think this gap is due to the causes already mentioned. For instance, just as an illustration, we have a large number of char staff around the buildings here, not only these Parliament Buildings but all the government offices in Ottawa. They are not included in your figures.

Mr. NELSON: No.

The CHAIRMAN: Yet they draw steady wages, shall I say. That applies all over Canada and all the Dominion Government offices where they have char service, and I think it is even true of almost every post office in a country village. I think they all have some sort of a char service.

Mr. NELSON: I should point out that in the smaller centres the appointees are called caretakers and they come under certificate, and in the large centres they have cleaning women who, of course, are not included. In looking through the record I notice in almost every department there is a considerable number of prevailing rate employees. In National Defence there must be ten or fifteen thousand. That is just one department, and they are not included in this figure of 125,000.

Senator EULER: Do you include in your figures the number of temporary civil servants?

Mr. NELSON: If they are under certificate. If they are appointed by us they are included.

The CHAIRMAN: Are there any temporary employees not appointed by you?

Mr. NELSON: Not within the service proper.

The CHAIRMAN: Not within the administrative service.

Mr. NELSON: No.

Senator BARBOUR: We have learned that there has been a considerable increase in the staffs of the Civil Service. The point is whether that increase has been necessary. If it has been necessary that is one thing. I would like to ask Mr. Nelson, if it is a fair question, if in his opinion the different departments are overstaffed with civil servants?

Senator HAIG: He will say no. He passed these things.

Senator BARBOUR: You need not answer if you do not wish to.

Mr. NELSON: Within my personal knowledge I do not know. I might feel one way or another but I have nothing on which to base a statement except to reiterate that requests for increases in the number of employees are vetted by our staff. This is done in a very thorough manner. They go into these matters very carefully everytime a request for an additional position comes in.

Senator CONNOLLY: Could you prepare for the committee a memorandum accounting for the difference between the figures given on the 31st March, 1954, by the Treasury Board, and the figures you have just given us, not only covering the lower branches of the service which you do not appoint but also the higher branches of the service which you do not appoint?

Mr. NELSON: We would not have the figures on some of these people. For instance, the National Research Council is completely outside the jurisdiction of the Commission and yet it is shown there.

The CHAIRMAN: I have a suggestion to make to the committee. I am sure it would be useful if Mr. Nelson could prepare—and I have no doubt that it would be a simple matter—a list of what the classified servants were in 1939 as a base year; that is, all the servants that you looked after in 1939 and also for the years 1945, 1948, 1951, 1952, 1953, 1954, and at the 31st of March, 1955, if that information is available.

Mr. NELSON: Yes, we will get that.

The CHAIRMAN: That would be useful. Those are the ones under the authority of the Civil Service Commission. We have not got that data here because it is combined with casuals, cleaning staff, and all that sort of thing. Once we get that it is a simple matter for the Treasury Board to give us the figures for those years for the service that is outside the control or jurisdiction of the Civil Service Commission. The Treasury Board has that information and the Civil Service Commission has not got it. It would be a simple matter for Treasury Board to give us that data so that we could have a little further analysis of what the position is.

We could get it by going through those figures, the casuals and others, year by year, and adding them up. But, after all, they have adding machines in the Treasury Board and they can do it with greater facility than any member of this committee can. If it is agreeable with the committee I would ask Mr. Nelson now to prepare a simple statement across a sheet of paper of what his totals under the jurisdiction of the Commission were in 1939 as a base year, and then in the other years I have mentioned. If you want to be certain you have the right years, they are March 31, 1939, and the same for 1945, 1948, 1951, 1952, 1953, 1954 and 1955. I will ask Mr. Deutsch today to prepare a similar

statement for all the others the Treasury Board have knowledge of, but which Mr. Nelson's Commission has not knowledge of. Is it agreeable to get this information?

Senator GOLDING: What do you hope to gain by going back to 1939?

The CHAIRMAN: Oh, well, the only thing we hope to gain is that most business concerns do that. I think it is important. That was the year before all this terrific disturbance in the world took place.

Senator GOLDING: That is fine. At the same time, if you want to see a true picture at all, you want to have one showing the increased activities in the business and income of the country.

The CHAIRMAN: We have that.

Senator GOLDING: I mean, salaries and everything, including increases in wages. This year 1939 has gone by the boards.

The CHAIRMAN: That brings up a fairly interesting point. For instance, unquestionably between 1939 and 1954 there was a substantial inflation in our whole economy. Our dollar purchasing power is about half of what it was in 1939, but does it necessarily follow that because our dollar becomes less valuable that you must employ more civil servants?

Senator GOLDING: I would think, Mr. Chairman, you would have to keep in mind the business activity of your country. Because if you are going to do five times the business now that you did in 1939, no matter what that business might be there would have to be an increase in manpower or womanpower, and that would affect the gross national product.

The CHAIRMAN: Those are matters that we can explore.

Mr. NELSON: That is right.

The CHAIRMAN: But take a business that produced, say, \$50 million worth of business in 1939, and which by 1954 had increased to \$200 million, that would not necessarily mean a corresponding increase in the labour force which produced the goods represented by that value, because half the value comes through inflation.

Senator WOODROW: Mr. Chairman, is there any measuring stick in the various departments to show the volume which passes through, if a department should come along and say, "We need 200 men"? What is the basis of that request? In business you give the volume of business done and the capacity of the department to do it, and then you figure out if it would be justified to increase the number of the staff. If the increase is relative to the volume of business, then it is justified, but if not it is not justified.

Mr. NELSON: Well, in certain departments we can and do take account of the increase in business. An example familiar to all members of the committee is the Post Office Department, where expansion in building construction requires additional letter carriers, and the additional number required can be arrived at very definitely.

Senator WOODROW: When you want 15 more members on the staff, upon what do you base that request? Is the basis of the request simply that the department asks for that additional staff? You have to have something to base the request upon, not just the general terms of the economy of the country.

Mr. NELSON: No, generally speaking we do not get increases of that nature in one lump request—it is one here, and one there, and one some place else.

Senator WOODROW: Five hundred here, and a 1,000 here?

Mr. NELSON: It is a more gradual process than that, it will be an employee to this division, and one or two in another, and the total builds up.

Senator WOODROW: That is true. But take a business in which the economy is increasing in certain departments, and others are decreasing—they do not share in that increase, and yet the over-all picture is good. Now, the departments that are not increasing as related to the departments where the volume of work is increasing are surely in a different category. Have you anything by which to judge that, or do you judge it in just a general way?

Mr. NELSON: Well, over the past few years the Commission has been operating what has been called a system of "unit surveys" under which members of our organization branch visit departments, interview the employees, observe the volume of work, and that sort of thing.

Senator WOODROW: When you say "observe", do you mean observe by means of a record, or by the use of their eyes?

Mr. NELSON: Oh, both; and in the light of the information gathered in this way they are in a position to query requests for additional employees. In some sections they might be satisfied that the staff is extremely busy and needs help, and that other sections are without such need. But we do have a great deal of information of that kind.

Senator WOODROW: My other point is this, that the department might require an increase of 50 or 100 men, and then the work of that department might recede in a year's time. Do you ever take account of the employees relative to the volume? Mind you, I am just asking for information.

Mr. NELSON: I understand. When we see a situation existing under which we think there is an over-supply of employees we naturally bring such matters to the attention of the deputy minister concerned.

Senator WOODROW: You have control of that?

Mr. NELSON: Yes. We could recommend abolition of a certain post, but generally speaking we attempt to seek the co-operation of the administrative head of the department to effect reductions, and as you know over the past few years there has been a considerable reduction in the personnel of the Department of Veterans Affairs, for instance, which has gone down 5,000 or 6,000 employees. But I would like to impress upon the committee the fact that we do not simply get a request from a department for five employees and say, "You can have five." The requests are scrutinized very carefully.

Senator CONNOLLY: Mr. Chairman, I do not want to monopolize the time of the committee.

The CHAIRMAN: You will not be doing that.

Senator CONNOLLY: But I would like to get on to another point with Mr. Nelson, if Senator Woodrow has finished with his point. I noticed in the grey book supplied to us by the Treasury Board that within the establishment of practically every department there is a section called the personnel section. Now, I take it, Mr. Nelson, that each of those establishments within each department has been approved by the Civil Service Commission as an appropriate establishment? Could you supply the committee with some information as to the size of the personnel section in each one of the departments of government?

Mr. NELSON: That could be secured, Senator Connolly. It would take a little time, perhaps, but we could certainly make the compilation.

Senator CONNOLLY: Would you say what the duties of the personnel sections in these departments are?

Senator LAMBERT: Do you mean how many there are?

Senator CONNOLLY: I have asked about numbers, and I am now asking about duties and functions, and perhaps in relation to the work of the people who work in the Civil Service Commission.

Mr. NELSON: The personnel divisions have, I think, two different types of function. One is the maintenance of records pertaining to employees, their leave, absences, and so on, and the ascertaining of the correct rate of pay in connection with the rate of pay of prevailing rate employees, which is a very large part of their function, in some cases. Apart from these more or less routine types of action they are in large measure concerned in the appraisal of the qualifications of the staff of the department and their qualifications for promotion—that sort of thing. That is truer of some departments than others, but it is a growing part of their work, the appraisal of employees and the development of a career system in the department for the advancement of employees.

Senator WOODROW: Are those reports made annually?

Mr. NELSON: Well, actually, Senator, they are not made by the Commission, so I would not know what the procedure within the department is, but they are required to see that employees are appraised annually.

Senator CONNOLLY: I wanted to pursue this, Mr. Chairman, because I think it may be of interest to the members of the committee.

Senator LAMBERT: Excuse me, but with regard to this question that Senator Connolly has asked about personnel, I have gone through these estimates where the personnel bases are established, and there is a figure to show what the expenses are in connection with that department. Now then as to those functions, I have the impression, as you say, this applies to some departments more than to others but they have a very definite influence in connection with the recruitment of new staff, that is, the selection of new staff.

Mr. NELSON: Well, not in connection with selection so much, although they may assist in that on occasion, but certainly the requests for additional staff in general emanate from the personnel officers.

Senator LAMBERT: Of course, that is putting it in its proper way all right, but I would mention particularly the Department of External Affairs. I think the Personnel Department there is a very vital factor in connection with the recruitment of new members for that department.

Mr. NELSON: Well, they certainly carry on very closely in co-operation with the Commission in such matters.

The CHAIRMAN: Are there any more questions gentlemen?

Senator CONNOLLY: Can Mr. Nelson talk about the relationships between personnel people in the various departments with the officers in the Civil Service Commission—the inter-relationships?

Mr. NELSON: Well, of course in connection with the housekeeping functions, discipline, attendance and that sort of thing, they are on their own. It is in connection with recruitment of personnel and such matters as procedures that should be followed in rating employees, in arriving at an appraisal and the calibre of their several employees, that they come to the Commission for advice and assistance. They of course operate very closely with us in connection with the matter of securing additional employees.

Senator CONNOLLY: Is there any extensive duplication of work?

Mr. NELSON: No sir, I would not think there is any.

Senator CONNOLLY: Have these departments personnel officers outside of Ottawa?

Mr. NELSON: Yes, a few of them have. It is a growing tendency. National Revenue, the Customs and Excise Branch in particular, the Income Tax Branch also, have appointed district personnel officers. Post Office has moved in that direction and also Citizenship and Immigration.

Senator CONNOLLY: Could you give us some information as to the number of personnel officers in the various departments by provinces.

Mr. NELSON: We could secure that information. The number at the present time would be small.

Senator CONNOLLY: But the tendency is, you say, to have personnel officers in various parts of the country in addition to your officers in various parts of the country, for the purpose of securing personnel and looking after staff problems.

Mr. NELSON: Well, more looking after staff problems. The Civil Service Commission is still responsible for securing personnel.

Senator CONNOLLY: You are the recruiting agency?

Mr. NELSON: That is right. Of course I suppose I should say that no matter how small the unit throughout the country, they have an officer in charge of such personnel work as is necessary. There is always the matter of attendance and that sort of thing to be looked after, so it would be rather difficult to secure a compilation of the exact number of people who are engaged in personnel work.

Senator CONNOLLY: Because they do other things besides is that it?

Mr. NELSON: Yes.

Senator CONNOLLY: Perhaps that explains why in this grey book of organization charts of the various departments in some cases reference is made to these people as personnel officers and in other cases they are called administrative officers. Would that mean they might have wider functions?

Mr. NELSON: Yes, the difference in description might be due to a difference in a part of their functions.

Senator ISNOR: Mr. Chairman, I want to make an observation or two in regard to your suggestion about going back to 1939. It seems to me we are wasting time in going back to 1939 and comparing staff increases year by year from those early years with present day requirements.

You referred to business. Well, we certainly do not do that any more in business, at least not in any large business, and I do not think any of the smaller firms do either. We might go back to 1945 because of the very large volume of business that was done due to war requirements and that sort of thing.

Another point, I do not think it will help us to any large extent in so far as office and clerical help is concerned. There are in existence today office machines in the number of their employees and from the dollars and cents point of view, up to 12 employees. One machine will take the place of a large number of employees. So I do not think we are getting any helpful information by such comparisons.

I am just passing that along to you Mr. Chairman to consider with your steering committee.

What I want to do is to deal directly with the Civil Service Commission in the number of their employees and from the dollar and cents point of view, and I am not going to go back to 1945, I am just going back to last year so that Mr. Nelson will not have to think very far back.

The total salaries and wages estimated by the Civil Service Commission for the period 1954-55 amounted to \$1,965,179. For the current fiscal year, that is for the year ending March 31st 1956 the estimate of total salaries and wages to be paid amounts to \$2,239,535. That is an increase of \$274,365. That is the increase in dollars and cents, and that is the increase in one year. I am bringing this right down to a period of one year and in one department alone. Perhaps Mr. Nelson could give us the reason for the increase. The increase is a large one, over a quarter of a million dollars.

Now I am going to refer to the number of employees. I mentioned a moment ago and I certainly say again that the department is a very very efficient organization and does a lot of paper work and uses a lot of machines, I understand. Well, if so, I am just wondering as to why the Civil Service Commission needs an increase of staff from 574 employees in the last fiscal year to 621 employees in the present year. That is an increase of 47 employees in your own department alone. That is equivalent to a $7\frac{1}{2}$ per cent to an 8 per cent increase.

Mr. Chairman, I believe that if we stay with one department and get the correct answer we might gradually find out what is wrong—if there is anything wrong—or if there is a need for an increase which we see all along the line, representing anywhere increases in staff from 6 per cent to 12 per cent, as I figure it.

Perhaps Mr. Nelson will give us that information.

Mr. NELSON: There are a number of specific matters that require additional staff. One is related to this matter of the setting up of establishments this year. In order to maintain the records that evolved from that work we had to employ seven additional people.

Senator ROSS: I did not follow the last part of your explanation.

Mr. NELSON: The work that Mr. Deutsch spoke of, establishment control procedure and the review of establishments each year, necessitates the keeping of records and we required an additional seven clerks for that purpose. A further specific requirement was for additional help in what is called our Organization and Methods Division. This is an advisory service that is offered to departments who wish to have studies made with a view to improving the efficiency of their work and in carrying out their operations most effectively.

Senator CONNOLLY: Who do you do that with, the personnel of each department?

Mr. NELSON: This work requires the type of individual who is somewhat similar to a management consultant, business engineers and that sort of thing, who must be trained in such work in order to operate effectively. As I recall, the additional number appointed to that service was eleven or twelve.

Senator ISNOR: That is eleven or twelve of the total of 47?

Mr. NELSON: Since last year.

Senator ISNOR: Will you give us the breakdown of that 47?

Mr. NELSON: Well, seven on the establishment and control and eleven in organization and methods, makes eighteen. In the main the increase is related to our district office requirements. Perhaps I should explain that following the war the volume of business continued to be very heavy in the district offices, but during the war when the requirements were very heavy, we were empowered to select persons for employment by any means that was considered feasible in the public interest, which meant that you might pick up a man off the street and give him a job. Since the war the competitive system has necessarily been carried out, with advertising and examinations being held. This has meant a very great increase in the work of the district offices; it is not that more people are being hired, but that the machinery for the making of appointments is more complicated. That in the main accounts for the increase. Mr. Murray has also suggested the additional factor that there has been a great increase in the interest in civil service employment; with spots of unemployment here and there we are getting more applicants even though we are not holding more examinations.

Senator ISNOR: So far you have accounted for eighteen—what about the remaining twenty-nine?

Mr. NELSON: Without studying this a bit further, I cannot sort out exactly where they came from; however, I could have an exact compilation made for you, Senator ISNOR.

Senator ISNOR: I selected your own department, feeling that I would be specific in dealing with it.

Mr. NELSON: Yes. Mr. Murray suggests to me that there were five additional employees required because of the increase in security checks, which required a great deal of typing and that sort of thing.

Senator ISNOR: Those additional forty-seven employees cost you about \$275,000.

Mr. NELSON: No, not necessarily. Included in that amount is salary increases to the personnel, and that amounts to a fairly considerable item. If you wish I can give you a breakdown of the increase of costs. The actual increase for salaries is about \$180,000, and the remaining increases are for other items.

Senator ISNOR: \$90,000 for miscellaneous items.

Mr. NELSON: Postage is up; advertising and stationery, supplies and equipment considerably.

Senator LAMBERT: Before we adjourn may I be permitted to ask one question. Mr. Nelson, would you mind telling us how long you have been associated with the Civil Service Commission?

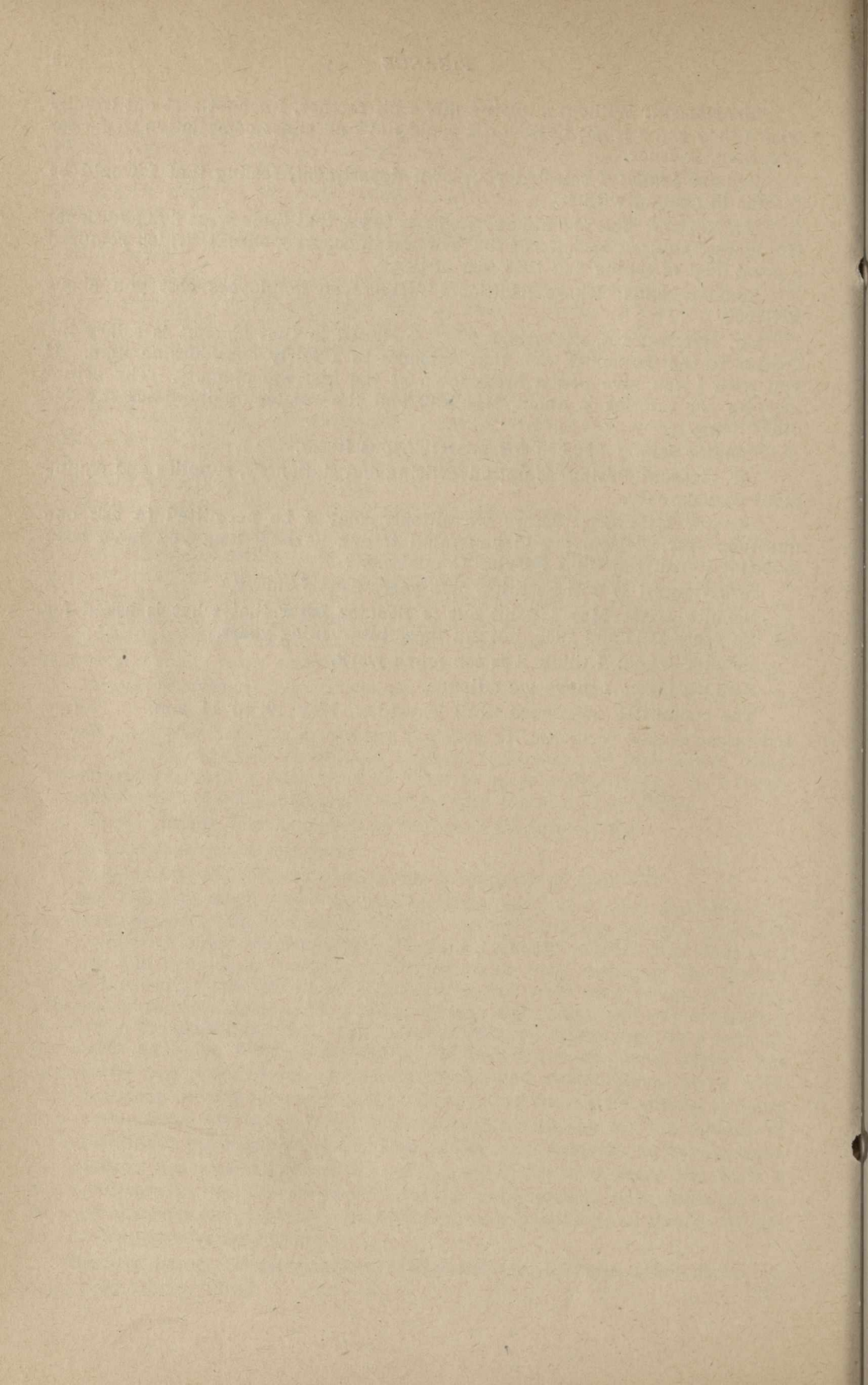
Mr. NELSON: It will be thirty-five years next January.

Senator HAIG: May I point out to Senator Isnor that what is asked for are the years 1939 and 1945, but not those intervening years.

Senator ISNOR: I think it is too much work.

Senator HAIG: I move we adjourn.

The committee adjourned until Thursday, May 19, at 11 a.m.



1955

THE SENATE OF CANADA



PROCEEDINGS
OF THE
STANDING COMMITTEE

ON

FINANCE

on the expenditures proposed by the Estimates laid
before Parliament for the fiscal year ending
March 31, 1956

No. 3

THURSDAY, MAY 19, 1955
TUESDAY, MAY 24, 1955

The Honourable THOMAS A. CRERAR, P.C., *Chairman*

WITNESSES:

Mr. C. M. Drury, Deputy Minister, Department of National Defence;
Mr. S. G. Nelson, Commissioner, Civil Service Commission.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

STANDING COMMITTEE ON FINANCE

The Honourable Thomas A. Crerar, P.C., Chairman.

The Honourable Senators

Aseltine	Gershaw	Pirie
Baird	Golding	Pratt
Barbour	*Haig	Quinn
Beaubien	Hawkins	Reid
Bouffard	Hayden	Roebuck
Burchill	Horner	Stambaugh
Campbell	Isnor	Taylor
Connolly	King	Turgeon
Crerar	Lambert	Vaillancourt
Dupuis	*Macdonald	Vien
Euler	McDonald	Woodrow—(35)
Farris	Paterson	
Fraser	Petten	

*Ex officio member (Quorum 9)

ORDER OF REFERENCE

Extracts from the Minutes of the Proceedings of the Senate

WEDNESDAY, March 16, 1955.

“That the Standing Committee on Finance be authorized to examine the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending March 31, 1956, in advance of the Bills based on the said Estimates reaching the Senate; That the said Committee be empowered to send for records of revenues from taxation collected by the Federal, Provincial and Municipal governments in Canada and the incidence of this taxation in its effect upon different income groups, and records of expenditures by such governments, showing sources of income and expenditures of same under appropriate headings, together with estimates of gross national production, net national income and movement of the cost-of-living index, and their relation to such total expenditures, for the year 1939 and for the latest year for which the information is available, and such other matters as may be pertinent to the examination of the Estimates, and to report upon the same.

That the said Committee be empowered to send for persons, papers and records.”

L. C. Moyer,
Clerk of the Senate.

MINUTES OF PROCEEDINGS

THURSDAY, May 19, 1955.

Pursuant to adjournment and notice the Standing Committee on Finance met this day at 11.00 A.M.

Present: The Honourable Senators:—Crerar, Chairman; Aseltine, Baird, Barbour, Connolly, Golding, Haig, Hawkins, Isnor, King, Lambert, McDonald, Pirie, Taylor and Turgeon—15.

In attendance: The official Reporters of the Senate. Mr. Elgin B. Armstrong, Assistant Deputy Minister, Finance Division, and Mr. Dan Wallace, Chief Seceretary, Department of National Defence.

The Committee proceeded to the consideration of the order of reference of March 16th, 1955.

Mr. C. M. Drury, Deputy Minister, Department of National Defence, was heard and questioned.

Mr. S. G. Nelson, Commissioner, Civil Service Commission, was further heard and questioned. At 1.00 P.M. the Committee adjourned until Tuesday, May 24, 1955, at 11.00 A.M.

Attest.

James D. MacDonald,
Clerk of the Committee.

TUESDAY, May 24, 1955.

Pursuant to adjournment and notice the Standing Committee on Finance met this day at 11.00 A.M.

Present: The Honourable Senators:—Crerar, Chairman; Baird, Barbour, Beaubien, Connolly, Gershaw, Golding, Haig, Horner, King, Lambert, Taylor and Turgeon—13.

In attendance: The official Reporters of the Senate. Mr. J. A. Murray, Assistant Director, Organization and Classification Branch, Civil Service Commission.

The Committee proceeded to the consideration of the order of reference of March 16th, 1955.

Mr. S. G. Nelson, Commissioner, Civil Service Commission, was further heard and questioned.

The following documents were tabled by the witness:—

1. Table showing hours of work, Federal Employees.
2. Staff Strength of the Federal Government.

At 12.30 A.M. the Committee adjourned to the call of the Chairman.

Attest.

James D. MacDonald,
Clerk of the Committee.

REMARKS ON THE HISTORY OF THE

REPUBLIC OF THE UNITED STATES

OF AMERICA

FROM 1776 TO 1800

BY

WILLIAM B. EBBETT

OF THE

UNIVERSITY OF CALIFORNIA

AT

BERKELEY

THE SENATE
STANDING COMMITTEE ON FINANCE

OTTAWA, Thursday, May 19, 1955.

EVIDENCE

The Standing Committee on Finance, which was authorized to examine the Estimates laid before Parliament for the fiscal year ending March 31, 1956, met this day at 11 a.m.

Senator Crerar in the Chair.

The CHAIRMAN: Gentlemen, we will come to order. If the preliminary conversations are through we shall get down to business. We have with us this morning three gentlemen from the Department of National Defence: Mr. C. M. Drury, Q.C., Deputy Minister, Mr. E. B. Armstrong, Assistant Deputy Minister and Mr. Dan Wallace, Chief Secretary. I presume Mr. Drury will run the gauntlet first. For your information, Mr. Drury, this committee is seeking information on the extent of the Civil Service. We notice in reports submitted to us by the Treasury Board that the increase between March 31, 1954, and February 28, 1955, over all the service has been roughly 9,500. In looking through the data which has been given to us we observe that a substantial number of that figure is in the Department of National Defence. The information we desire is why this increase has taken place. Is it related to an increase in military personnel or are there any special reasons why it has grown? For instance, in this return prepared for us by the Civil Service Commission the civil servants in your department, people not in uniform, are listed under prevailing rate employees, casual employees, and classified, which are those certified by the Civil Service Commission. When we put those figures together we observe that the total of your prevailing rates, casual and classified in 1953 at the 31st March was 42,500. In 1954 it was 45,373 and in 1955 at the end of February the figures we have secured indicate that it had grown to 53,105.

Senator CONNOLLY: Where do you take those figures from?

The CHAIRMAN: Those are taken from this report given to us. I put them together this morning. In the return given to us by the Treasury Board, administration includes employees of the Defence Research Board of Canada. The classified were given as 4,635 at the end of 1953; 5,146 at the end of 1954, and 5,372 at February 28, 1955.

The prevailing rates under administration were 282 in 1953; 292 in 1954; and 294 at February 28, 1955. This data is ending in March. Casual 209, 163 and 192. Then when you come into the armed services, apart from administration, under classified there were 10,877 at March 31, 1953, 12,232 at March 31, 1954, and 12,923 at February 28, 1955. Then the prevailing rates and casuals follow on down: Naval is shown in the same way as is the Air Services. This represents the figures put together, as shown in the return. We would like Mr. Drury to give us some reasons—and no doubt he will have some explanation to make—why the increase has taken place.

That, I think, summarizes my understanding of the committee's desires at the present time, and perhaps I should say no more. Perhaps, Mr. Drury, it

might be useful to the committee if you gave the organizational set-up, covering, for instance, the responsibility of your head office, and the responsibility if any of your outlying services in the defence department.

Mr. DRURY: I will try to do so, sir.

The CHAIRMAN: You now have the floor.

Mr. DRURY: Mr. Chairman, it is perhaps a little difficult to make clear just what the organization is without a chart, and I did not come prepared with one.

The CHAIRMAN: We do not seem to have a chart for the defence department amongst the documents before us.

Senator LAMBERT: I think the department sent out such a chart at one time when we were dealing with the Defence Act. I believe Mr. Drury was before the committee at that time and a chart was distributed.

Mr. DRURY: Yes, but unfortunately I have not a copy before me at this time. I will endeavour to explain the set up, and if my explanation is not adequate we can produce the chart.

Senator LAMBERT: I think it would be a good thing if copies of the chart were redistributed amongst the members of the committee. Perhaps most senators did not keep a copy on file.

Mr. DRURY: Mr. Chairman, the operation of the armed forces is supported by a large element of non-uniformed personnel in Canada; the figures you have indicated show that there are employed civilians, part-time and full-time, in quite large numbers in support of the uniformed personnel.

Senator BAIRD: What would the ratio be?

Mr. DRURY: About one civilian to 2·1 uniformed personnel.

The CHAIRMAN: May I suggest that members of the committee jot down questions they would like to ask Mr. Drury, so as not to interrupt his trend of thought in whatever statement he has to make.

Mr. DRURY: Consequently, a growth in the number of uniformed members of the department would be expected to be accompanied by a corresponding growth in the number of non-uniformed or civilian personnel. That is precisely what has been happening since the substantial enlargement of the armed forces, dating from 1950 at the beginning of the Korean operation. The members of armed forces uniformed personnel have been steadily increasing, and there has been a corresponding increase in the number of civilian employees of the department. The relative sizes of the uniformed and non-uniformed personnel of the department are very close to experience in both the United States and the United Kingdom. I mentioned the ratio of 1 to 2·1; coincidentally, it is precisely the same as in the United Kingdom where the strength of the uniformed members of the forces is 976,000 and civilians 455,000. In the United States there is a slightly higher ratio of uniform to non-uniform, and there it is 2·9 to 1. The numbers in the armed forces are roughly 3½ million, and the numbers of civilians supporting those armed forces are about 1·2 million. It will be seen that the numbers of civilian employees of the department are quite modest in total compared with the United States and the United Kingdom—a gross total of something of the order of 53,000 in Canada as against close to half a million—455,000, in the United Kingdom, and slightly over a million civilian employees in the United States.

Now, the means, the organization, for controlling the employment and disemployment of the civilians I will endeavour to outline. Naturally, an armed force must have reasonably complete control of its own administration; the military hierarchy must be held responsible directly for the satisfactory administration of its whole service, and this includes not only the military members of that service but the administration and efficiency of the civilians

who are supporting it. In the Department of National Defence the three Chiefs of Staff, and the Chairman of the Defence Research Board, are looked to, in the first instance, for advice on the types, numbers and functions of the civilians required to support their operations, and this advice is based on the basic premise that because it costs substantially more to have a uniformed man in employment to do a given job than a civilian it is preferable, more economic, and in many instances more efficient, to employ a civilian rather than a soldier. Roughly the figures are that the average civilian salary is of the order of \$2,600 per annum within the department. The pay and allowances corresponding to this civilian salary of a uniformed man on the average is of the order of \$3,600 a year. If one includes the travel which is a concomitant of military training, proceeding to and from camps, proceeding in bodies and individually across the country in accomplishing their duties, the figure is higher and is of the order of \$4,000 per man per year. It will be seen, then, that a lesser dollar outlay is needed if a civilian can be engaged to do a given job rather than a man in uniform. The reason for this is quite obvious. A large part of the working time of a soldier is taken up in teaching him the military art—parades, and one thing and another, exclusively military training, conforming to the necessities of military organization which in the accomplishment of a normal job is not performed by a civilian nor, indeed, needed. One gets more productive work therefore out of a civilian than out of a man in uniform. Basically, then, where a task can be performed adequately by a civilian there is a preference for employment of a civilian rather than a military man. By way of example: It is necessary, of course, for the services to have and operate a number of fairly large static depots, and the operation of these is in the nature of a commercial warehouse operation, and in a great many functions in the warehousing operations no particular military skills are needed. In this type of function one would expect and indeed we seek to have as many civilians doing the various jobs in the warehousing operation as possible.

There is one quite important qualification however to this general thesis of seeking civilians rather than military. The armed forces are organized, as indeed they have to be, to fight, if necessary, abroad, outside of the country, and in order to be able to conduct their operations in a more or less self-contained way abroad experience has shown that the conduct of operations abroad in the field should be done by people in uniform who have had military training. This means, then, that in support of a battalion abroad there will be a number of individuals over and above the fighting strength of that battalion required to provide logistic, medical and other types of support. These should be individuals who have had military training. In order therefore to be in a position to send abroad quickly, should need arise, the combat formations we have in Canada, one also has to have in being and ready to accompany them various of the supporting services such as the Army Service Corps, Vehicle Repair Organization, Aircraft Repair Organization, units for the supply of food, ammunition, clothing and so forth.

This means, then, that there has to be in being continuously and in peace time a uniformed nucleus of these supporting organizations ready to proceed abroad, and in order to maintain this supporting nucleus and train it, uniformed personnel have to be employed in peace time in these various jobs on base installations where perhaps, not taking into account these considerations, the entire staff could be civilians. For this reason, then, functions which otherwise might be entirely civilian will have a proportion of military personnel even though on the straight grounds of economics the whole could adequately be done by civilians.

I hope I have made myself clear on that.

Now, applying this general policy there is in each service, the Navy, the Army and the Air Force, a committee charged with reviewing and making recommendations to the Chief of the Services who in turn forwards recommendations to the competent Government organization concerned with this. These committees are charged with making recommendations and reviewing both the military and the civilian staffs of all the various units and organizations within their Service. These committees go by different names in the different Services. In the Navy it is called a Complement Committee, in the Army, the War Establishment Committee, and in the Air Force the Establishment Committee. The Chairman is a senior service officer, and the members are composed of representatives of other branches of the particular service,—mostly personnel branches, the Deputy Minister's branch of the Department of National Defence, the Civil Service Commission, and from time to time, sitting when he can be made available, a representative of Treasury Board.

The functions of these committees are to consider recommendations made by unit commanders in each of the services for changes, whether it be increases or decreases in the staff, required to carry out the function with which the unit commander has been charged. These committees, needless to say, are full time operations for the individuals concerned and are required to apply the policies outlined and to ensure that there is, in so far as this is possible in a widespread organization, no overlapping of functions and no undue demands for unnecessary staff.

In addition to the review of recommendations they also have the function of reviewing periodically the establishments for which there may not be any particular change suggested.

These committees review not only the military personnel proposed but the supporting and complementary civilian personnel. It is not too profitable to try and examine either the military by itself or the civilian by itself; the two are necessarily intermingled; and one has to look at the whole establishment at one time.

Based on the recommendations of these committees, any change results in recommendations made to the Civil Service Commission, who have already had the advantage of a preliminary consideration of it by one of their members on the committee; and the Civil Service Commission then, having applied their various tests and procedures, authorize, or fail to authorize in some few instances, a change in the establishment. As I have said, the strength of the uniformed personnel has been growing, and the principal work of these committees in respect to the civilian personnel has, of course, been related to examining proposals for increases in staff rather than decreases. The scrutiny given by these committees has resulted in a number of recommendations for increases, but quite a substantial number of occasions on which proposals for increases have either been refused or whittled down.

I should perhaps point out one difficulty which is engendered by this rather rigorous screening procedure. When a new function arises in the field and a uniformed commander formulates a recommendation for a change in his staff to perform this new function, a tremendous time lag ensues between the period when he perceives the need and asks it be met and when provision is made of the means to meet it. Before the establishment committees look at these recommendations there is a series of screenings through which those proposals proceed by committees at various levels until they finally reach the establishment committee level. After the establishment committee reviews it there is a further review, as I have outlined, by the Civil Service Commission and, finally, by the Treasury Board. If all these people are in agreement a position is established and the machinery set in motion to recruit a man. As a consequence as much as a year has elapsed from the time a request has been made for a body to do a job and the actual receipt of the body.

We have endeavoured to cut down on this time lag by putting elements of the establishment committees on the road as travelling boards to inquire into the situations more frequently and very much more rapidly right on the spot in the field. This has resulted in a marked cutting down of these really quite unconscionable delays between demands and satisfaction.

I am not sure what other outline I might give now or what other points you might wish me to make, Mr. Chairman.

The CHAIRMAN: Your total personnel under classified in 1954 amounted to 29,700. In 1955, at February 28, it was 32,600. That represents an increase of about 3,000. I take it from what you say that was due to an increase in uniformed personnel?

Mr. DRURY: A corollary to an increase in the number of uniformed personnel.

The CHAIRMAN: Could you give the committee some information as to what prevailing rate employees are and what they do? In all services they amount to 14,700, and you have in your administration service 294 prevailing rate employees at the end of February. That is your head office, is it?

Mr. DRURY: Under administration is included the Deputy Minister's staff, and the inspection service, which carries out a qualitative inspection of manufacturers of military equipment and supplies. Possibly I might try and explain, if the committee is not aware of it, what these various classifications of people mean.

The CHAIRMAN: That would be very useful.

Mr. DRURY: The first is the classified position. This is a position which is established and classified by the Civil Service Commission, and the man appointed to it is a standard, ordinary civil servant subject to all the terms and conditions of the Civil Service Act. In general one seeks a classified position for a job which is going to be a continuing one, and is of a type which falls within one of the classifications of employment laid down by the Civil Service Commission. The best way to explain him is as an ordinary civil servant. You have given a total of some 32,000 as of February 1955. These are ordinary civil servants. Their terms and conditions of work and salaries are governed by the Civil Service Act and the Civil Service Commission.

In addition to those are the prevailing rate employees. They tend to be tradesmen and technicians employed in Defence Department establishments across the country, and their hours and conditions of work are determined by the practices and the conditions prevailing in the locality in which they are employed.

A classified civil servant as a clerk, for instance, would get paid on the same basis and have the same conditions of work in Ottawa, Halifax, Vancouver or Winnipeg. The prevailing rate employees, such as carpenters, plumbers and men who normally belong to trade unions, would enjoy the pay and general conditions of work which prevail for their particular type of employment in the locality in which they find themselves.

Senator CONNOLLY: What are his functions as against the others? You said the others were technicians and tradesmen. How would you describe the functions of this third class?

Mr. DRURY: The second class is the prevailing rate employee, and he is a technician, plumbers, carpenters and that type of individual who normally belongs to trade unions.

Senator CONNOLLY: They are prevailing rate employees?

Mr. DRURY: Yes. Their emolument is based on that which prevails in the locality in which they are going to be employed, as against the civil servant

whose salary is standard right across the country without regard to the locality in which he is employed. Both of these classes of people, in so far as we regard them internally, are subject to the same scrutiny in respect of the necessity for their employment, one as the other—the classified or the prevailing rate employee. The prevailing rate employee positions are like most of the classified positions—continuing ones, they go on and on and on, it is not short-term or seasonal employment, and while they are employed or tend to be employed for a considerable number of years they are not civil servants and do not come under the Civil Service Act or, in all cases, the Superannuation Act. The third class are called “casuals”, and these are employees who are engaged within a specified monetary ceiling by unit commanders across the country to do urgent or relatively short-time jobs. If a camp has to be opened a number of people will be required for a short time for a clean-up operation in advance, and the men to do this will be recruited by the unit commander locally, and he will have a monetary ceiling to do this, rather than a specified number of people of different classifications. The employment of casuals is not an object of the work of the establishment committees I have mentioned.

In addition to this, there are contracts entered into for performance, mostly of security functions with the Corps of Commissionaires, and this is an arrangement that the department has with the corps itself to provide specified services, and the Corps of Commissionaires recruits and discharges, as the case may be, the individuals to do and perform the security functions. We have no say in who does the job or how much he gets paid. It is just a contract to perform a service, and there is no direct relationship between the department and the individual commissionaire.

There is a further, rather specialized class, and those are school teachers, of whom we have quite a number. Schools in isolated places in Canada are run entirely by the Department of National Defence, and quite a substantial number of schools on the continent.

Senator CONNOLLY: Overseas, too?

Mr. DRURY: On the continent of Europe, overseas. Here the employment is through arrangement on a loan basis with school boards across Canada whereby we borrow on a reimbursement of salary basis a school teacher from a board for a one-year term, and the selection, in the first instance, of the individual is made by the school board rather than by the Department of National Defence. There is no direct recruitment of these teachers for overseas duties.

Senator CONNOLLY: Are members for these various categories you are speaking about given in the estimates?

Mr. DRURY: There would be, Senator Connolly, no number given for casuals. A sum of money would be provided for a task to be done, say \$100, and it would rest with the local officer whether he wanted 10 men for one day, or one man for 10 days, whichever seemed most appropriate to him, provided he managed within this financial ceiling.

The CHAIRMAN: This financial ceiling is set up in Ottawa?

Mr. DRURY: It is set up in Ottawa.

Senator LAMBERT: Would it be possible for this committee to have a statement of the numbers of employees of the department who are identified as teachers and servants of those institutions, such as the schools and the churches, which are set up particularly to provide and supply the needs of the army or any other branch of national service? There is, I think, a very interesting aspect of that question in relation to chaplains of the army and the remunerations they receive in comparison with the remunerations that are received by ministers of the ordinary churches in the city. I think that would be very enlightening information to have.

Mr. DRURY: The chaplains, as you are aware, Senator Lambert, are members of the armed forces, they are not civilians.

Senator LAMBERT: They function as chaplains, whether they are fighting men or not, but at this time when we are in a state of cold war I should think the main purpose for their existence would be to administer to the spiritual needs of the men they are associated with. I do not want to interrupt, but I think a statement in regard to the number of schools and teachers, and the staff connected with that service, and also the religious aspect in connection with chaplains would be very enlightening.

Mr. DRURY: I can obtain for you fairly quickly, I think, the number of chaplains in each of the three services. There is no provision for supporting staff for the chaplains, there are no acolytes or individuals of that character.

Senator LAMBERT: Can you tell me how many there are, roughly?

Mr. DRURY: I cannot recall offhand, but we can get the number of chaplains for you.

Senator LAMBERT: Am I right in assuming that the allowance—well, the salaries or the pay of these men far exceeds the scale of salaries which prevail in the ordinary church, either Protestant or Catholic? There are vice-chaplains, or assistant chaplains, and two assistants sometimes, I understand.

Mr. DRURY: Personally, I do not know what the emoluments of civilian clergymen are, but pay and allowances of chaplains vary. The senior chaplain receives the pay and allowances of a captain in the navy, a colonel in the army, or equivalent to this. The senior chaplains, for pay and allowance purposes, are equivalent to colonels in the army.

Senator LAMBERT: That would be about \$10,000 a year?

Mr. DRURY: Well, this will depend on whether he is married, and if he has children, and whether he is living in or out. Basically, as a colonel, he gets \$615 a month—his basic pay.

Senator LAMBERT: In connection with that there would be certain considerations by way of house allowance and so on?

Senator BAIRD: That is basic pay.

Mr. DRURY: That is basic pay, and he gets the normal allowance for subsistence, if rations are not provided, and for quarters if they are not provided, and marriage allowance if he is married, all in the same way as anyone else in the armed forces would get them.

Senator LAMBERT: Then there is in addition a pension provided upon retirement.

Mr. DRURY: There is the standard contributory pension.

Senator LAMBERT: This branch is made up pretty largely of young men, is it not? There is an age limit of fifty or fifty-five at which they are supposed to be replaced.

Mr. DRURY: I wouldn't call the Senior Chaplain in the rank of colonel a young man. The young men are equated to the junior officers in the armed forces, for instance, a sub-lieutenant in the navy, a lieutenant in the army and a flying officer in the Air Force, and their basic pay is of course quite a lot less.

Senator LAMBERT: Would any advance in pay for these people be the subject of their own representations or efforts, or would they be included in the ordinary scale of rates of pay applied to the army as a whole?

Mr. DRURY: I can perhaps answer that by saying there are no special scales of pay or allowances applicable to chaplains.

Senator LAMBERT: That would leave the door open for an adjustment of their remuneration accordingly, I should think.

Senator CONNOLLY: Mr. Drury, I do not quite follow your statement. You said the basic pay for say the Senior Chaplain is \$615 a month.

Mr. DRURY: Yes.

Senator CONNOLLY: Do the chaplains who are lower in rank than the Senior Chaplain not have a basic pay?

Mr. DRURY: They have a basic pay, but it would be lower than \$615.

Senator CONNOLLY: Yes, of course.

Mr. DRURY: The equivalent for a sub-lieutenant in the navy is \$220 a month.

Senator CONNOLLY: But there is a standard rate of pay corresponding with the rank.

Mr. DRURY: That is correct; they receive precisely the same pay as service officers of the same or equivalent rank.

Senator BAIRD: You class the chaplain as a non-combatant.

Mr. DRURY: As a non-combatant.

Senator BARBOUR: Mr. Drury, what percentage of the chaplains hold the rank of colonel?

Senator BAIRD: It seems that all of them in the Canadian army are colonels.

Mr. DRURY: Six.

Senator BARBOUR: Only six for the whole of the armed services?

Mr. DRURY: Six for the three services.

Senator BARBOUR: How many chaplains do you have below the rank of colonel?

Mr. DRURY: The balance—I will give you the total.

Senator BARBOUR: What would the balance be?

Senator CONNOLLY: Where are you taking these figures from, Mr. Drury?

Mr. DRURY: I am reading this from an unpublished document.

Senator CONNOLLY: I am sorry, I thought you were using the annual report.

Mr. DRURY: I am taking the rates of pay from the White Paper.

Senator CONNOLLY: The annual report.

Mr. DRURY: Yes, which every year sets forth the basic rates of pay. There is no reason that this should not be published, but it just has not been done. The total number of chaplains in the three services is 238, so that the number who are not colonels would be 232.

Senator LAMBERT: Does this apply to overseas as well as to Canada?

Mr. DRURY: Yes, it does. There are 208 in Canada and 30 abroad.

Senator BARBOUR: So that the average pay for all chaplains would not be too high.

Mr. DRURY: Well, it wouldn't be \$615 a month.

Senator HAIG: May I ask how chaplains are chosen? Are they chosen by a census of the reported denominations as to churches in the armed forces?

Mr. DRURY: Well, there are two main denominations represented in the armed forces, namely Roman Catholic and Protestant. The Protestant church in Canada is made up of certain particular faiths, and the Protestant chaplains in the armed forces are roughly equivalent to the representation in Canada of these various particular denominations, for instance, the Church of England, the Methodist, Presbyterian and so on.

Senator HAIG: The reason I raise this point is that when invitations are extended from Government House—and I have had only one in my life, though I am not complaining about that—they do not invite one of the largest Protestant churches; that is to say, the head of that church was not invited, although he represented more adherents than any other Protestant church in Canada. I wonder if the same situation prevailed in the armed forces. I happen to belong to the church to which I refer, and know the situation there, and I wondered if the same law applied in the army.

Mr. DRURY: I am not sure what law may be applied by Government House, but I think it safe to say that the principal denominations of Canada are represented amongst the chaplains serving the armed forces.

Senator HAIG: To be quite honest with you, I may say that in military affairs in my province, I never see the church to which I belong invited, although churches of a quarter or half its membership are always invited. Does the same thing go on in the army?

Mr. DRURY: I have never heard of this situation.

Senator HAIG: You had better look into it. The census is what should prevail; that tells the story.

Senator LAMBERT: Am I not right in saying that the selection of chaplains to the service would be the subject of consultation with the executive bodies of all the respective churches represented by members of the armed forces?

Mr. DRURY: That is correct.

Senator LAMBERT: I would think that before a chaplain is selected—and I am not suggesting that they are recruited as colonels, but perhaps rather as lieutenants . . .

Mr. DRURY: Yes, they are recruited as lieutenants.

Senator LAMBERT: . . . the suggested list from which the army might select these people would be provided from the central executive offices of each church.

Senator BAIRD: From my observations of the Canadian Army, for instance in Newfoundland, it seems to be top heavy with high ranking officials. In fact, there seems to be nobody that we know in the army under the rank of colonel.

Mr. DRURY: Well, that is not so; of course, I do not say that you don't know anybody under the rank of colonel.

Senator BAIRD: That may be so, but surely the other ranks are few and far between.

Mr. DRURY: The army in Newfoundland, for instance—

Senator BAIRD: I do not limit it to Newfoundland only, but around Ottawa too. For instance, in the old days we used to have an acting unpaid lance corporal doing the work that some of the colonels are now doing today, and they are drawing down a good deal of the taxpayers' money.

Mr. DRURY: I hope we are not employing colonels to do work that could be done by an acting unpaid lance corporal.

Senator BAIRD: He would be a latrine orderly, as you know.

Mr. DRURY: I would doubt very much if what you suggest is the case. It is true that in Newfoundland the Canadian army is a headquarters in type. There are no active regular units where one finds an acting unpaid lance corporal—in other words, the proportion of lower ranking soldiers in a fighting unit would be higher than in a headquarters.

Senator BAIRD: In other words, it is the nucleus for future development.

Mr. DRURY: That is correct. For this reason perhaps it has struck you that the balance of higher ranking officers appears to be above what it would be for a large body of regular units in a province.

The CHAIRMAN: If Mr. Drury is through with his discussion on prevailing rate employees and casuals, I have this suggestion to make: that we start a round of questioning beginning with Senator McDonald at the far end of the table, giving, in turn, each senator a chance to ask whatever questions he desires. I have a few questions to ask myself, but I will reserve those to the end.

Senator BAIRD: I personally think the Chairman should have first choice then we would know how much we would have to cover.

The CHAIRMAN: Have you anything further to say about these casual workers, Mr. Drury?

Mr. DRURY: I hope I have made the distinction between these three classes clear. If not, then I would be glad to supplement it.

The CHAIRMAN: We may bring out any other points in the questioning.

Senator McDONALD: I would say that Mr. Drury has done very well in his explanation. I am sure that the information that I want to have, and I judge what other members of this committee want to have, in part at least from the various departments, is that when an increase in personnel is shown over and above those employed for the past year we would like to know what these new employees are going to be called upon to do.

Under the title of administration in your department, an increase is shown of nearly 1,200. I am sure members want to be fair, and I am sure the public want to know not just one side of the story, but would like to know what the increased staff is going to be called upon to do, what they are going to be employed at. So I was wondering if we could have for the various branches of your department a brief outline of what this increased staff are doing.

Mr. DRURY: Mr. Chairman, it is quite difficult, I regret to say, to make a brief statement as to what these increases comprise. If I may cite an example, there is in the process of construction and gradually coming into operation quite a substantial army training camp at Gagetown, New Brunswick. As the construction becomes completed and the army takes this into use, the number of people employed in making that camp operate will grow until it reaches its full scale operation. It is just beginning.

Now, this will mean that the army will require to take on in respect of Camp Gagetown a number of additional staff—plumbers, electricians, forest rangers, static engineers looking after the water pumping plant, the filtration plant, the sewage disposal plant, the maintenance of roads and all things that go with the operation of a fairly large camp.

Senator McDONALD: That is what I meant. This increase of 1,200 employees would be caused by the new establishment in Gagetown would it not?

Mr. DRURY: Well now, Mr. Chairman, I am not quite clear where the figure of 1,200 comes from.

Senator McDONALD: I took that figure from the booklet we have been given showing staff strength statistics, 1939 to 1954, in Table 1, under National Defence administration.

I beg your pardon, Mr. Chairman, I see the figure I was referring to was for the year 1952. Have we the increase for 1955?

Mr. DRURY: I think there are some later figures in Table 2 under the heading of Administration.

Senator McDONALD: I am sorry; this is the first meeting that I attended of this committee, other committee meetings have required my attention, and I have not brought myself up to date on this work.

Anyway, Mr. Chairman, you understand what I mean. These figures give one part of the story, they give the increase in the number of employees. Now, in order to give a fair picture to all concerned, we should have in a brief form what these increases in staff are for.

Mr. DRURY: In Administration, between the current year 1955-56, and 1954-55, there will be a net decrease of employees, the decrease being mostly in the Inspection Services where a number of equipment contracts are reaching completion. The Inspection Service itself is becoming more efficient and accustomed to this work, and we are able to cut down on the total number of employees. So, in respect of administration as a whole there is a net decrease, not an increase. There are, however, increases for the three Services, the Army, the Navy and the Air Force, and as the Book of Estimates shows there are a staggering variety of classifications of employment and consequently a tremendous number of individual units whose operations, some of which may want two more men, another one less, and it is difficult to be brief and to go into these in detail.

I wonder if perhaps I might look at the book here.

The CHAIRMAN: Yes. In the meantime I might explain that Table 1 of this booklet showing staff strength statistics gives strengths in 1939, 1945, 1948, 1951 and 1952. Table 2 in the same booklet gives the staff strengths for 1953, 1954, and 1955 up to February 28.

Senator McDONALD: Yes I see now, Mr. Chairman.

The CHAIRMAN: Are there any further questions?

Mr. DRURY: I wonder if I have really satisfied Senator McDonald. I think the briefest answer one can give is that this rise in the number of civilian personnel is collateral or corresponds to the increase in the uniformed strength, and the two must go together. The only general test as to whether this is right or wrong is obtained from experience, or the comparable ratios in the other countries such as the United States and the United Kingdom. Now whether it should be an increase of 1,200 or 1,100 one can only ascertain or justify on the basis of an examination of each individual position. Do they need an extra clerk in the stores accounting section in the Halifax dockyard? Whether that is needed or not, one must look at the functions of the stores accounting section. Or does it require three men to run the water supply for the Air Force station at Cold Lake, or can they get along with two? It is all these ones and twos over a tremendous number of units' installations which add up to these totals.

Senator McDONALD: Do you have a staff that is checking up on whether or not a branch of the Service is overstaffed?

Mr. DRURY: These are the establishment committees which I mentioned earlier on which there are representatives of the services themselves, the Deputy Minister's office, the Civil Service Commission, and, quite frequently, Treasury Board. So that an apparatus of government which is designed to scrutinize and control this employment is integrated into our own procedure for controlling civil employment.

Senator McDONALD: Thank you, Mr. Chairman.

Senator GOLDING: I was wondering, Mr. Chairman,—perhaps it would not be in order—if we could get a set-up of the number of personnel or the persons in the Air Force, the Army and the Navy, and indicate the reason for these figures here. Would it be in order to tell us how many are in there at the present time?

Mr. DRURY: Yes. I would just like to get this for comparable periods for you now. The strength of the services on March 31, 1953, which corresponds with the first column of page 2 of Table 2—

The CHAIRMAN: That is, the men in uniform?

Mr. DRURY: The men in uniform,—uniformed personnel.

Senator LAMBERT: Both at home and abroad, eh?

Mr. DRURY: At home and abroad: the Navy, 15,546; the Army, 48,458; and the Air Force, 40,423.

Senator HAIG: Those are men in the service?

Mr. DRURY: Uniformed personnel in the service.

The CHAIRMAN: Perhaps you would add the totals. Or does someone want them broken down?

Mr. DRURY: I will give you the totals. That would be a lot shorter. The total at the end of the fiscal year 1952-53—that is March 31—was 104,427. The following year it was 112,529. On March 31, 1955 it was 116,755.

Senator CONNOLLY: Just as a matter of record: you took those first two figures, did you, from an annual report?

Mr. DRURY: The White Paper on Defence. This is the one that is annually tabled in the house. They would occur, though a little later, in the annual report. You will see then, Senator Golding, there has been a growth in the number of uniformed personnel,—104, 112, 116; and there has been a corresponding growth, which one would expect, in the number of civilian employees.

Senator GOLDING: That is the picture I was trying to get.

The CHAIRMAN: Anything further? Senator Baird?

Senator BAIRD: Well, I would say this, that Mr. Drury has made such a wonderful and detailed explanation of the whole thing that I feel I am just absolutely floored. I haven't anything left to say. I leave it to Mr. Connolly.

Senator TURGEON: I think I am of the same opinion as Mr. Baird. I believe the witness has answered everything.

Senator HAWKINS: I am concerned about the classified group that you say are labourers and mechanics and the rest. Do you have any yardstick, or do you compare the hourly or daily production of this group with what there might be in civilian operations; and what do you find in that picture, if you do that?

Mr. DRURY: I think perhaps I did not make myself clear. The classified ones are the civil servant type.

The CHAIRMAN: You are thinking of casuals?

Senator HAWKINS: No, I am not. He spoke of his establishments such as repair depots and that sort of thing. They are not Civil Service people who are in there, are they?

Mr. DRURY: Well, they will be a mixture of the Civil Service doing the clerical jobs, prevailing rate employees doing electrical jobs, plumbing, steam-fitting and so on, and casual labour.

Senator HAWKINS: That is the class I am speaking of in those depots. I am wondering about the efficiency in your depots,—to be frank with you, and I am a bit concerned about it. I do not intend to go into any questions in connection with this over-all picture. You say something that I am very conscious of, that it is not any great influx or outgo of people that causes these figures; it is just one here and two there and so many elsewhere. And there is half an hour here, five minutes there, and nothing is accomplished in the day. That is what I am after, and I want your experience in connection with it.

Mr. DRURY: What we endeavour to do is to pay comparable wages—

Senator HAWKINS: It is production that I am talking about.

Mr. DRURY: —that is part of it—to those offered by a civilian organization. One hopes by these means to attract at least as competent individuals as a commercial organization would get. There has been on occasion a lag in the attractions offered to those to be employed by the Government as against commercial organizations, and in some instances perhaps we have not done as well in competition in getting the best people.

In respect of the people we do get, there is unfortunately no absolute yardstick by which one can measure their efficiency. The services do, however, endeavour to examine the record of operation and costs of operation of one of their depots as against another, and in so far as this is possible, to compare these with civilian operations of the same nature. It is my understanding that these do not compare unfavourably at all.

Senator HAWKINS: Thank you.

The CHAIRMAN: Any further questions?

Senator HAWKINS: No, thank you. That was a very neat answer.

Senator BAIRD: I think so.

Senator ASELTINE: To what extent does the forty-hour week enter into the picture? Would that have anything to do with the increases during the last year?

Mr. DRURY: As is the case throughout the government service the introduction of the shorter work week tends to result in a larger number of employees. It must be obvious that to do the job in a shorter time you must have more people.

The CHAIRMAN: Did you have in mind, Senator Aseltine, the classified civil servants in the department?

Senator ASELTINE: Yes.

The CHAIRMAN: How do their hours per week compare under the five-day week and the five and a half day week?

Mr. DRURY: In Ottawa the classified civil servants all went onto the five-day week in National Defence as they did in every other government department. In the field in some places a five-day week was adopted and in others not, and there is insofar as the overall operation is concerned a tremendous variety of work weeks. There are so many operations being conducted that the work week in respect to employees varies within in the department from the standard in Ottawa of 38·2 hours to a forty-eight hour week for certain types of employment outside of Ottawa in the field. Those are mostly for the prevailing raters. The impact of the five-day week for the Civil Service was not as pronounced as it might have been in respect of National Defence because so many of our people, these prevailing raters, were working on a five-day week in any event because this was the prevailing custom. Where it was not the prevailing custom they continued to work just as they did before. There is no question that the reduction for the civil servants from a five-and-a-half to a five-day week has resulted in some necessary increases in personnel.

Senator ASELTINE: But you cannot tell us how many additional employees were required on that account?

Mr. DRURY: I would be less than honest if I did not say to you that if I were to go and work on this and bring you back a figure it would be based on quite a few assumptions which would be difficult to prove in one way or another.

The CHAIRMAN: When you cut down from the five-and-a-half to the five-day week how much were the work hours per week cut down?

Mr. DRURY: The work hours remained the same. The number of work hours in the week remained the same as they were under the five and a half day week.

Senator BARBOUR: Are you sure there was not an increase?

Mr. DRURY: I recollect there was some little increase, which I think now is a subject of representations by some organization or other.

The CHAIRMAN: Theoretically, at any rate, the civil servant working five days would do as much work in the same number of hours as he would under the five and a half day week.

Mr. DRURY: That is correct, sir.

The CHAIRMAN: If that is so, it should not at all affect the total amount of work done.

Mr. DRURY: It does not where it is merely a question of a given volume of work to be accomplished in the course of a week without regard to its timing by days, but there are some operations which have to be carried on over six days and, indeed, seven days, and when you cut back to a five day work week on these operations you have to supplement the number of people doing the work.

Senator HAIG: One of the Civil Service Commissioners told us what happens when your department requests additional staff. He said that after the position was recommended by your department and dealt with by the Civil Service Commission, the matter had to go to the Treasury Board for approval. Is that method still in effect?

Mr. DRURY: In the final analysis the Treasury Board still has to approve the position.

Senator HAIG: Have they ever refused approval of your recommendations?

Mr. DRURY: Oh, I think there have been occasions.

Senator HAIG: Very few.

Mr. DRURY: I wish it were very few but I would hesitate to cite any number. Might I perhaps put it this way. In the urgency which surrounded the expansion of the department immediately following the outbreak of hostilities in Korea there was considerably less reluctance on the part of the Treasury Board to agree to increases than there is now.

Senator HAIG: One other question. I understood you to say that your civilian personnel has varied from one to 2.1. Now, the army, navy and air force personnel have increased very little so I would not think they would pull that increase up very much in your department.

Mr. DRURY: In the period covered here there has been an increase from 104,000 to 116,000, an increase of 12,000.

Senator CONNOLLY: In what period?

Mr. DRURY: From March 1953 to March 1955, a period of two years. That is an increase of 12,000 in uniformed personnel.

Senator HAIG: Has there not been a big increase caused by having to take care of all these houses you have built for soldiers? Is that not a factor for an increase in your civilian employees?

Mr. DRURY: Which houses have you in mind, sir?

Senator HAIG: Well, in Tuxedo in Winnipeg you built a great many houses for soldiers. Their construction has to involve work by electricians, plumbers and other tradesmen. Now, has that type of employment not increased very materially in the last four years in proportion to the others?

Mr. DRURY: I would not say very materially, sir, in proportion to the others. There obviously has been an increase in direct relationship to the

increase in the number of married quarters that have been built, and we have had quite a substantial number of married quarters built right across Canada; which has meant some increase in the number of maintenance people of this character required to look after that, that is quite true.

Senator HAIG: Take Rivers, you have a big increase there, too?

Mr. DRURY: Quite a substantial increase in the number of houses, but I do not think at Rivers a very substantial number of maintenance people look after them. Once one has the base of a maintenance organization, then it does not need to be expanded very much to take care of additional numbers.

Senator HAIG: What about on the continent of Europe, does the same thing apply there?

Mr. DRURY: On the continent of Europe, no. In Germany we have made an arrangement with the German government to lease from them houses, and the servicemen in effect pay rent for them. The maintenance of these establishments is the responsibility of the landlord, the ultimate owner—the German government, so we do not need to hire people to look after them. In France the maintenance is a responsibility of another landlord, it is not the French government, it is a French corporation who has built and owns them.

Senator HAIG: Thank you, very much, I understand what you mean. That is all the questions I have, Mr. Chairman.

Senator CONNOLLY: I have a couple of questions. With reference to these committees, which you discussed in the general statement, the complement committee, and war establishment committee, and the establishment committee, you referred particularly to the fact that where increases were required these were the people who reviewed them in the department to determine whether the increases were justified. Now, are there corresponding functions for other committees or for this committee when decreases are needed?

Mr. DRURY: Needless to say, a suggested decrease, by reason of the nature of these committees, does not get very intense scrutiny. Everyone is prepared to agree quickly to a proposal for a decrease.

Senator CONNOLLY: Is there such a thing as an official of the department, or a committee of officials of the department, who look to places where decreases should take place?

Mr. DRURY: Perhaps I did not make this clear enough. One of the responsibilities of these committees is not only to review proposals for increases but to review establishment even where no proposed changes are suggested. We do review and ensure that units are not over-complemented, and that they have no more than the number of persons required to do the job they are currently doing. Now, this is obviously necessary, because a unit which may have had a substantial function in 1951 or 1952 may have discharged it and have much less to do, in which case there should be a decrease. It is not natural, perhaps, that a unit commander would suggest this on his own, and therefore these committees that I have mentioned have the responsibility of reviewing these establishments periodically to ensure that they are not under-employing their personnel.

Senator CONNOLLY: Is that an unfortunate part of their function?

Mr. DRURY: It is.

Senator CONNOLLY: Because if you use the example of Gagetown, now, as the result of the establishment of Gagetown, you have some increase in the civilian complement. By the same token, would there not be a decrease in other centres which would be replaced as a result of Gagetown starting?

Mr. DRURY: Unfortunately, there will be virtually no decrease in the use of other military camps as a consequence of Gagetown. It will be possible

when Gagetown is completed to perform a number of training functions in the army which hitherto have had to be left undone.

Senator CONNOLLY: Now, Mr. Drury, could you supply the committee with any information as to the numbers of people involved in this personnel work? I take it that in the Department of National Defence you have a personnel branch headed by one of the senior officials. Could you say how many people throughout the department, civilians, are concerned with the economic use of civilians and the question of increasing and decreasing staffs?

Mr. DRURY: I can give you a figure on that, but it might not be too absolute, in the sense that at least part of my time is employed on this. Well, this is one of my duties. Now, there is an Assistant Deputy Minister of administration, and a large part of his function is to do this—an Assistant Deputy Minister, Mr. Armstrong, under the heading of "Finance", a proportion of his time is occupied in reviewing this kind of thing, at least, from the financial end. I can give you figures for people employed under what is known as the Director of Civilian Personnel. Now, their functions are exclusively personnel considerations. I could give you the numbers employed in the Adjutant General's Branch in the army. Their functions are exclusively personnel.

Senator CONNOLLY: For the service personnel?

Mr. DRURY: Service and civilian, because they have to be looked at together, as I mentioned earlier. Also the Chief of Naval Personnel—and I will be glad to do that. But I would point out that it would not be for you the whole answer because it is part of the responsibility of everyone in the Deputy Minister's Branch to be conscious of and to engage in this sort of thing all the time.

Senator CONNOLLY: Part of the operation of a general manager, so to speak?

Mr. DRURY: Yes.

Senator CONNOLLY: Thank you, I think those figures might be of value to the committee. Now, if the committee does not mind my moving on to another point. Mr. Deutsch was with us a few days ago; he is the Secretary of the Treasury Board. Mr. Deutsch said that there were thousands of additions to the staffs of the various departments due to the fact that the 40-hour week, or five-day week, had been introduced, and I gathered from the answer you gave Senator Asetine that the impact on your civilian staffs was not very good.

Mr. DRURY: Not as great or as pronounced as some other departments, such as the Post Office Department, or the Department of Public Works, that is true. Perhaps I can get someone to try and make an estimate of what it might have been—it would be difficult, I think.

Senator CONNOLLY: Perhaps it could be looked at and something useful could be made available?

Mr. DRURY: Very glad to, Senator Connolly.

Senator CONNOLLY: A further plan which occurs to me is that of the policy of using civilians for doing civilian jobs. Is that relatively speaking a fairly new policy of the department?

Mr. DRURY: I do not think so. As you know the Navy has done it since the time of Nelson; for the army it is a newer concept, and for the air force which is a relatively young service, it is a very much newer concept; the extent to which this has been adopted is in that order. One can look to more of it being done proportionately in the air force than in the army or navy, and more in the case of the army than the navy.

Senator CONNOLLY: Would the implementation of that policy over the past three years account for much of the increase in your civilian staffs as disclosed in the material which has been supplied to us by Treasury Board? For instance, it shows as of March, 1953, 42,000 odd, March, 1954, 54,000 odd and February, 1955, 63,000 odd.

Mr. DRURY: I have never attempted a breakdown of the increases which are made up partly of this factor which you have mentioned, and partly also by the undertaking of brand new functions. What the ratio might be, I am not too sure. However, it would be greater in the current year than in the past year because we are placing more emphasis on this now than we have in the past years.

Senator CONNOLLY: Do you have to deal with the unions in relation to any of your employees?

Mr. DRURY: A number of the prevailing rate employees are members unofficially of unions; however, the unions, in relation to the government service generally, have no official standing.

Senator CONNOLLY: No contracts.

Mr. DRURY: No contracts at all in national defence. Therefore, they do not engage in bargaining operations which might lead to a contract, but the employees do, as indeed any citizen of Canada is entitled to do, make representations on one score or another, and they are given answers to these representations.

Senator CONNOLLY: What about the Civil Service employee associations? Do you have the same situation there?

Mr. DRURY: The same situation prevails in respect to them, although there is quite elaborate machinery established for consultation under the Treasury Board with the Civil Service Federation and Civil Service Association.

Senator CONNOLLY: Do the representations which they make affect in any way the employment figures?

Mr. DRURY: Well, I hesitate to say that they do not affect them in any way. I suppose they do in some way, but I do not know very much about the operation of this body.

Senator CONNOLLY: It goes to the Treasury Board.

Mr. DRURY: Yes.

Senator LAMBERT: Mr. Chairman, there are a couple of questions which I should like to ask Mr. Drury to express an opinion on, and if he does not feel he can properly do so, it is quite all right. First may I say that it is farthest from my mind to encroach in any way upon the field of policy, which is the responsibility of others. However, what I have to ask bears I think rather pertinently upon the whole prospect of expenditures directed to the maintenance of our national defence. We now know that a large percentage of the budget of Canada is directed to the marked expansion in cost of maintaining our national defence.

At one point Mr. Drury referred to the Korean activities and the urgency which surrounded certain periods as having a bearing on the situation. I should like to ask him if the lessening of that urgency that has steadily characterized certain periods is about to be realized, and how quickly may we expect such reductions to be realized by way of a decline in the expenditures for national defence.

Mr. DRURY: Well, Mr. Chairman, I think the lessening of a sense of urgency has been apparent within the department for some time; there has been a continuous insistence on the accomplishment of the various tasks in an orderly, efficient and economic way, and not on the overriding priority of getting a job

done immediately regardless of how it is to be accomplished. Over the past two years at least there has been an insistence on orderliness and efficiency rather than an urgent accomplishment of certain things. This will continue to be the case. The extent to which the lessening of a sense of urgency will be reflected in a decrease in the defence budget is difficult to measure. The Minister has forecast on a number of occasions that he does not see any substantial lessening of the defence burden; he hopes however to be able to achieve a reduction not by reason of throwing overboard things we are now trying to do, but by being able to do them more efficiently and economically. Efforts are being made not in the abrogation of functions, but in doing them more efficiently.

Senator LAMBERT: I may say in this connection that I know there is a close organic contact between the principals in the national defence department and in the Department of External Affairs in this country, dealing with matters of national policy. I am sure that the practical difficulty of reducing expenditures corresponding to the urgency or lack of urgency must be most difficult to estimate. It is perhaps something similar to the difficulty of getting out of public life as compared with the comparative ease with which one can sometimes get into it. I think you have answered my question as well as you or anyone could.

My next question is a more delicate one, in relation to the economy and efficiency of national defence. Have any realistic studies been made by way of comparison between a system of voluntary service, such as we have now, and compulsory military service as related to the activities now going on? In asking that question I am not referring to the contingencies of conscription in time of war, but rather to the more casual application of it, as applied in other countries of the world where national service is required within certain ages with a view to having at all times a reserve in case of trouble. I am confining my question entirely to terms of efficiency and economy, and am asking you whether studies have been made as to a comparison between the two systems?

Mr. DRURY: There have not, to my knowledge, been any studies made of these two systems on a straight dollars and cents basis. I can answer that, no, not to my knowledge. I had better not express an opinion as to what the result of such a study might be.

Senator LAMBERT: I think that statement is a very interesting commentary upon the approach to this whole question to consideration of defence problems or organized National Defence problems. I do think that it is a very very essential point that should be considered by those thinking of this problem and it should be reduced to a point of view of economy and dollars and cents.

Senator KING: Mr. Chairman, I think the asking of that question of an officer of the department is unfair.

Senator LAMBERT: I prefaced my remarks by saying something to that effect.

Senator KING: I know, but you are asking a question of a political nature and not one that a member of the staff should be asked to answer.

Senator LAMBERT: I realize that.

The CHAIRMAN: Mr. Drury, I think, answered that quite satisfactorily. Whether we change the method of our recruiting armed forces is not a matter for Mr. Drury's decision at all, it is a matter for someone else's, and I do not think we need to pursue that particular question any further at the moment.

Now, there are a few questions, Mr. Drury, that I should like to ask. I am the last one in the circle.

What are the duties of your civilian establishment in headquarters. What I am getting at is this: Can you roughly give the number of stenographers, for instance, or the clerical staff, and what do they do. Why do you need 5,000.

Mr. DRURY: Well, I can detail in either great or lesser detail the strengths of the various branches of the department in Ottawa. I may do that, and then you can ask further details.

The CHAIRMAN: Perhaps I have not made my question quite clear. Am I right in assuming that the authority over district offices is centralized very closely in Ottawa.

Mr. DRURY: That is correct.

The CHAIRMAN: Does that mean that if someone in Winnipeg or Vancouver, in your district office there, wants to do something, that his authority, his individual responsibility is very circumscribed and that the decision comes ultimately to Ottawa.

Mr. DRURY: If it is a question of establishing a new classified or continuing position for a civilian employee.

The CHAIRMAN: That is not what I am getting at. I will illustrate. I remember during the war an occasion when a little difficulty arose in Winnipeg that should have been settled there. I had to get the file and look after it. It was a file probably an inch thick or more of communications passing from Winnipeg to Ottawa and to and from other places, and that office could not take the authority to do what was required to be done. Now that is what I mean by centralization. The great difficulty with Government administration is a tendency to centralize everything at headquarters instead of putting the responsibility on the fellow outside and seeing that he discharges his responsibility. What I am getting at, does not that build up an immense amount of paper work.

Mr. DRURY: That is correct, it tends to.

The CHAIRMAN: As a matter of fact does it? You say it tends to, but does it?

Mr. DRURY: It does if you are going to accomplish anything. We have been endeavouring to decentralize various authorities. Now, I mentioned one in respect of casual employees, the numbers and types of casual employees which a man in the field may employ is for his determination provided he accomplishes it within a financial ceiling. At one time I think he may have had to come to Ottawa for approval of the various numbers and types. Now, he is told to do the job for a certain amount of money and the organization of it is left to him. Now, that decentralization applies in varying degrees to the different functions, but under the Civil Service Act the authority with respect to Civil Service positions resides in the Civil Service Commission, and this must all be done in Ottawa.

The CHAIRMAN: I am not questioning that.

Mr. DRURY: Where the authority in its final terms lies within the Department of National Defence itself, we try and work towards a policy of placing both authority and responsibility on the man in the field to do the job and perform in Ottawa rather the auditing and inspection functions.

The CHAIRMAN: In these establishments you have throughout the country, for instance, let us say airfields, there are a great many amenities in the way of housing and schools and perhaps skating rinks and auditoriums where pictures can be shown. When housing is built I know in Winnipeg for instance of several hundreds of houses having been built both at Stevenson Field for the Air Force and at Osborne Barracks for the Army—are they built by the Central Mortgage and Housing Corporation?

Mr. DRURY: They were built by contractors.

The CHAIRMAN: I mean, once you have put your request in for these amenities, is it the responsibility of Central Mortgage and Housing Corporation to provide them?

Mr. DRURY: That is correct.

The CHAIRMAN: And they provide them by calling on contractors to tender.

Mr. DRURY: That is correct.

The CHAIRMAN: Does that apply all over the country?

Mr. DRURY: Yes.

The CHAIRMAN: Take a point like Macdonald, which is twenty miles or so from Portage la Prairie. You have there quite an establishment of houses and one thing and another. What will happen when the need for the Air Force disappears, or is greatly reduced?

Mr. DRURY: This is one of the things that worries us all the time, and it applies not only to the houses at Macdonald but the other buildings too. What will happen to them? What will they be used for if we do not have an Air Force any more? There is obviously no easy answer to it.

The CHAIRMAN: I quite recognize that.

Mr. DRURY: And, conscious of this problem, we have tried to go slowly on the provision of married quarters and amenities and keep them down to the minimum number needed to make the station function. We have found that if a man is offered permanent separation from his family as part of the price of entering the forces, he will not enter; and you have to contemplate making it possible for him to live for a substantial part of the time with his family; and if there were no married quarters there would of necessity be almost continuous separation. Somewhere or other between being continuously and permanently together and continuously and permanently apart you have to strike a balance, and we hope that, by not going too far in one direction or the other, we will achieve just about the best that one can under the circumstances, recognizing that if the need for an Air Force or an Army or a Navy disappears, there is going to be a big physical plant across Canada for which immediately there will not be any use.

The CHAIRMAN: In a case like Winnipeg, for instance, the plant could be utilized by civilian interests.

Mr. DRURY: Stevenson Field and Osborne Barracks, it could be.

Senator LAMBERT: Is not that problem you are raising analogous to what actually existed after the war in connection with Munitions and Supply and Wartime Housing?

Mr. DRURY: That is correct.

Senator LAMBERT: And all over the place; but somehow or other, demands soon used up the slack. I think the same thing would happen again.

The CHAIRMAN: The problem is to get it in the right perspective, I think. I recall, for instance, an advertisement in the Winnipeg papers having to do with landscaping at Macdonald Airfield; and the question was raised—there was something about shrubs and that sort of thing—casually, "Well, why do they need that out there, and so increase our taxes?"

Mr. DRURY: Well, I think if you yourself had an opportunity of looking at the establishment at Stevenson Field, the married quarters, you would agree that there is not a superfluity of trees or shrubs.

The CHAIRMAN: I was speaking more of this incident at Macdonald. This particular advertising called for that.

Mr. DRURY: Well, the same would obtain at Macdonald. There is a scale of provision of soil conservation arrangements, including the shrubbery, in connection with all these married quarters which C.M.H.C. have worked out, and they are the ones that they have applied to ordinary developments they undertake on their own account for civil use and civil exploitation, and do the same thing for National Defence.

The CHAIRMAN: You do not need to answer this unless you wish, Mr. Drury. I think there is a feeling that the armed services look forward to an indefinite period of engagement. This is their business in life, and they look to an indefinite period of employment in that business, and consequently their natural tendency is to provide as good facilities as possible. I am not asking you to answer that.

Mr. DRURY: Well, what you have described to me is human nature, and I would be the last to deny that the services are human,—or rather, that they are inhuman.

Senator HAWKINS: That is a good answer.

The CHAIRMAN: All this, gentlemen, simply illustrates the great difficulty that Mr. Drury must have, because after all he is a sort of general manager of the whole Defence establishment, in administering this new and very huge machine. However, I do not think I should ask any more questions of Mr. Drury. You have been very good, Mr. Drury, and very obliging to the committee, and I wish on behalf of the committee to thank you for your trouble in coming over here. Should we want you to come again, I have no doubt you can oblige us.

Mr. DRURY: I would be glad to, sir.

Senator BAIRD: One thing that worries me more than anything else regarding these armed forces is what is this so-called Reserve Army. It is, in Newfoundland, a farce. This is an expenditure that is absolutely, as far as I can see, unnecessary. It just does not serve a function. It does not parade, it does not act, it is just *non est*. Do you find that prevalent throughout other cities or provinces—that the Reserve Army is not what it should be, and is a big unnecessary expense? At least, you would not admit it is an unnecessary expense, but a big expense?

Mr. DRURY: I am not sure, Senator Baird, that it is, relatively speaking, a big expense.

Senator BAIRD: You may have a different idea of money than I have.

Mr. DRURY: These things are relative. Personally, to me, \$100 means a lot of money, but in an examination of the Estimates for the Department perhaps \$100 does not loom quite so large.

Senator LAMBERT: Is not the real answer to the question the necessity for the army? To my way of thinking the question of cost is a secondary consideration if you insist that conditions are such that you must have a reserve army.

The CHAIRMAN: I think we can dismiss Mr. Drury now and we may call him back again. Thank you very much, Mr. Drury.

The other day some information was asked of Mr. Nelson, one of the Civil Service Commissioners. He is here now and perhaps he can present that information to the committee so that we will have it on record. We will not ask him any questions on that information today.

Mr. NELSON: Mr. Chairman, I have here some lists of staff strength of the Federal Government in which the prevailing rates are separated from the classified. I have also lists of the hours of work of federal civil servants

depending upon the type of their employment. This information was requested by Senator Connolly. I will have these lists circulated to your committee members.

The CHAIRMAN: Thank you very much. We will look this information over and we may ask you further questions on it.

The committee adjourned until Tuesday, May 24th at 11 a.m.

OTTAWA, Tuesday, May 24, 1955.

The Standing Committee on Finance, which was authorized to examine the Estimates laid before Parliament for the fiscal year ending March 31, 1956, met this day at 11 a.m.

Senator Crerar in the Chair.

The CHAIRMAN: Will the committee come to order, please? The only witness we have this morning is Mr. Nelson, who is one of the Civil Service Commissioners, and who presented some data in reply to requests for information at our last sitting. I think Mr. Nelson desired to give an explanation of this data, or to give some additional information to the committee. I had endeavoured to get together a meeting of the steering committee but was unable to do so because members had taken advantage of the holiday weekend to visit outlying points. There will be a meeting of the steering committee this afternoon at four o'clock so that we can decide what the next step in our inquiry will be. I have already taken it upon myself to ask some of the departments for some information which will meet with the approval of the committee and can be used if needed, or otherwise.

Now, Mr. Nelson you gave the committee some data the other day in response to a request, and you mentioned to me that you would like to explain it or elaborate upon it. You have the floor now.

Mr. S. G. NELSON (*Civil Service Commissioner*): Well, sir, I have not too much to say, but I did think that in view of the objectives of this committee it might be well if I would devote a few minutes to a description of the activities of our Organization Branch, which has been mentioned previously and which is responsible for the organization of the Civil Service, changes in organization, the classification of individual positions, the allotment of a proper pay scale to individual positions; and I also wish to refer particularly to a specialized service in the Organization Branch known as the Operations and Methods Division, which has now been in operation for about seven years, starting in a small way in 1946, and going on since that time. In so far as the organization branch proper is concerned—that is, the officers who are concerned with organization and classification—the members of the committee are already aware of the procedure whereby departmental requests are passed to the commission, and in turn to our organization branch for report. I would not like the members of the committee to think that the action taken on these requests or recommendations is in any way routine or simply constitute concurrence in the requests.

Actually, during the past year refusals of requests to make recommendations to the Treasury Board, the modification of certain requests, the downward classification of other requests, and the savings that have accrued from the individual reports of our investigating officers have avoided the spending of approximately \$3 million, which would have been involved had these requests been met in full. Over the years that amount grows very large; over the past few years the total I think is in the neighbourhood of \$60 million.

Senator CONNOLLY: How many years?

Mr. NELSON: Since 1938, the statistics indicate nearly \$65 million. That indicates that in some measure these requests are carefully scrutinized.

Senator KING: That is requests from the departments?

Mr. NELSON: From the departments, yes.

I would like to refer to the activities of our operations and methods division. The work done is that similar to a commercial firm of efficiency engineers. It is a developing service. It is difficult to get and retain good men, but we now have a sound nucleus of staff. We have already added several, and during the year we will add about ten men to the quota of last year. The figures of saving for 1954 may not appear too significant in relation to the other figures I have given you, but the actual savings involved during the year through an improvement in methods, better ways of carrying out the operations, elimination of paper work and that sort of thing, from this fairly small group, resulted in an actual saving of approximately \$250 million and a potential saving of the same amount. These are savings which result from changes and improvements in operation and methods of departments. Of course those savings made in any one year would carry on through later years, and continue until the need for some change is indicated.

This is a service that is given on request from the departments; that is, we do not step in and say we are going to look at this or that. Rather, a department will say to us, "Will you look over our purchasing and stores division, or at our central registry and see what you can do to improve it?" The demands for that kind of service are growing and necessarily our staff will have to expand to meet those demands, because it does seem that the service is worthwhile.

Senator HAIG: Mr. Chairman, I have a question to ask, and with your permission I will put it now. I admit that I have been under a great misapprehension, and that my ignorance of the work of the Civil Service Commission was greater than I thought it was. I was surprised to learn, Mr. Nelson, that when a position becomes vacant and applicants are advertised for, they are then referred to your department.

Mr. NELSON: That is right.

Senator HAIG: And that you get together people who are experts in the line of work with which you are concerned, and you reduce the four or five applicants to two or three and finally decide on the one man you want to choose. Has that been general procedure for some time?

Mr. NELSON: Of course there are two steps—first there is the authorization for the position which has to be covered. In the matter of appointments, every position is advertised.

Senator HAIG: Yes, I know that, but when you get answers to that advertisement, what then becomes of the applications?

Mr. NELSON: An examining board is set up within the civil service commission on which the department is represented and on which very frequently we have an outside expert. They go over the group of applicants which is usually considerable, and they eliminate those who obviously appear to be unqualified, and narrow their selection down to a reasonably small group; this group will no doubt be subject to an oral examination, which means they are called in before the board. If it is a dominion-wide application, the board travels out throughout the country.

Senator HAIG: Who appoints that board?

Mr. NELSON: The Civil Service Commission; we are responsible for effecting the selection, but we think it proper and wise to have represented on these boards the department representative under whom the man is going to work, and an outside expert.

Senator HAIG: Is the department ever represented on a board by the Minister of Public Works?

Mr. NELSON: Yes.

Senator HAIG: You would have chosen him as the representative?

Mr. NELSON: Actually we would not have chosen the Deputy Minister, but would have asked that somebody representing his department be chosen. This case you have in mind, I assume the Deputy Minister felt the position was of such a nature that he should attend.

Senator HAIG: And then that board reports to you does it not?

Mr. NELSON: That is right.

Senator HAIG: Following which you make the recommendation.

Mr. NELSON: They really make a recommendation.

Senator HAIG: But you confirm it?

Mr. NELSON: We confirm it.

Senator HAIG: That is all I want to know, thank you.

Senator KING: Mr. Nelson, the Civil Service Commission has a very large staff now. How does your department recruit its staff? Do you go through the procedure of examination?

Mr. NELSON: We follow exactly the same procedure in the case of recruitments to the Commission staff as to the departments generally.

Senator KING: Does your chief select staff through examination in your own department?

Mr. NELSON: Are you thinking of appointees from the outside or of promotion inside the Commission?

Senator KING: By promotion or from the outside, either way.

Mr. NELSON: Well, in the case of promotion within the Commission a group of examiners is convened and they report upon the relative merits of the persons who apply for the job. In the case of those coming into the Service from the outside an examination for entry to the Service is held, and the Commission is represented by one or more examiners and we also have an expert from outside to assist in making the selection. I might say in that case there would not be a departmental representative because we would be the department.

Senator KING: You of course would be represented.

Mr. NELSON: Yes, and we would bring in outside assistance to help us in making the selection.

Senator KING: Is that procedure followed as well as for the minor as for the senior positions?

Mr. NELSON: The very junior level is filled from an eligible list common to all departments, that is clerks, stenographers, and it might be that junior technical officers would be selected in that way too, but when it is a question of the Personnel Selection Officer or the Organization and Classification Selection Officer type of position, at that level the competition procedure is followed and we examine the applicants who merit final consideration.

Senator KING: The Commission is composed of three Commissioners?

Mr. NELSON: Yes.

The CHAIRMAN: Mr. Nelson, perhaps you will now continue with the statement that you were in the course of making. I would suggest to the members of the committee that we wait until Mr. Nelson is through with his presentation and then ask questions.

Mr. NELSON: As a matter of fact, Mr. Chairman, there is not too much more that I want to say on that particular phase of the work. As I pointed out

originally I thought that would appeal to the committee in view of its purpose of effecting economies and increasing efficiency. I would be glad now, Mr. Chairman, to answer any questions that the senators may have.

The CHAIRMAN: Well, I have a few questions to ask. You spoke, Mr. Nelson, of an Operations and Methods Division within the Organization Branch of the Civil Service Commission. Could you explain a little more clearly just what function or duty the Operations and Methods Division carries out?

Mr. NELSON: Yes, I can think of one specific instance: They carried out a survey of the Purchasing and Storage Division of the Royal Canadian Mounted Police which involved a complete revamping of their inventory system and setting up of new systems of records and that sort of thing. As I recall, the actual immediate saving which was effected through that service was \$157,000, in that one operation. There was a lot of obsolete material—records and that sort of thing; and steps were taken to clear that out and keep it cleared out.

The CHAIRMAN: Have you any opinion to offer as to why they did not correct this themselves?

Mr. NELSON: Well, I think people who are pretty close to a job become accustomed to doing it in the same fashion, and I think a fresh outlook is helpful. I could give you some idea in more detail of the sort of jobs that have been carried out.

The CHAIRMAN: Another question occurs to me, Mr. Nelson; would you agree that it is important and good administration to have responsibility definitely fixed?

Mr. NELSON: Oh, yes.

The CHAIRMAN: You would agree with that?

Mr. NELSON: Yes.

The CHAIRMAN: Does this work that the Civil Service Commission do through its operations and method division have a tendency to weaken that, do you think? Will the departmental officers who should carry the responsibility endeavour to shift it off on the Civil Service Commission?

Mr. NELSON: I would not think that is a serious danger. Actually these reports are made on a confidential basis to the Deputy Minister. They are discussed; there is nothing final about the thing in its original form, and the Department may or may not, as it sees fit, implement all or only a portion of the report, and the rank and file need not necessarily know where the changes are emanating from—whether they are from the Commission or from the Department.

The CHAIRMAN: In other words, the Deputy Minister may get an idea that things are not going right in the Department somewhere but he can't put his finger on it, so he calls in experts, in the person of the Civil Service Commission, and they make a diagnosis and suggest a remedy.

Mr. NELSON: Yes.

The CHAIRMAN: What effect has that got on the Deputy Minister, who is the administrative officer?

Mr. NELSON: As I indicated, this is a voluntary service. We do not write a Department and say "We want to go into this and we want to go into that"; we wait for a request which comes from the Deputy Minister himself.

The CHAIRMAN: Please do not misunderstand me. I am not criticizing, at the moment, the Civil Service Commission for setting up an operations and method division. What I am trying to get at is the effect on the staff in the Department.

Senator LAMBERT: Well, Mr. Chairman, how would you expect the Chairman of the Civil Service Commission to throw any light on that question?

The CHAIRMAN: Because they are experts on this.

Senator LAMBERT: Well, they are not responsible.

The CHAIRMAN: I quite agree.

Senator LAMBERT: What you are really asking, if I may say so, is what kind of a bird is a Deputy Minister of any Department; and that is not up to the Chairman of the Civil Service Commission.

The CHAIRMAN: That was not the question I asked.

Senator HAIG: This sort of thing is done in business. There is a firm in Toronto that gives this sort of service. For instance, one of the department heads in the city hall in Winnipeg asked for this service. He said that he wasn't getting anywhere with his staff. He had some ideas as to where the trouble lay but he was not sure his suggestions would be accepted, so he called in this Toronto firm and they made an investigation and report as to where the trouble existed.

Senator LAMBERT: If that is the situation then I want to say there has been a vast change in a few years in the character of the deputies that are running the departments of government in this country.

Senator HORNER: If what has happened?

Senator LAMBERT: If it is necessary for deputy ministers to defer this type of problem to the Civil Service Commission. I say if that represents the situation today then there has been a vast change in the character of the deputies that are running the administrative end of these departments.

Senator KING: I wanted to interject here, Mr. Chairman: is it essential and necessary under the Act for the deputy to go to the Civil Service Commission? Is he not at liberty, with the consent of the government, to go outside and ask somebody to come in and look his department over?

Mr. NELSON: Yes, and that has been done. This service is given only on request of the department.

Senator BAIRD: Do I understand you are building up a staff of what we might call efficiency experts?

Mr. NELSON: Yes, and training specialists in various lines.

Senator BAIRD: And they will be capable of going into any department and, shall I say, putting it in proper order?

Mr. NELSON: That is the idea.

The CHAIRMAN: What salaries do you pay efficiency experts?

Mr. NELSON: The director of the branch who, by the way, is an industrial engineer, gets about \$8,000, and in general the rank and file run from \$4,000 to \$7,000.

The CHAIRMAN: Your efficiency expert gets \$8,000. What does the deputy minister of a department get?

Mr. NELSON: Their salaries range from \$15,000 up.

The CHAIRMAN: If a deputy minister, who is getting \$15,000 a year, comes to the conclusion that something is lacking in his administration and calls in efficiency experts from the Civil Service Commission, they examine the matter and makes certain recommendations. I mean, if he puts the recommendations into effect and improvement does not take place as the result of that, and the expense still continues to grow, would he be inclined to blame the Civil Service Commission for the failure?

Mr. NELSON: Well, even though he himself prescribed the terms he would think it was a pretty poor job, without that sort of experience.

The CHAIRMAN: I know it is very difficult to get that sort of experience, but the difficulty may nevertheless be there.

Mr. NELSON: Well, this is a continuing process, it is never static, and if the show is not functioning as it should after the first go at it, I would assume the deputy would say it would be a good thing to go and have a look at it again.

The CHAIRMAN: Another point I would like to clear up in my own mind—it may be clear in the minds of the other members of the committee, but in a department that has a staff under a deputy minister—and I think most of them have assistants now?

Mr. NELSON: Yes.

The CHAIRMAN: And if they conclude that they want to bring some employee from one sector of your service to another sector, I understand they can do that if there is no increase in salary involved?

Mr. NELSON: Yes.

The CHAIRMAN: Without reference to the Commisison?

Mr. NELSON: Yes.

The CHAIRMAN: But if there is an increase in salary involved then they cannot do it without the approval of the Commission?

Mr. NELSON: That is correct.

The CHAIRMAN: And in that case you have a promotional examination?

Mr. NELSON: That is right.

The CHAIRMAN: Now, the deputy, we will say, thinks this employee here would be the man to put over here, from one sector to another sector, involving an increase in salary of say \$50 a month, that is his judgment from his survey and knowledge of his staff, which he should have if he is any good, but he cannot do that without the promotional examination?

Mr. NELSON: That is the situation.

The CHAIRMAN: Is that right?

Mr. NELSON: That is right.

The CHAIRMAN: And in the promotional examination it may be that the man that he wished to move from sector A to sector B remains in sector A?

Senator KING: He may. On the other hand, he may not get through.

Mr. NELSON: Not very frequently, Mr. Chairman, but there have been such cases.

The CHAIRMAN: Well, in that case the judgment of the Deputy Minister is overridden by the Civil Service Commission?

Mr. NELSON: Yes, but with due deference to your remarks, Senator Crerar, about the Deputy Minister having an over-all knowledge of the personnel of the department, I think in practice his judgment would be governed by the recommendations from subordinate officers. I do not think he would in most cases, except in the higher posts, make recommendations out of his own knowledge.

The CHAIRMAN: Well, if I were the Minister under those circumstances I would feel a bit resentful, Mr. Nelson.

Mr. NELSON: If I may, I would like to make this point, that in the case of these promotional examinations the ratings from which the promotion is effected are made by officers nominated by the Deputy Minister of the department, that is, departmental officers, and it is only the final sanctioning of the result that requires the attention of the Civil Service Commission.

Senator KING: In other words, when you have a salary increase the field is open?

Mr. NELSON: That is correct, Senator.

Senator KING: And the deputy may have in mind that he would like a certain man in a position, and the fact that he has the support of the deputy will help that individual, will it not?

Mr. NELSON: Oh, I would think so, definitely, if he has the support of his subordinate officers as well who recommended this particular individual.

The CHAIRMAN: When you have a promotional examination, can you tell us what that examination is based on—what are the factors that you use to reach a decision?

Mr. NELSON: Well, we might look at the promotion procedure first. There are three primary factors there. One is seniority, which plays a very small part, a very small part. The other is the records and reports as to the efficiency with which the various applicants are performing the duties of their present posts. Then the third, and most important factor, is an appraisal of the suitability of the individual for advancement to the higher post.

The CHAIRMAN: How do you judge?

Mr. NELSON: The first thing would be to look at the higher position and determine from the class description the points of importance to be observed, that is, to the major portion of the work of the higher position to see that the individual has been performing at least related duty, that he understands the requirements of the higher post, and that on the personal side he is perfectly fitted to carry them out. It might be implied that he is performing a fairly routine job, that the next step up requires supervisory duties. An attempt would have to be made to determine whether the several candidates, even though they are thoroughly qualified in their present position, would meet the added requirement to direct and run a staff in the higher position. But basically, performance in present position is the guide, with due regard for the different requirements involved in the higher position.

The CHAIRMAN: How do you rate personality in these examinations?

Mr. NELSON: Well, that is a very difficult matter.

The CHAIRMAN: Would you agree that it is a very important matter?

Mr. NELSON: Oh, very important, very important, but I think the experts are scarcely agreed as to how that can be accurately assessed. We would like to say it is purely objective. I suppose, though, that in all truth it is—

Senator HAIG: Generally, one question determines it all. If you have been in an office like I have where I did the staff hiring for 18 years, generally I would ask the applicant one question—I can't tell you what the question was, but it would be just the term which would decide. It always happens in every inquiry you make, some place during the interview there is a vital question. For instance, a young man got appointed here the other day, and the vital question was asked, "Would the people you are working for now allow you to leave?" And the answer was, "I don't know, if they won't, I won't leave." And that got him the job—just the answer to that one question. I admit he had the qualifications—I admit all that, but they certainly wanted to know that he would stick with them if they put him on. I take it you find it the same in those examinations as to personnel?

Mr. NELSON: Yes, I think that is true, and of course some individuals have more of an intuitive quality than others—they are better at that sort of thing, but as you say, senator, I think that is the experience, it often happens that the answer to one question determines it.

Senator HAIG: For instance, if a stenographer applied to you for a position and you wanted a stenographer, and the question she asked you was this, "But Mr. Nelson, if I take this position will I be sure I will get shorthand and type-writing to do and not be put on as a filing clerk?" What would you think of her—you would want to get her?

Mr. NELSON: As a stenographer.

Senator HAIG: Of course.

The CHAIRMAN: How do you rate academic standing? I notice advertisements for applicants for positions, I think in the great majority, require them to report as to their academic standing.

Mr. NELSON: Well, depending on the type of position. If it is a professional or technical position we prefer to secure university graduates, and university graduation is mandatory in the case of what we call the junior administrative officer, that is, young chaps coming out of university to be trained in the processes of government, graduation is required there; and it is quite important in External Affairs where graduation is required; in all engineering, agricultural and professional classes, generally, university graduation is required.

Senator LAMBERT: Is any language requirement needed in connection with those tests?

Mr. NELSON: Generally speaking, language requirement is involved only when the department reports that a knowledge of a language is required, that an additional language is required.

Senator LAMBERT: In other words, the bilingual factor is not a common factor in connection with the—

Mr. NELSON: No. As you will appreciate there are a great many positions where knowledge of both French and English are required. There are positions in External Affairs where a knowledge of an additional language is an asset, but that is the exception rather than the rule.

Senator LAMBERT: Is it increasing at all, that is what I want to get at?

Mr. NELSON: Not in the immediate past; I do not think there has been any particular increase in the immediate past.

Senator LAMBERT: That is, the departments that have the special need for special qualifications are the same as they have always been?

Mr. NELSON: Generally speaking, yes.

Senator LAMBERT: What do you mean by "generally speaking"?

Mr. NELSON: Well, actually we are governed in examining for language qualifications by the indication given by the department at the time of making requisition. Now, I would not say that there is not some increase in the need for additional language qualifications. I would assume that in certain of the outlying areas which are now being built up there is more necessity perhaps for both languages.

Senator LAMBERT: Take the External Affairs Department, I don't know, but I assume that bilingual qualification is essential there?

Mr. NELSON: No, not essential, Senator Lambert. It is desirable that some of those who secure appointment to that department each year should have French, or Spanish, or some other language, but that only applies in some cases, not even to certain positions, but it is desired that some of those appointed should have this additional language facility; and, as a matter of fact, if they do not possess knowledge of another language the department encourages them to develop their knowledge of another language.

Senator HORNER: Have you any special branch where encouragement is given to apt students to take up many foreign languages similar to that done in the Old Country, where young men are specially trained for the diplomatic service? I understand that Anthony Eden can get along in seven or eight languages.

Mr. NELSON: Actually I think students in the Old Country largely acquire their knowledge of languages at university. We have training classes in many

departments for employees in the French language; however, this is purely voluntary and is an after-hours course to meet the wishes of more employees to become bilingual.

Senator HORNER: I would think the need for acquiring languages would increase because of the additional ambassadors and representatives being sent to foreign countries. I should think they would be of much greater value if they understood the language of the country to which they were sent.

Mr. NELSON: Certainly.

Senator BAIRD: In connection with this efficiency department which you have started up, do you think it would be a good idea if it were compulsory for every department to have an efficiency expert call on them and go through their department every once in a while?

Mr. NELSON: All I can say in that respect, Senator Baird, is that I am a little dubious about compulsion at this stage. However, there has been a great increase in the demand for that service; in fact, we have not been able to meet all requests. We could not do any more until we get more staff trained and developed to do it.

Senator BAIRD: You think it is better to establish an efficiency service within the civil service than outside the service, do you?

Mr. NELSON: I think it is more economical.

Senator BAIRD: That is what I wanted to know.

Senator LAMBERT: What does Senator Baird mean by "efficiency"?

Senator BAIRD: It is hard to define. We are speaking of course of the civil service—

Senator LAMBERT: It has been said that efficiency was knowing all about the machine except what it was for.

Senator BAIRD: I am not inclined to admit that altogether.

Senator LAMBERT: I think there is a good deal of truth in it; there is a tendency to over-do efficiency.

Senator GERSHAW: Mr. Chairman, page 3 of this document deals with the Indian Health Service. Could Mr. Nelson tell us what officers are under the civil service act and what officers are exempt?

Mr. NELSON: Ward aids and kitchen help are definitely exempt, as are hospital nurses in the Indian Affairs Branch.

Senator GERSHAW: What about medical officers?

Mr. NELSON: No, they are appointed through the commission.

The CHAIRMAN: Have you any difficulty, Mr. Nelson, in recruiting for the service?

Mr. NELSON: Yes, in certain classes; particularly professional and technical.

The CHAIRMAN: That is, especially engineers.

Mr. NELSON: Engineers and also qualified help in the telecommunication service of National Defence. It is awfully difficult to get radar people and that sort of qualification.

The CHAIRMAN: Technically trained.

Mr. NELSON: Yes, for the most part technical.

Senator CONNOLLY: Why is that so, Mr. Nelson?

Mr. NELSON: I suppose it is due to the industrial demand at the present time for persons with that sort of qualifications; there is a general shortage of professional and technical help in many specialties.

Senator CONNOLLY: Do you say that technical schools are not turning out students in large enough numbers?

Mr. NELSON: Well, if you mean the universities—

Senator CONNOLLY: The technical schools and universities both—and I am not being critical of them.

Mr. NELSON: The technical schools do not turn out men who are qualified to assume professional responsibility; they come in as junior technicians.

Senator CONNOLLY: Are they in adequate supply?

Mr. NELSON: There is not too much difficulty in that field; it is more in the professional classes where there is a great shortage, particularly amongst engineers and architects.

Senator HORNER: What is the situation in the United States in that respect? Do they have a great number of specially trained men for this type of work?

Mr. NELSON: I think the same situation prevails there; the situation is, I believe, pretty general. However, we did have some alleviation during the past year by recruiting in Britain, where we secured something between eighty and a hundred and twenty additional engineers, architects and such help.

Senator CONNOLLY: Will there be a continuing demand for people with that training?

Mr. NELSON: Yes, Senator Connolly.

Senator CONNOLLY: In other words, there is an opportunity for young men who are interested in that field, not only within the civil service, but perhaps you might say outside the service.

Mr. NELSON: I think there is almost unlimited opportunity at the present time for such graduates.

Senator GERSHAW: What is the situation with respect to veterinary surgeons, such as meat inspectors?

Mr. NELSON: It is not quite as difficult as it was several years ago. I recall three or four years ago we had the principal of the Veterinary College at Guelph down at the commission to discuss the possibilities of getting additional veterinary surgeons. But just at that time they had lengthened their course from four to five years, and that presented some difficulties. As a matter of fact, the situation is not quite as difficult as it has been, partly because of the number of displaced persons with training in the veterinary sciences who are being utilized in the junior grades.

Senator HORNER: And some of the provinces contributed some money to the veterinary students. I know the province of Saskatchewan did.

Mr. NELSON: Yes, but there is still a shortage.

The CHAIRMAN: I would like to ask one question, which might be regarded as hypothetical. Would it be possible for an ambitious young man to start as an office boy in one of these departments, with not more than a good common school education, and rise to the position of deputy minister.

Mr. NELSON: Yes, there would be no arbitrary restriction.

The CHAIRMAN: Of course you do not select the Deputy Minister, but it would be possible for him to rise to a high administrative office.

Mr. NELSON: Yes. As a matter of fact I mentioned a few minutes ago this junior administrative officers course. We take in a number of such persons each year for that course; they are university graduates, and they take a course of instruction through lectures given by men from different branches of the service who discuss various features of the administration. Concurrently with that we open up an examination for persons already in the service, who can be admitted to a similar course and given the same opportunity of undergoing training. It is true that the prerequisite for the course is a university

training, but it is not essential that a man should have any more than a secondary education to advance right up the ladder, if his performance merits it.

Senator GERSHAW: Is there a demand for medical officers in the department?

Mr. NELSON: Yes, it is very difficult to get enough doctors.

The CHAIRMAN: In the Indian Health Services, as I recall, there are some 50 doctors or something like that. How are those doctors recruited?

Mr. NELSON: Through the Civil Service Commission, by advertisement.

The CHAIRMAN: Is there any dearth of applicants for those positions?

Mr. NELSON: We have had. In the hospitals under that branch of the Department of National Health and Welfare, tuberculosis is a point of difficulty, and it is a matter of getting an expert in that field, or an expert in the field of glaucoma or some other specialty. Overall, the difficulty in securing any other medical officers for the general service is fairly great.

Senator GOLDING: What is the average annual income of industrial engineers?

Mr. NELSON: I suppose it depends on the experience the man has had. I would think that men who are doing the sort of work that our men are doing are paid considerably more in industry than we are paying.

Senator GOLDING: That is what I would think.

Mr. NELSON: As a matter of fact we have had several men come to us from commercial companies, and in some cases we concluded that we had gotten them because they were not a complete success where they were so we are very careful now in taking anyone who is willing to leave an industrial company, because his opportunities there are somewhat greater than with us.

Senator GOLDING: A feature that would strike me as peculiar is this, that you have an industrial engineer at the head of this efficiency committee you spoke about, to whom you are paying \$8,000. Well in the first place I think that the average industrial engineer would earn much more than that and his opportunities for increasing his earnings would be much greater if he continued to work for a private company rather than being tied up with such a position in the Civil Service.

Mr. NELSON: I think that is right.

Senator GOLDING: And the next feature that strikes me is that you have an efficiency expert to whom you are paying \$8,000 whose function it is to tell a Deputy Minister I think you said, who is paid something like \$15,000 a year, a man who is supposed to be efficient—you have this efficiency expert telling him how to conduct business in his department. Well, to say the least, that strikes me as being rather peculiar.

Mr. NELSON: I see the point you have in mind, Senator Golding. Again I say that the department requires the services this man is able to give. Now, I have no doubt he would earn more money outside the Government service. As a matter of fact when he came to us he indicated he did not think he would stay very long, but I think he is enjoying building up the service, he is enjoying Government work, and there are some people who would rather work in the Government than work outside.

Senator BAIRD: And I presume he has prospects of increasing his remuneration?

Senator CONNOLLY: Do you have much difficulty in recruiting staff because outside remuneration is higher than what the pay is in the service?

Mr. NELSON: I think there has been an improvement in that respect recently, Senator Connolly. I think rates in the service compare much more favourably than they did with outside remuneration and I think it is becoming ever more apparent that there is a stability in Government service that does not exist outside.

Senator CONNOLLY: Does that apply both to lower paid positions relatively speaking and to the higher paid positions?

Mr. NELSON: It is not as true at the higher levels because I do not think there is any very close relationship between the salaries that are paid executives in business who have the same sort of job as a man in Government. I suggest that very frequently the salary outside is at least twice as much as it is in the Government service, that is, the salary outside at higher levels is twice as much as it is in the Government service for positions with similar responsibility.

Senator KING: Would you not find this to be true; an engineer comes into the service and is paid a salary of \$5,000, whereas he would probably earn \$12,000 or \$15,000 outside but he has the advantage of coming to Ottawa, making a home here and living under very pleasant conditions. That in itself is a great attraction.

Mr. NELSON: I think that is largely the answer.

Senator CONNOLLY: That is very nice to hear, Senator King.

Senator KING: In addition to that of course there is the security involved in an appointment to the Service is there not?

Mr. NELSON: That is correct. A man of that type who comes into the service has the assurance of continuation of employment if he does a good job.

The CHAIRMAN: Are there any further questions?

Senator CONNOLLY: You referred, Mr. Nelson, to the rather remarkable savings that have been effected as the result of the operation of the Commission. Now, Mr. Deutsch was here the other day and he talked about the refusals that the Treasury Board had to make to proposals for increases in staff, increases in pay proposed by the various departments. Would you say that in addition to savings that you have made there have been as well savings made as a result of studies made by the Treasury Board?

Mr. NELSON: Well, the Treasury Board is responsible, as you know, for prevailing rate classes, with which we have nothing to do as to conditions of employment there. In so far as the service for which we have responsibility, I think that the number of cases where the Commission's recommendation would not be endorsed by the Treasury Board would be so small as to mean that no great saving would be involved.

Senator CONNOLLY: They do not have an appreciable effect then.

Mr. NELSON: I would not think so. Actually, Senator Connolly, they are more concerned with policy than the details of departmental administration.

Senator CONNOLLY: They never cut down establishments.

Mr. NELSON: I would not say that. On occasion they take the position that an individual position is not justified and even that a number of positions might not be justified, and as a matter of fact under this newly established control procedure Mr. Deutsch outlined to you the Treasury Board has a representative on that committee along with the Civil Service Commission so they are certainly pulled into that phase of the work.

Senator CONNOLLY: Perhaps henceforth then, all the savings will be effected jointly by the Civil Service Commission and the Treasury Board.

Mr. NELSON: Yes, certainly in a larger measure in the future.

Senator KING: My mind goes back to a few years ago to the time when a large number of people were employed by the Government—there were thousands in number—who on account of their classification were not eligible for pension rights and other privileges. Has that group been reduced very much?

Mr. NELSON: Yes, Senator King, it has been reduced. Each year we are making more of these positions permanent. Even temporary employees now, after a year's service, may contribute to the pension fund and in doing so acquire pension rights.

Senator BAIRD: What do you mean by a "temporary" appointment? Some of them are for years.

Senator KING: Steam-fitters?

Mr. NELSON: Many of these prevailing-rate people, that is tradesmen and the like, are purely temporary. But we issue two classes of appointment certificate. In general, the first certificate of appointment is what we call a temporary certificate. A man is put on, is maintained as temporary, for a year or two, or longer, until the Department in which he is employed decides definitely whether he is good enough to be kept, and if they feel he is good and they wish to keep him and he is performing work of a continuing character they recommend a permanent appointment.

Senator BAIRD: Some have been, I understand, on a temporary basis for years.

Mr. NELSON: That is right. That is explained in part by the fact that during the depression and the war years a quota was set whereby a certain portion of the Service must be maintained as temporary. That was removed a year ago, and we now are proceeding to process the recommendations for permanencies.

Senator BAIRD: If they are temporary, I presume you can let them go any time.

Mr. NELSON: Yes, Senator Baird.

Senator BARBOUR: In Public Works, the number of temporary employees is down by about 250, and the number of civil servants has gone up quite considerably,—in 1955.

Mr. NELSON: Yes. The fact that that Department took over the Trans-Canada highway would be one explanation of the increase of departmental strength.

Senator BARBOUR: But those exempts have been cut down between 1954 and 1955 by nearly 250 persons.

Mr. NELSON: There have been some studies made as to the numbers that are required for maintenance work, and I think that there has been some reduction in that respect, of cleaners, and that sort of thing. Another factor is that in certain cases an employee is moved from what is considered an exempt position to a non-exempt position, although he is still performing largely the same sort of duty.

Senator BARBOUR: The taking over of the staff of the Trans-Canada highway would include quite a few permanencies?

Mr. NELSON: Yes, I think about 150 employees.

Senator BEAUBIEN: Do all these people in the list that are exempt from the Civil Service Act consist of what are called temporary employees?

Mr. NELSON: Some of the prevailing-rate people are given permanent status, but I would think that the larger proportion is temporary.

Senator BEAUBIEN: Do all these temporary employees go through the Civil Service Commission before they become temporary employees?

Mr. NELSON: Not these prevailing-rate men; they are exempt, taken on by the Department concerned.

The CHAIRMAN: There is another question I would like to ask you, Mr. Nelson. When a Department wishes to expand its establishment, perhaps, in some branches of the Department, first they must make application to you. Then do your efficiency people or your personnel people go over and examine the situation in the Department?

Mr. NELSON: That is the usual practice. Our organization classification officers go over and look into the situation.

The CHAIRMAN: Do you recall any cases where you have said, "No; as far as this work is concerned you can get along with the staff you have got"?

Mr. NELSON: Yes. That is the explanation of these savings I have mentioned,—the refusal to honour the requests of a Department.

The CHAIRMAN: Does that happen pretty frequently?

Mr. NELSON: I think modification occurs quite frequently.

The CHAIRMAN: There is just one other question I would like to ask. If you do not care to pass an opinion on it it is quite all right. After the first war there was a regulation laid down that veterans, in their application for Civil Service positions, if they get their minimum of marks, were immediately put up to the top. I am correct in that, am I not?

Mr. NELSON: That is correct.

The CHAIRMAN: Would you care to venture an opinion on the effect of that over the years on the efficiency of the Service as a whole?

Mr. NELSON: I suppose, in theory, if the law provides that persons at the bottom of the list, those who barely qualify, can go to the top, it would be difficult to say there was not some loss of efficiency. But on the other hand, in the case of the positions that count, that is the higher positions, not custodial positions or lower-grade positions, the standard of qualification that is set, the examining standard that is set, is such that we are satisfied that any who qualify are competent to do a good job.

The CHAIRMAN: That is, there might be a fluctuation of perhaps fifteen marks, but within that range there is not much difference between them?

Mr. NELSON: They are all competent.

Senator CONNOLLY: It is a great advantage to the veteran, of course, to have that preference; and there is no impairment of the efficiency of the Service, I think you said before, because of the way it operates?

Mr. NELSON: Yes. If I were asked—and I have not been asked—my idea about the preference, I would express myself very positively; I think I will do it anyway. I think it is the least a grateful country can do to its ex-service men,—to give them a preference.

Senator CONNOLLY: I think Mr. Nelson has given us a very good understanding of what the position is for the Civil Service Commission in this matter of establishing grades and employing new people and transferring existing civil servants within the Service. We probably will have to make some inquiry as time goes on in this committee with reference to the responsibility of the Deputy Minister in that whole operation. We have also been told that within each Department there is some administrative officer who has the main responsibility for these personnel problems, if I may so style them. I wonder if Mr. Nelson would comment in a general way upon the function and responsibility the deputy minister has for that problem, and how far the responsibility of the head of the personnel section goes?

Mr. NELSON: I would suppose that the responsibility imposed upon the personnel officer would depend on two things. First of all, the attitude of the

deputy minister in delegating authority, and secondly the capacity of the individual concerned. In certain cases the deputation of responsibility for staff matters would be very considerable.

Senator CONNOLLY: With the personnel officer?

Mr. NELSON: Yes.

Senator CONNOLLY: But can he make the recommendation?

Mr. NELSON: Through the deputy.

Senator CONNOLLY: The deputy has to approve it?

Mr. NELSON: Yes.

Senator CONNOLLY: In other words, all these personnel matters must ultimately be channelled through the deputy Minister?

Mr. NELSON: In certain minor instances the personnel officer might sign for the Deputy Minister, but all matters of policy would be routed through the deputy's office to the Civil Service Commission.

Senator CONNOLLY: You would not care to make any comment on whether or not that technique is employed in large commercial and industrial organizations in Canada?

Mr. NELSON: My understanding is that in the large companies it very frequently happens the officer in charge of personnel is one of the vice-presidents.

Senator CONNOLLY: And it is his responsibility to look after that?

Mr. NELSON: Certainly his final responsibility. I do not know how great his immediate responsibility would be on matters of detail, but they do have a very high ranking officer in charge of personnel, generally speaking.

Senator CONNOLLY: The deputy minister in that connection is really in the position of the general manager of a commercial concern.

Mr. NELSON: I think that is a fair description.

Senator CONNOLLY: So that our deputies have this responsibility in addition to the other responsibilities they have for the operation of their department, while in commercial organizations there is a division.

Senator KING: Senator Connolly, I think we should realize that the deputy minister of the department is appointed by the government.

Mr. NELSON: Yes.

Senator CONNOLLY: And having been appointed by the government it is his business to administer as well as he can, and if he has any difficulty he goes outside or goes to the Commission.

Mr. NELSON: That is right. He is something more than a general manager of a company. The deputy minister, with the minister, is largely responsible for the formulation of policy as well as carrying out the administrative end of his department. The minister is governed by the advice he gets from his deputy.

Senator KING: If the minister and his deputy do not agree there might be trouble.

Senator CONNOLLY: The point I am after is this. These personnel problems are becoming greater and greater as time goes on because the country and the government is growing larger all the time. I just wonder whether you people in the Civil Service Commission give thought to the question of whether there should not be a division of authority to relieve the deputy minister to a greater extent from this personnel problem.

Mr. NELSON: There has been a suggestion—and this might be in line with your thinking, Senator Connolly—that the Civil Service Commission should

have representatives in every department in the same fashion that the Comptroller of the Treasury has accounting officers in each department, who report to him and not to the deputy minister of the department concerned.

Senator BAIRD: That would be lessening further the authority of the deputy minister?

Mr. NELSON: That is right, Senator Baird.

Senator BAIRD: Which I would not think would be good policy.

Senator CONNOLLY: You have really two problems. First of all, you have the problem of government representation with the minister ultimately responsible and the deputy carrying it out. That is inherent in the nature of government.

Mr. NELSON: Yes.

Senator CONNOLLY: Then you have the other problem of removing from the deputy minister burdens that in the commercial field have been removed from the chief executive officer and placed on the shoulders of a man as high as a vice-president, in the case of personnel problems, who will take final responsibility for this sort of thing for the efficient operation of his company. Could that system work here?

Mr. NELSON: I think in effect the system prevails at the present time. Actually in most departments, I guess in all departments, there is an assistant deputy minister whose primary function is to look after personnel matters.

Senator CONNOLLY: Yes, and sometimes there is more than one assistant deputy.

Mr. NELSON: Yes, but I think if there is only one assistant deputy minister he is expected to look after personnel and staff problems.

The CHAIRMAN: I think it is doubtful to draw an analogy between a personnel officer in an organization like the Ford Motor Company, and a personnel officer in any department of government. As a matter of fact, the personnel officers in these large commercial organizations today are mainly concerned with maintaining good labour relations, and when questions arise about increases in pay and seniority and all that sort of thing, their job is to discuss that with the labour unions. That is why the personnel officer in commercial and manufacturing organizations has attained the prominence he has. It is not apparent to me that the same quality of need exists in government departments.

Senator CONNOLLY: I think that is very true.

Senator HORNER: Yes. Furthermore, a personnel officer in the government is not only concerned with public relations and with staff problems, he is concerned with political relations. There are political appointments that are exempt from the Civil Service Commission. The number of these appointees has been growing steadily since 1933.

Senator KING: When a man gets into the Civil Service today he must go through a course of examination and once he is qualified and has been accepted his position is different than that of an employee in a commercial organization.

Senator HORNER: I would point out that the personnel employed by the Public Printing and Stationery Branch, who are exempt from the Civil Service Act, almost double in number those employees in the branch who come under the Act. As of February the 28th, 1955, those exempt from the Civil Service Act in that branch totalled 913, while those coming under the Civil Service Act totalled 469.

Senator KING: That is why I asked that question about temporary employees. But that number has been gradually reducing, and they are going into the permanent service from time to time.

Senator HORNER: Of course, if we could base efficiency among government employees the same as in an industrial organization, it would be different. An industrial organization has a vast advantage over a government, because the main thought in the employing of government clerks is political instead of efficiency.

The CHAIRMAN: Well, as a general proposition I would think it very unwise to in any way diminish or remove the responsibility of a Deputy Minister: If he is a good Deputy Minister he would resent it. If he is a poor one, he should not be on the job. And on this other question, Deputy Ministers have not as part of their function the making of policy; they can offer suggestions. I have had some experience in government administration, and I cannot recall a single instance where the Deputy Minister ever came and urged the particular line of policy on me. I can recall instances where I did say, "Well, now what would you think if we adopted this policy; what would be your judgment as to the administrative effects of it in the department?" But it is not the business of Deputy Ministers to make policy; it is the essential function of Deputy Ministers to carry out policy and administer. I repeat again that a good Deputy Minister would resent someone coming in and telling him what he should do, be he personnel officer, or anyone else, and if he did not resent it then I would say that he was scarcely qualified for his job.

Senator CONNOLLY: Mr. Nelson, do you think yourself, in your experience, that there might be greater efficiency if there was any greater delegation by Deputy Ministers on the staff problems?

Mr. NELSON: I think there would be some advantage in making available to the departments persons with more extensive experience in personnel work, perhaps than some of the departments possess. I have felt for a long time that if the Civil Service Commission had enough surplus staff so that it had a floating staff to train and make available to the departments—not under our jurisdiction, but as officers in the departments, there would be very great advantage in that system. However, we never seem to get enough to service our own needs, let alone service the needs of others. But I think the personnel staffs are improving. I think the quality of the staffs is improving. Only this week we have a conference of personnel officers discussing all the problems related to personnel work in the Service. That goes to show that there is an added interest in the development of personnel officers. I think the situation is improving, and I think that it will continue to improve.

Senator BAIRD: One thing I should like to say is this. People coming up from Newfoundland have found in the Civil Service very efficient people, and they have gone away with a very nice taste in their mouths.

Mr. NELSON: Nice to hear that, Senator Baird. I would like to add to that, too, the suggestion that many of the dollar-a-year men who served in the Civil Service during the war completely changed their views as to the efficiency and capabilities of the Civil Service.

Senator KING: I agree.

The CHAIRMAN: Any other questions? Thank you, Mr. Nelson.

Mr. NELSON: If there is anything further I can do, I shall be glad to do so.

1955

THE SENATE OF CANADA



PROCEEDINGS
OF THE
STANDING COMMITTEE
ON

FINANCE

on the expenditures proposed by the Estimates laid
before Parliament for the fiscal year ending
March 31, 1956

No. 4

FRIDAY, JUNE 10, 1955

The Honourable THOMAS A. CRERAR, P.C., *Chairman*

WITNESSES:

Major General H. A. Young, Deputy Minister, D.P.W.; Mr. E. A. Gardner,
Chief Architect, D.P.W.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

STANDING COMMITTEE ON FINANCE

The Honourable Thomas A. Crerar, P.C., Chairman.

The Honourable Senators

Aseltine	Gershaw	Pirie
Baird	Golding	Pratt
Barbour	*Haig	Quinn
Beaubien	Hawkins	Reid
Bouffard	Hayden	Roebuck
Burchill	Horner	Stambaugh
Campbell	Isnor	Taylor
Connolly	King	Turgeon
Crerar	Lambert	Vaillancourt
Dupuis	*Macdonald	Vien
Euler	McDonald	Woodrow—(35)
Farris	Paterson	
Fraser	Petten	

*Ex officio member (Quorum 9)

ORDER OF REFERENCE

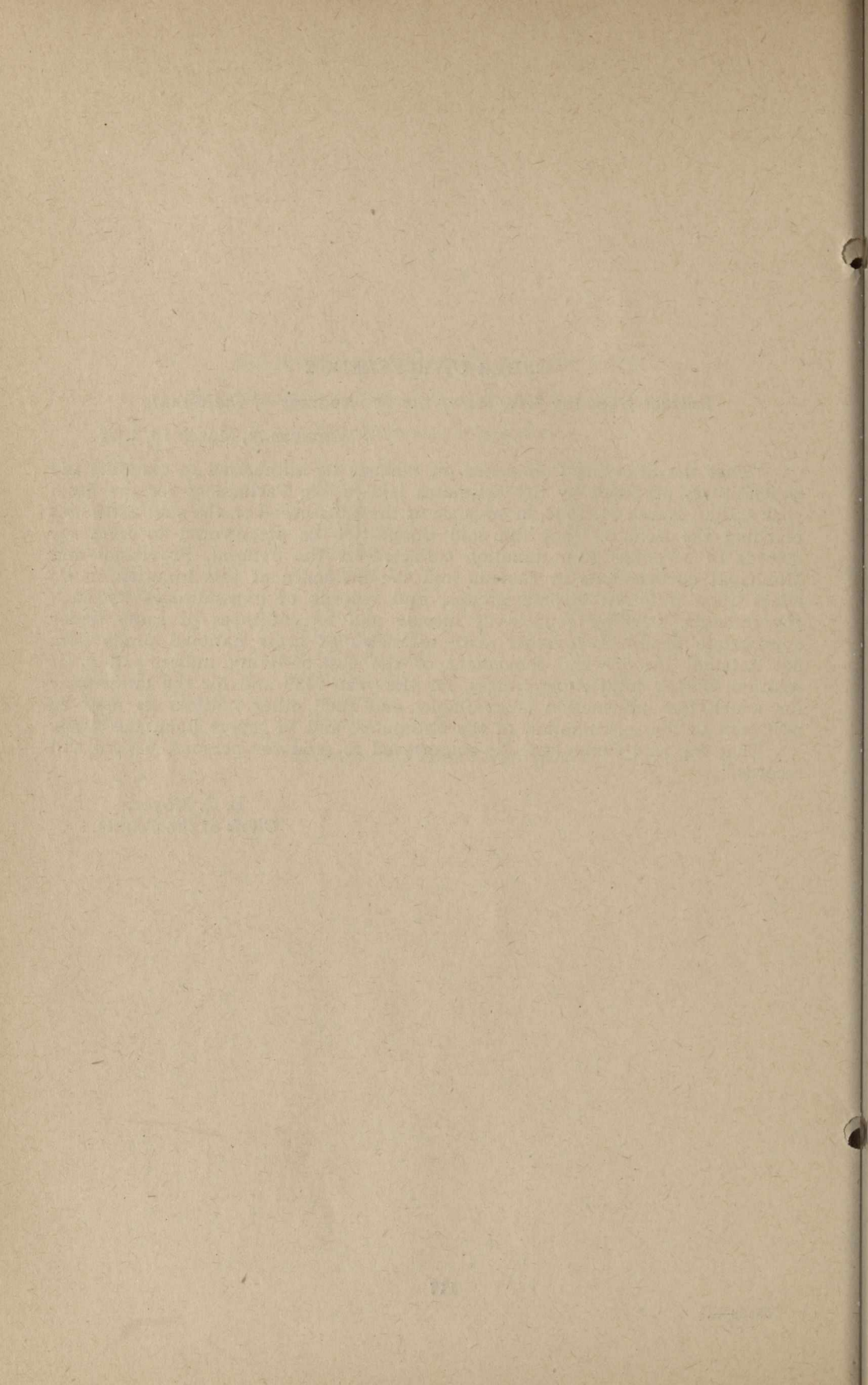
Extract from the Minutes of the Proceedings of the Senate

WEDNESDAY, March 16, 1955.

“That the Standing Committee on Finance be authorized to examine the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending March 31, 1956, in advance of the Bills based on the said Estimates reaching the Senate; That the said Committee be empowered to send for records of revenues from taxation collected by the Federal, Provincial and Municipal governments in Canada and the incidence of this taxation in its effect upon different income groups, and records of expenditures by such governments, showing sources of income and expenditures of same under appropriate headings, together with estimates of gross national production, net national income and movement of the cost-of-living index, and their relation to such total expenditures, for the year 1939 and for the latest year for which the information is available, and such other matters as may be pertinent to the examination of the Estimates, and to report upon the same.

That the said Committee be empowered to send for persons, papers and records.”

L. C. Moyer,
Clerk of the Senate.



MINUTES OF PROCEEDINGS

FRIDAY, June 10, 1955.

Pursuant to adjournment and notice the Standing Committee on Finance met this day at 11.30 A.M.

Present: The Honourable Senators—Crerar, Chairman; Aseltine, Barbour, Connolly, Hawkins, Isnor, King, Lambert, McDonald and Quinn.—10.

In attendance: The Official Reporters of the Senate.

The Committee proceeded to the consideration of the order of reference of March 16th, 1955.

The following witnesses were heard and questioned:—

Major General Young, Deputy Minister, Department of Public Works, and Mr. E. A. Gardner, Chief Architect, Department of Public Works.

At 1.00 P.M. the Committee adjourned to the call of the Chairman.

Attest.

James D. MacDonald,
Clerk of the Committee.

THE SENATE

STANDING COMMITTEE ON FINANCE

OTTAWA, Friday, June 10, 1955.

EVIDENCE

The Standing Committee on Finance, which was authorized to examine the Estimates laid before Parliament for the fiscal year ending March 31, 1956, met this day at 11.30 a.m.

Senator Crerar in the Chair.

The CHAIRMAN: Gentlemen, shall we come to order? A few weeks ago the Department of Public Works supplied us with some data covering the amount of money spent in Ottawa and the surrounding district on public buildings which have either begun or been completed within the last five years. When that information was placed before the committee some members thought it would be useful to get some further information on these matters relating not only to these public buildings but possibly to others. As a consequence the Deputy Minister of the Department of Public Works, Major General Young, is here to answer any questions. The way is now clear for the bombardment on the General.

Senator KING: I should like to make a statement in a general way. As I understand it the Department of Finance indicates to the Government the revenue which will be available for expenditure. The Government then in their judgment indicate to each department the possible available fund, and then the various ministers make their representations to the Cabinet and from that point the matter goes to the Treasury Board. The ministers and officials of the various departments have to justify their requests for expenditures. Then after the matter has been dealt with by the Treasury Board it goes back to the Cabinet for further consideration. As I understand it that is the program followed in making up the Estimates. The procedure is somewhat different to what it was years ago. The Finance Department now makes an estimate and advises the Government. Years ago the departments made their own Estimates and took them to the Treasury Board. Today the Finance Department indicates the available fund. I think I am right in that.

General YOUNG: Before our Estimates are prepared we get some indication from Treasury Board as to the general scope of what our Estimates should be for the ensuing year. Last year we were told that by and large they would be the same except perhaps for automatic increases in wages. On that basis and, having regard to the priority of what we think is necessary in the way of building construction, we include the amounts in our Estimates. Then, as you say, the minister and myself appear before the Treasury Board, and they review everything we have included. At that time the Board may not agree with our priority of work. Out of that meeting comes our final Estimates. Last year there was practically no change. The minister had gone over everything very carefully and the minister felt that what he put forward should stand. Therefore when Treasury Board reviewed the Estimates of Public Works, they were very much the same as when submitted. When Treasury Board had approved the estimates no further reference was made to us.

Senator LAMBERT: Am I right in assuming that under the Public Works Act all public buildings should come directly under the Public Works Department?

General YOUNG: That, I think, sir, is the present policy of the Government. Our department carries the Estimates for the construction for Post Office, Customs and Immigration, but most all the other departments carry their own vote for construction, although in some cases we do the work for them.

Senator LAMBERT: What I am getting at is this. Take these buildings listed on this paper before us. Do the different departments represented here take the initiative in the approach to a new building, and then that would be submitted to the Public Works Department?

General YOUNG: Yes.

Senator LAMBERT: Have you any discretion at all as to whether that type of building should be erected or not, or as to the amount of money that should be expended?

General YOUNG: Yes. The Department of Public Works is reviewing these projects more and more. The minister has instituted an economics division. This perhaps does not apply so much to Ottawa, but we are now handling over to the economics division for study the proposal to construct public buildings in the various towns and cities. The economics would be studied to determine whether it is warranted. We have recently initiated another committee within our own department under the chairmanship of the Assistant Deputy Minister consisting of an engineer, the chief architect and the director of the property management branch. They review all the requests that are made to the department to determine whether or not they are necessary. Frequently a department will be a little over-optimistic in making its request to us for accommodation.

Senator LAMBERT: Would there be any control whatsoever by the Public Works Department over the extent or character of the Veterans Memorial Building or would the specifications come entirely from the Defence Department?

General YOUNG: They would give us the general requirements as to accommodation and then we would do the designing.

Senator KING: And you would carry through the work.

General YOUNG: Yes.

Senator BARBOUR: I should like to ask something about the Parliamentary Library. The renovation of that work may have been started before you took office, but could you tell the committee if there was an estimate, an amount set, for what your department thought the repairs to the Library would cost?

General YOUNG: After the fire an estimate was made to the effect that the repairs would amount to approximately \$1 million.

Senator QUINN: It was more of a guess?

General YOUNG: Yes. Because as soon as they started opening the building up they found that they would have to go further in repairs than had been contemplated.

Senator HAWKINS: Was your contract a cost plus affair?

General YOUNG: No, it was a cost plus fixed fee. The fixed fee was based on \$1 million. There was a fixed fee of \$20,000 on a contemplated expenditure of \$1 million. However, it was also provided that if the expenditure went over \$1 million the fixed fee still remained.

Senator ASELTINE: If it was \$2 million it would be \$40,000?

General YOUNG: No, sir. At that time it was contemplated the cost might be from \$900,000 to \$1¼ million and the fixed fee was arranged at \$20,000. Irrespective of what the cost was all the contractor got was \$20,000. This was to act as an incentive to keep the cost down and get the job finished.

Senator BARBOUR: I presume you have had to revise that more than once since then?

General YOUNG: There has been one revision. The cost now will be perhaps \$2 million or \$2½ million. Naturally the contractor has said "You gave us the general impression this would be \$1 million and we arranged on a fixed fee of \$20,000. Now the cost has gone up to \$2 million so we want to double the fixed fee". We are now negotiating a revised fixed fee.

Senator McDONALD: For the sake of economy a number of us hope that gradually all architects and engineers could come under the Department of Public Works. We think this would save duplication in planning and perhaps effect an overall economy. Could you give us an idea as to whether or not there is a tendency in the direction of centralizing in this fashion.

General YOUNG: There is that tendency. A statement was made during presentation of the estimates last year to the effect that Government policy was directed towards that end. It is not easy to accomplish all at once, and some reorganization has been necessary in our department in order that we can gradually take on the work of other departments. Nothing spectacular has been done so far, but we are gradually taking on the work of other departments.

Senator ISNOR: Would you trace a request from the Department of National Defence for the building of a barracks? What would your procedure be?

General YOUNG: We have no responsibility for requirements of Department of National Defence except as to rented accommodation for recruiting offices. We look after the rental of recruiting offices for the armed services.

Senator ISNOR: I asked that question in view of the answer you gave earlier to Senator Lambert, that you had the supervision of the construction of all buildings.

Senator LAMBERT: That was under the act.

General YOUNG: In so far as we are concerned it is exclusive of the Department of National Defence.

Senator ISNOR: In so far as the Department of National Defence is concerned, they are going ahead with their plans and construction, irrespective of the act as it relates to the Public Works Department, is that right?

General YOUNG: I think the answer is that any department can operate under the Public Works Department.

Senator ISNOR: No, but they are not operating under that. They are operating on their own account entirely, are they not?

General YOUNG: I do not know the answer to that. They have always looked after their own construction.

Senator ISNOR: If I were to say they are doing it, would you say that they are not doing it?

General YOUNG: They are looking after their own construction.

Senator McDONALD: Would it be practical for you to look after Defence?

General YOUNG: I am afraid that is getting into policy.

Senator McDONALD: The act allows the Defence Department to do its own construction work?

General YOUNG: I believe so.

Senator LAMBERT: I think the Public Works Act does.

General YOUNG: It is done under Defence Construction Limited which comes under Defence Production.

Senator LAMBERT: Just on this very point, we have the National Defence headquarters located on Cartier Square. There has been some discussion about replacing those buildings on Cartier Square and putting up a pentagon building somewhere. Would that be entirely a matter for the Defence Department to decide or would the Public Works come into it at all?

General YOUNG: A committee was appointed by the cabinet to plan building expansion in the Ottawa area. I am Chairman of that committee and on it are Mr. Bryce of the cabinet executive, Mr. Deutsch of the Treasury Board, the President of Central Mortgage and Housing, and the Chief of the Ottawa National Planning Board.

We were directed to review the office building accommodation situation in the Ottawa area, and one of the items under our consideration has been the new location of defence. No decision has been made as regards any site.

Senator LAMBERT: There is no immediate prospect of changing the situation at Cartier Square?

General YOUNG: Not immediately.

Senator LAMBERT: They are going to keep that for a while?

General YOUNG: I can't answer that.

Senator LAMBERT: But certainly there is no indication of change?

General YOUNG: If the government decides on the new location, Cartier Square would be cleared in about five years from that time.

Senator BARBOUR: The West Block, I suppose, would be a proper building to come under consideration by that committee?

General YOUNG: That is right, sir. The future of the West Block has been reviewed, and this committee, incidentally, makes its report to Mr. Winters who in return reports to the cabinet.

Senator CONNOLLY: You are going to do a job on the West Block similar to that done on the Parliamentary Library, are you?

General YOUNG: I hope not.

Senator CONNOLLY: In what way do you mean that?

General YOUNG: I think the work on the East Block taught us a lesson that when you start reconstructing an old building you don't know what is going to happen until the job is finished. It is very difficult to renovate one of these buildings and produce an efficient building from them.

Senator LAMBERT: But there is nothing definite on it yet.

General YOUNG: No.

Senator LAMBERT: You have not decided whether you are going to demolish it or reconstruct it?

General YOUNG: No firm decision.

Senator ASELTINE: What did it cost to rehabilitate the East Block?

General YOUNG: I think it was about \$1½ million.

Senator ASELTINE: And what is the estimated cost for tearing down the West Block and rebuilding it stone by stone, as was suggested in the press?

General YOUNG: Perhaps it would be \$5 million or \$6 million. However, you cannot really compare the two buildings, because if the West Block is rebuilt with the same elevation we would get an additional floor.

Senator McDONALD: How long is it since any considerable repairs were done on the West Block?

General YOUNG: Not in the last eight or ten years I think.

The CHAIRMAN: May I ask for information. Are the original plans of the West Block available?

General YOUNG: Yes, we have most of the original plans and photographs; they are really only sketch plans and photographs which were taken during the period of construction.

The CHAIRMAN: That would give you a fairly accurate idea of the internal construction of the building.

General YOUNG: No. They do not give the working details; they are only sketch plans and photographs.

The CHAIRMAN: As an uninformed layman, I was wondering if it would be possible to completely rebuild the interior of the building leaving the existing walls as they are, if they are in good condition; but, if you do not have the original plans that might be rather difficult.

General YOUNG: It would be difficult. Further, if you are going to make it to the same elevation, we should get four floors where there are now three, and the windows would not come in the proper place.

The CHAIRMAN: If you pulled the building down, would you not have a higher elevation?

General YOUNG: No, but with the same elevation we would have four floors where we now have three.

The CHAIRMAN: Why could you not gut the inside completely and build up four floors?

General YOUNG: As I have said, the windows, for instance, would not be in the right place.

Senator KING: If you will permit me, Mr. Chairman, I would like to recount an experience I had when I came to Ottawa as Minister in 1922.

At that time the parliament buildings were in the process of construction, and Pearson and Dowle were, I think, the architects, and William Lyle was the contractor. They had agreed with the Department of Public Works to build these buildings for \$5 million, and at the time I arrived in Ottawa some \$9 million had been spent. The Public Works Department paid up to \$5 million and stopped paying. The tower was then up just above the main entrance and there was considerable work still to be done. Mr. Hunter, who was then Deputy Minister, contended that the agreement was to build for \$5 million and the contractor must go on. However, an investigation showed that the Minister had changed and enlarged the plan.

With great difficulty I was able to bring in an outside engineer, by the name of Sidney Junkett, who came here with a staff and spent some two months going over the plan and the building. He then reported that the construction in the building was good, and that we had good value for what had gone into it. Previous to that, I must say, the contractor and architect had gone on strike and said they would not go on and work for another three or four months. I had to go to Mr. King and to Mr. Meighen who was Opposition Leader at that time, and tell them what I had done. I had a chat with Mr. Meighen, Leader of the Opposition at that time and told him I was having a review of the expenditures and the difficulties of the architect and the contractor, and suggested that he name some one to a committee, and he appointed Mr. White of London to review the situation from his standpoint, and then I consulted Mr. Forke, Leader of the Progressive group in the House of Commons, and he himself agreed to serve upon that committee. Then I asked Mr. Marler, who later became the Minister, and the three of them represented the different Parliamentary groups. We got together and

went over the whole field and came to the conclusion and decision that these men were entitled to their fee and that the building should be continued to its completion, which was done fairly and profitably.

I recite these facts because I know you are up against the same proposition in the library reconstruction, the payment of \$20,000 fee for the library. I know it was not possible to do what you wanted to have done for that, but I just mention it to show the difficulties and to say that I had that experience and also to say that you have a good building here costing about \$15 million.

Senator LAMBERT: We have covered the West Block and Cartier Square. What about the National Library? Is that held up for a while?

General YOUNG: That is to be built on the site where presently is located No. 3 Temporary Building. The plans are under way. One of the problems which confronted the Minister was the timing of its start. It would have been possible to have started about 8 months ago or so earlier than we now contemplate, but doing so would have meant that temporary accommodation would have to be found for the Department of Trade and Commerce. If we had gone ahead it would have meant a double move for Trade and Commerce, they would have to move from their present quarters in No. 3 Temporary Building to other temporary quarters and then into the building that is being built for them near the Veterans Memorial Building. So the view was that construction should be held up until the Department of Trade and Commerce moved into their new building.

Senator LAMBERT: The plans are practically completed?

General YOUNG: The plans are well under way.

Senator LAMBERT: What about the estimate of cost?

General YOUNG: We have a preliminary estimate.

Senator CONNOLLY: When you say Trade and Commerce will move into its new building, where is that located?

General YOUNG: It is the one beside the Veterans Memorial Building.

Senator QUINN: The Department of Trade and Commerce occupies quite a lot of space in the West Block does it not?

General YOUNG: They occupy space all over, sir. They have No. 1, No. 2, No. 3 and No. 4 temporary buildings.

Senator QUINN: The reason I ask you that, General Young, is that there has been a lot of comment made upon the plans to tear down the West Block. Opinions have been expressed to the effect that it should remain as it is for fear of changing or impairing the present architectural style. I have heard the opinion expressed that it would take an enormous amount of money to tear it down and to rebuild it and that there are not as good mechanics today as there were when the building was put up. Would it be possible in consideration of the fact that Trade and Commerce is moving out of there, for you not to give consideration to three floors as sufficient and that you might be able to remodel the inside and leave the exterior alone.

General YOUNG: A very careful study has been made of this. There is a great demand for office accommodation for members of Parliament, and the only area in which we can provide this accommodation for members is in this area. If that was renovated we would not get the accommodation required. There are other factors to consider, and one is the cost of renovation and the parliamentary library is an example of that.

Senator QUINN: Would not the space vacated by the Department of Trade and Commerce be enough to accommodate the members?

General YOUNG: Oh no. Trade and Commerce have only a small part of the West Block. Fisheries, Secretary of State, the Dominion Coal Board, and Public Works are in there too.

The CHAIRMAN: Deviating slightly from the point under discussion, are the Hunter Building and the Jackson Building counted to be pretty efficient office buildings?

General YOUNG: I would say yes.

The CHAIRMAN: How do they compare in cost, for instance, with the new Veterans Building?

General YOUNG: They were built in different times.

The CHAIRMAN: Let me put it this way then. Criticism is heard occasionally that the type of building being put up in Ottawa and surroundings, for instance, the new printing bureau in Hull, are on altogether too lavish a scale for office accommodation or facilities for the work in hand, and the same criticism has been heard, General Young, in respect of buildings in outside communities. Now I believe in the United States, while they take great pride in their capital, that so far as other public buildings are concerned, such as court houses and other public buildings, they are built mainly of plain construction, of brick, built for utility, and referring to the Printing Bureau building over in Hull, for instance, why is that building built of expensive stone with the finest of everything used in its construction when its purpose is merely to provide a useful quarters for printing, which is, after all, not a type of industry that requires such a pretentious building.

General YOUNG: The working parts of the printing bureau are factory-type buildings, and the only more elaborate portion is that relating to the offices. Apropos of what you have said, Mr. Chairman, the department has given very serious consideration to this question of cheaper construction.

The CHAIRMAN: I am delighted to hear that.

General YOUNG: And if a building is to be constructed in the centre of Ottawa it almost ipso facto has to be of a high standard. This committee which I mentioned have gone into that question and we feel, and the Government has approved our recommendations, that administration buildings could be built to the outskirts of Ottawa. On that basis the Government has approved plans for the Post Office Administration Building and Public Works Administration Building to be built on the Bowesville Road.

Senator ISNOR: How far is that from here?

General YOUNG: It is about 4 miles from here. The Agriculture Administration Building is to be built on the Experimental Farm. In moving locations of this type from the centre of Ottawa it is possible to use brick construction rather than more expensive material.

The CHAIRMAN: I see there is an item here for a laboratory of hygiene. I presume that is for the Department of National Health and Welfare. Evidently the Government owns the site. Is that in Tunney's Pasture?

General YOUNG: Yes.

The CHAIRMAN: Well, Tunney's Pasture is a couple of miles outside the centre of the city?

General YOUNG: Yes, sir.

The CHAIRMAN: And yet the total expenditure in Tunney's Pasture runs up to probably \$17 million. Now, there may be a question of policy in this, and the responsibility may be elsewhere and if so you need not answer the question. We spent \$17 million on buildings out in Tunney's Pasture and it required the sum of \$1,887,000 for landscaping, which to a poor prairie westerner sounds like a lot of good money.

General YOUNG: All of this soil had to be carried in. The ground was all rock in that location.

The CHAIRMAN: Why could we not have selected some place rather than one with a lot of rock where we had to spend nearly \$2 million bringing in soil to make landscaping. Now, those are questions which arise. Your department probably was told that the Government had decided to put up buildings in Tunney's Pasture, buildings of a certain type of construction. If so you do not need to answer the question but I would really like to get some information about it.

Mr. GARDNER: What is called the landscaping of Tunney's Pasture includes a great number of things. It is not just the soil, and the lawn or the grass which is developed there on the site. That development includes the provision of sewers, waterlines, electric services underground, heating tunnels, sidewalks, roads and all those services to serve every one of the buildings in that area.

The CHAIRMAN: That is in addition to the power plant which cost \$629,000?

Mr. GARDNER: That is a central heating plant that you are mentioning there. It provides steam for heating purposes to all the buildings on Tunney's Pasture site. It was much more economical to have a central plant than to have a plant in each individual building.

The CHAIRMAN: I agree with that. Did you have to excavate solid rock for that heating plant?

Mr. GARDNER: We did.

The CHAIRMAN: You had to take out rock for it?

Mr. GARDNER: We did.

The CHAIRMAN: Suppose that you had taken some other site, say a corner of the Experimental Farm where they have a lot of land, I do not think it would have been very much further away, could not those utilities have been built more cheaply than what they did cost?

Mr. GARDNER: It would have been built more cheaply because of the fact that instead of excavating rock you would be excavating earth. You would still have to put in sidewalks, roads, sewers and so on. The difference would be between excavating rock and earth, but it would not have made a great deal of difference.

Senator LAMBERT: Tunney's Pasture has been the object of ridicule in some way. I remember very well years ago when it was a pretty rough and ready sort of area, but it had been decided upon years before anything was built there that buildings would be erected on the property for the Statistical Bureau which was then housed in the most unspeakable conditions in an old pulp and paper warehouse or something of that kind down on the river. They used to have to close up the offices in the hot summer weather because it was humanly impossible to live in them. Believe me, I was very pleased to see that building go out there at Tunney's Pasture. I might say that the International Statistical Association which met here some three or four years ago, which was attended by some fifty odd countries, regarded the headquarters of the Bureau of Statistics as the most ideal and perfect plant of its kind in any country. So that we can say that Canada is identified very definitely with one of the most modern and efficient plants to serve statistical needs of any country in the world today. I think it is a very important thing that that has happened. That is apart from the expense of the thing altogether. I do think there is a utilitarian side to this whole project out at Tunney's Pasture that is perfectly defensible. It is relatively closer to other government buildings than is the Farm. Incidentally, the construction of these new buildings has improved an area that was in the plan of the Federal District Commission, and the Greber Plan. It has improved that area so that it is not

an ugly spot along one of the main driveways of this capital city. When I saw that figure for Tunney's Pasture I had some understanding and sympathy for it. I do not think it has been wasted by a long measure.

Senator CONNOLLY: Mr. Chairman, I wonder if I could go off this subject for a moment. I wonder if General Young would supply some information on policy and practice with reference to the use of rented space in Ottawa as opposed to space that is owned by the Government.

General YOUNG: As this is a question which applies throughout all of Canada we are endeavouring to apply some basic formula to it. Where we can rent more cheaply than we can build we continue to rent, but where the reverse is the case then we have been embarking on our own construction program. In the city of Ottawa we are currently spending more than \$2 million a year on rented accommodation. Much of this is at a rate higher than we think should obtain.

The CHAIRMAN: Is the matter of relieving unemployment a factor in the decision to erect public buildings? Do you feel you should not answer that question?

General YOUNG: I think I had better not answer it.

The CHAIRMAN: I am not asking for an opinion from you on this but I know there has been some talk that the new post office building to be erected in Winnipeg, which will cost some \$12 million has been undertaken to help relieve unemployment.

General YOUNG: That is not the case, sir. To go back to your first question, I think I am perfectly correct in saying that unemployment has not entered into the picture. Unemployment certainly did not enter into the picture in Winnipeg. That accommodation has been required for a long time and is urgently necessary.

The CHAIRMAN: That was the view of the Post Office people?

General YOUNG: It was before my time that the decision was made to proceed with it, but there seems to be ample evidence to me that the building was necessary.

Senator LAMBERT: To bring this to a head, you referred earlier to a committee which you consult with in connection with the erection of new buildings either in Ottawa or outside of Ottawa.

General YOUNG: The special committee I mentioned consists of senior people and is an Ottawa committee. We have instituted within the department a new committee of our own senior people. It considers all buildings in Canada.

Senator LAMBERT: If a building is to be erected in the Ottawa areas I assume that this committee consults the Federal District Commission and the officials of the Capital City Planning Area. I do not suppose there is a move made without their approval.

General YOUNG: No, sir.

Senator LAMBERT: That is very important. I suppose in your internal committee a decision to erect a new building is arrived at only after considerable discussion. I suppose there is considerable discussion in Cabinet as well.

General YOUNG: Yes, sir. I would also point out that the economics of the town involved would be considered. What is the future of the town? What are the present requirements? This committee is quite new and sat yesterday for the first time, but they have found one or two buildings to be unnecessarily large. They considered them too expensive for the requirements.

Senator LAMBERT: Take a building like the Winnipeg post office which will cost some \$10 million or \$12 million. I suppose the actual total cost of the building is considered very definitely before the plans are gone ahead with?

General YOUNG: Yes.

Senator LAMBERT: It is considered by the Cabinet as a whole as well as by your department?

General YOUNG: That is right, sir.

Senator LAMBERT: And it is considered very fully as to whether or not it is in keeping with the ability to pay?

General YOUNG: And requirements.

Senator LAMBERT: Yes.

The CHAIRMAN: Perhaps I should not be talking in this way because I live in Winnipeg and I may not be welcomed back there, but I have heard criticism from some sound businessmen in Winnipeg that the expenditure for the post office in that city is one that could very well have been done without for another five or ten years. Now, is there anything to the report that has been circulated in Winnipeg that the post office there is going to be equipped with helicopter service from the roof of the building to the air field?

General YOUNG: I could not answer that. I did read in the newspapers that the Postmaster General said something about it. We know nothing about it.

Mr. GARDNER: It is designed so that if it is ever required it could be used.

The CHAIRMAN: I hope that will not take place, for I do not think you could bring the mail in from the airport by helicopter any more cheaply than you could by truck.

General YOUNG: That is right, except if Stevenson Field is moved farther out.

The CHAIRMAN: There is not much sign of that, because the air field is being enlarged almost every year.

Senator ISNOR: Mr. Chairman, I would like to ask General Young a question. We look on the Public Works Department as having jurisdiction over all buildings, from a construction standpoint, and particularly is that true because of the reorganization which has taken place in the past two years. How many departments continue to carry on their own activities in building planning, engineer and architect services, and lay out their own plans for their buildings?

General YOUNG: I would say practically all the departments do. In the case of Citizenship and Immigration we are arranging a transfer of their technical people. In Unemployment Insurance we are arranging a transfer of their technical staff. But I would say that nearly every other department, in varying degrees, has its own engineering and architectural set-ups. In the case of Northern Affairs, when Mr. Winters was transferred to Public Works, he took over Trans-Canada Highway and structural divisions; so that now we are doing most of the engineering work for Northern Affairs and National Resources.

Senator ISNOR: Let us get something definite on the record. I understand National Defence has its own complete set-up.

General YOUNG: That is true.

Senator ISNOR: Do they have one or three?

General YOUNG: I don't know what their present organization is, and I should not attempt to answer. They have three set-ups, but most of their work is done through Defence Construction.

Senator CONNOLLY: Perhaps it might help at this point, with Senator Isnor's permission, to put on the record the relative position of the Department of National Defence, the Department of Defence Production and the particular agency known as Defence Construction Limited.

General YOUNG: Should you not get that from the Deputy Minister?

Senator CONNOLLY: I think you could tell us.

Senator ISNOR: I think you could go even beyond that with regard, for instance, to the Department of Transport, which I would like to know something about.

General YOUNG: The Department of Transport have their complete construction organization.

Senator ISNOR: Now we are coming to something we will have to discuss in the future, whether the Defence Department or any other department should have a complete construction branch, or whether the work should come under the Department of Public Works.

Senator ASELTINE: Do you think there might be duplication?

Senator ISNOR: There is bound to be.

Senator CONNOLLY: I don't like to interfere, but in the case of Defence Construction Limited, does it do the planning and construction for the armed services?

General YOUNG: The preliminary planning is done by the armed service concerned, that is the Navy, Army and Air Force, all have their own planners, architects and engineers. When the proposal goes to Defence Production they complete the drawings, or call in outside engineers and architects.

Senator CONNOLLY: You say when it goes to the Defence Production—

General YOUNG: They do the job.

Senator CONNOLLY: But who handles it? Is it the Defence Construction Limited?

General YOUNG: Yes, the Defence Construction Limited.

Senator CONNOLLY: And there are architects and engineers in that branch too?

General YOUNG: Yes.

Senator CONNOLLY: General Young, would you say anything as to the special requirements or the defence requirements for that kind of organization.

General YOUNG: I would think Public Works could do it.

Senator CONNOLLY: There isn't anything special about the requirement of the services, which is different from that of any other department, is that not so?

General YOUNG: I am expressing my own personal opinion now on this point.

Senator ISNOR: That is the very point I was going to bring out when Senator Connolly stepped in; I am pleased to have him bring it out so clearly. I am of the opinion that we are going to have to face that situation in the future, if our Department of Public Works is to function the way it should.

May I go a step further with regard to Defence Construction. Do they purchase the furniture and equipment for the buildings which they construct?

General YOUNG: We purchase the office furniture and equipment for office buildings in the urban areas; we do not purchase equipment and furniture for the camps.

Senator ISNOR: The so-called main buildings, such as barracks—

General YOUNG: They purchase their own; but we would buy their furniture in Cartier Square.

Senator ISNOR: There is an overlapping there, and no continuity.

The CHAIRMAN: Do you have many cases, General Young, of departmental officers who come to you and complain that their furniture or equipment is not of good quality and ask you to replace it?

General YOUNG: Yes.

The CHAIRMAN: What do you do with the old stuff?

General YOUNG: We perhaps do not replace it. We send somebody out to inspect it to see if in our opinion it is satisfactory. If that is the case, we would say that they have to keep what they have. During the past couple of years we have done a great deal in the repair of furniture; we repair anything that is capable of being repaired.

Senator CONNOLLY: Do you do that yourself or do you contract it out?

General YOUNG: We do a great deal of it ourselves, and in some cases we contract it out. If it is a big job, such as the repair of 500 filing cabinets, we call tenders; but if it is a dozen chairs, we do it ourselves. It may be of interest to know that during the past two years we have standardized our furniture. Formerly there were, I think, some fifteen different types of desks used; repair jobs on them were difficult, because we could not cannibalize at all. Now the furniture we have comes in a minimum number of types, and industry has co-operated very well with us on that score; in fact, some firms now only sell furniture that is in accordance with government specifications. In other words, they are down to one or two types and they sell commercially the furniture that we will buy.

The CHAIRMAN: That is an excellent move.

Senator QUINN: May I ask a question, Mr. Chairman? Does not the cost of putting up public buildings inevitably exceed the estimate?

General YOUNG: It varies with the year. Last year our tenders came in invariably 5 per cent to 15 per cent below our estimate; that also applied to dredging. In the case of public buildings, they were in some instances 15 per cent lower. But this year the trend is changing. In dredging the costs are going over our estimates. Whether that is due to the work on the St. Lawrence Seaway or not I cannot say. It is possible that with larger companies engaged in this work, competition has been reduced. I think the trend this year is higher than it was last year.

Senator QUINN: I asked you that question because the Chairman had said that the Winnipeg Post Office which was calculated to cost \$9 million would possibly run to \$12 million. That is more than 15 per cent.

The CHAIRMAN: That is more than 15 per cent.

General YOUNG: Of course, there is equipment to go in. I think that public building in Winnipeg came in about \$1.5 million less than our estimates.

Senator QUINN: Lower than this figure here?

General YOUNG: This was the contract price, and it was \$1.5 million lower than our estimates.

Senator CONNOLLY: Could I come back to the rental business again, Mr. Chairman. General Young told us that in Ottawa the department is spending some \$2 million a year for rented properties. What percentage of space that is used by the Government is owned as against that which is rented in Ottawa? Is there some general idea?

General YOUNG: I am afraid I cannot answer that. I would hate to guess that.

Senator CONNOLLY: There is only a limited amount of rental space available in Ottawa in any event.

General YOUNG: Of course the trouble is that our rented space is in pockets all over the city.

Senator CONNOLLY: It is dispersed.

General YOUNG: Instead of being concentrated they are in 12 or 14 different locations for each department, and that brings about inefficiency. What we are trying to do in this long term—we have a ten-year plan—would be to construct and try and reduce the expense of rentals and to concentrate our rentals so that each department staff will be concentrated.

Senator CONNOLLY: Would it be fair to say that the trend is away from rental space and into space that is owned?

Senator LAMBERT: No. I would not think so, not off-hand; I would not think there is any trend.

General YOUNG: We try to apply economics.

Senator CONNOLLY: It is whatever the economic solution is.

General YOUNG: I think the economics give an indication that ownership is cheaper.

Senator CONNOLLY: Would that apply even in the more expensive type of construction that you might have to have in Ottawa because of the requirements of the capital plan?

General YOUNG: Partially due to that, but in building cheaper construction out on the Bowesville Road—

Senator ISNOR: What do you mean by "cheaper"?

General YOUNG: No marble or granite.—The buildings will be of brick construction, something of the type of the Central Mortgage Building on the Montreal Road. And if we can spread out we avoid the use of elevators. One of the most expensive parts of a building is the provision of elevators. If we can have one-half story down and two and one-half up, with perhaps the old escalator in, we avoid a large number of elevators. The land is cheaper, and we can use brick instead of marble, and in that way we will get much cheaper accommodation than the high rental rates in the centre of Ottawa. They cannot compete with it.

Senator CONNOLLY: Would you say something about the trend to decentral-ize Government buildings from the centre of Ottawa.

General YOUNG: Well, there is no great trend. We have not contemplated any more than 3 buildings plus the defence building to be built outside centre Ottawa but there are other questions that come in besides the economics of the building. There is parking and traffic, and we are attempting to locate these buildings around the periphery where transportation is very easy. For instance, on the Bowesville Road you can get east, west, north and south very quickly, particularly when that Bronson Bridge is built. You will be able then to get downtown in six minutes, and for civil defence, the people can get out to the country in quick order and, when the driveways are all completed, there will be rapid exit from the Bowesville Road buildings.

Senator CONNOLLY: And there are housing facilities out there which perhaps are more suitable?

General YOUNG: Yes, you will find the centre of gravity of the homes of the people who work there will move. For instance, when the Central Mortgage Headquarters was in No. 4 Temporary Building, the centre of gravity of the employees residences was a little bit north of the Museum in centre town, but now the centre of gravity of the employees of Central Mortgage has shifted out that way and I believe it is now at Cummings Bridge. So you can see the

people have moved to Manor Park, and have done so in order to be near their place of employment, and we contemplate the same thing on the Bowesville Road. The people working in that district will move to Alta Vista and the places around there.

Senator CONNOLLY: When you say you are going to have a building of cheaper construction in those outlying parts you do not mean that you are going to have a cheap building that is likely to deteriorate.

General YOUNG: No, it will be of good sound construction, but we avoid the use of marble and granite.

Senator LAMBERT: You have an example of that right in Tunney's Pasture now.

Senator CONNOLLY: And the Central Mortgage Building too, perhaps.

Senator ISNOR: I would like to hear something about administration costs under the scattered plan, as previously outlined.

Senator ASELTINE: I think that Senator Isnor has raised the most important point that has been raised here today.

Senator LAMBERT: Centralizing construction in the Public Works Department?

Senator ASELTINE: I would like to hear more about it to see if it is possible.

Senator LAMBERT: The point you are making is that under the Public Works Act the Department of Public Works controls all the public building that is done by the Government. Now it is obvious that the administration costs would be less than having it distributed over several departments, would it not? Perhaps that is not for you to say?

Senator ISNOR: Why not.

General YOUNG: I am just a civil servant.

Senator ISNOR: But you have a very efficient staff.

Senator ASELTINE: I suppose there will be quite a fight before they give up their prerogative.

The CHAIRMAN: Are there any more questions on that?

Senator KING: I would like to hear about any adjustments that are made for increasing costs of construction. From one year to another you must have an increased cost for labour and machinery going into these buildings.

General YOUNG: We try to adjust the costs through the Dominion Bureau of Statistics' information on increasing construction costs. It is not an easy thing to do. The plans for a public building will perhaps start maybe three years before.

Senator KING: Plans and estimates for the Printing Bureau were started five years ahead. There must have been a considerable increase in construction costs during that period.

General YOUNG: After the plans are made, and as soon as possible before tenders are called we try to make a review of our estimates.

Senator CONNOLLY: Would it be fair to ask you this. Can you make an estimate of the proportionate amount of building that is done by Public Works as against the amount that is done by other departments of Government?

Senator LAMBERT: Since when?

Senator CONNELLY: In any year in the last few years.

General YOUNG: I think you would have to get that information from Treasury Board. Mine would only be a guess.

Senator CONNOLLY: It would be a pretty educated guess. Would it be 50 per cent?

General YOUNG: I would prefer not to make the guess. It would be better to get the information from the Treasury Board. We have not got the information, but we could go through their Estimates and see what they are doing.

The CHAIRMAN: I think that question is one that probably General Young should not be asked to answer. There is no doubt that over recent years there has been a tendency for departments to look after their own construction. I can recall advertisements in the Winnipeg papers calling for tenders for the erection of a public building, and the tenders were to be sent in to the Deputy Minister of the department and not to Public Works. I think that practice is a bad one. General Young is not responsible for that practice. I remember at our last inquiry that similar information was provided, I believe, by Treasury Board. My memory may be wrong on that but I think it was roughly 50-50. The Post Office Department is one which has all its services performed by the Public Works Department—char service, repairs and maintenance, and so on.

Senator CONNOLLY: That is in your Estimates too, is it not, General Young?

General YOUNG: Yes.

The CHAIRMAN: At the other extreme of the scale you have departments which largely do this work themselves. However, that may be something which in time will correct itself. In the Supplementary Estimates, the total of which is \$147 million for all departments of Government, you have an item 99 which is headed: "Ottawa—Maintenance and Operation of Public Buildings and Grounds, including Repairs and Upkeep, Rents, Heating, etc." You have provided for ninety-nine full-time positions at a cost of \$240,225 and for twenty-eight seasonal positions at a cost of \$32,925. Now, that is over and above what you expected you would need when you prepared your Main Estimates?

General YOUNG: That is right. I might say that some 85 per cent of it is due to the five-day week which was introduced. For instance, a fireman now works only five days.

The CHAIRMAN: The five-day week is rather expensive to the taxpayer.

General YOUNG: That is right. We have found in our George street operations, which look after our maintenance in Ottawa, that there has been too much overtime. It has been too expensive a business to operate on an overtime basis. Therefore we have created a number of positions of electricians and plumbers, and so on, to offset the extravagant overtime that was taking place before.

The CHAIRMAN: Do you have any difficulty in getting these positions filled?

General YOUNG: No, except for firemen and stationary engineers. There is a shortage of them, and the Civil Service is running courses across Canada to train such people.

The CHAIRMAN: You have an amount of \$175,000 for total salaries and wages for maintenance and operation of public buildings and grounds other than at Ottawa.

General YOUNG: The same reason applies there. It is mostly due to the five-day week. As a matter of fact, outside of Ottawa it is practically all based on a five-day week.

Senator ISNOR: In other words, dealing with the first item you gave an overall figure of roughly \$306,000, which at 20 per cent less would amount to the additional \$245,000, which would be due to the five-day week.

General YOUNG: That is about right sir.

The CHAIRMAN: There is another item in these Supplementary Estimates to which I should like to refer. I refer to an item for the payment for expropriated property at 416-428 Wellington street. What property is that?

General YOUNG: It includes Vail's Laundry and the foundry. It was expropriated back in 1937. I do not know why no action was taken but last year it was decided that purchase should be completed. When the Veterans Memorial Building is completed we want to be able to tidy up the surrounding property and it will be taken over by the F.D.C.

The CHAIRMAN: I notice an item here with regard to postal accommodation in Regina. It specifies that a further amount of \$575,000 is required.

General YOUNG: We ran out of funds for that last year.

The CHAIRMAN: What will it cost when it is completed?

General YOUNG: I cannot recall that off-hand.

The CHAIRMAN: I notice another item of \$110,000 to complete a public building at Princeton, British Columbia.

General YOUNG: That is in the same category.

The CHAIRMAN: Is Princeton a large place?

General YOUNG: I do not know.

Senator KING: It has a population of about two or three thousand.

The CHAIRMAN: There is another item here of \$1,350,000 which is a further amount required with respect to a building for government services in London, England.

General YOUNG: The various government departments in London, England, are scattered in some sixteen different places, and the Department of External Affairs asked us last year to review the possibility of having one building. Mr. Gardner went to London, England, and looked at various sites and following that we provided the Cabinet with different alternatives. A decision was made on the Hampton site because it is close to Canada House.

The CHAIRMAN: What will the total cost of it be?

General YOUNG: We have no idea of the cost of the building at this time. Incidentally, I think this is very good business, to own our own building.

Senator KING: We built Canada House when I was minister, and it has ben outgrown.

General YOUNG: It will remain. I think traditionally everybody would like to see it remain, but the new building will be an office building quite close to Canada House. It will have all Government departments including defence. It will mean the saving of a lot of money in the long run.

Senator ISNOR: I have a question to ask dealing with policy. It is not policy in so far as the Government is concerned but policy in so far as General Young's department is concerned. I have heard criticism in the past in regard to tenders. I do not refer to the method of calling for tenders but rather to the fact that after tenders are received a department goes out and shops around. Would you care to say whether that policy has been changed?

General YOUNG: The policy of the department before did not require contractor to list their subtrades. What happened was that a contractor would get the award and then he shopped around amongst the subtrades. He would go to an electrical contractor and try to cut him down and in that way shop for lower prices. Of course he did not have to have a subcontractor until the day he started to work. Frequently he would show up with subcontractors who were not very efficient. It cost the government considerable money to supervise their use of poor material and poor workmanship. Consequently, effective the 1st of January last we made it compulsory for a contractor to list his subtrades at the time he submitted his tender and he cannot change those subtrades.

Senator ISNOR: With the amounts of the subtrades?

General YOUNG: No, we did not require him to insert the amount. He has to put the name and address of his plumber, steel man, electrician and so on. Those subtrades can only be changed on the approval of the minister or myself.

Senator ISNOR: That is as far as I want to go at the moment.

Senator CONNOLLY: Supposing there is found on that list people whom your department would not approve, what would happen?

General YOUNG: We would immediately get in touch with the contractor and say such and such a subtrade was not satisfactory.

Senator CONNOLLY: Supposing that it affected the tender price?

General YOUNG: The contractor has the responsibility for that; if he had to go out and get a higher priced subtrade, he has to bear the cost.

Senator CONNOLLY: But that presents a difficulty for him.

General YOUNG: He has given us a price.

Senator CONNOLLY: Yes, he has submitted his tender price, and you do not see the list until the tenders are opened.

General YOUNG: That is true.

Senator CONNOLLY: If you disapprove of one on that ground, you may disqualify the contractor.

General YOUNG: We take the lowest tender, and we say to him "You have got the job, but we will not accept Jones & Company for the electrical work."

Senator CONNOLLY: That may create some difficulty for him.

General YOUNG: We have had two or three cases where there was an attempt made to put in a cheap elevator from the United States.

Senator CONNOLLY: You would almost have to have an approved list of the subtrades, wouldn't you?

General YOUNG: No.

Senator QUINN: You couldn't get it.

General YOUNG: Since January we have only had trouble on the elevators.

Senator CONNOLLY: In practice there is really no trouble about it.

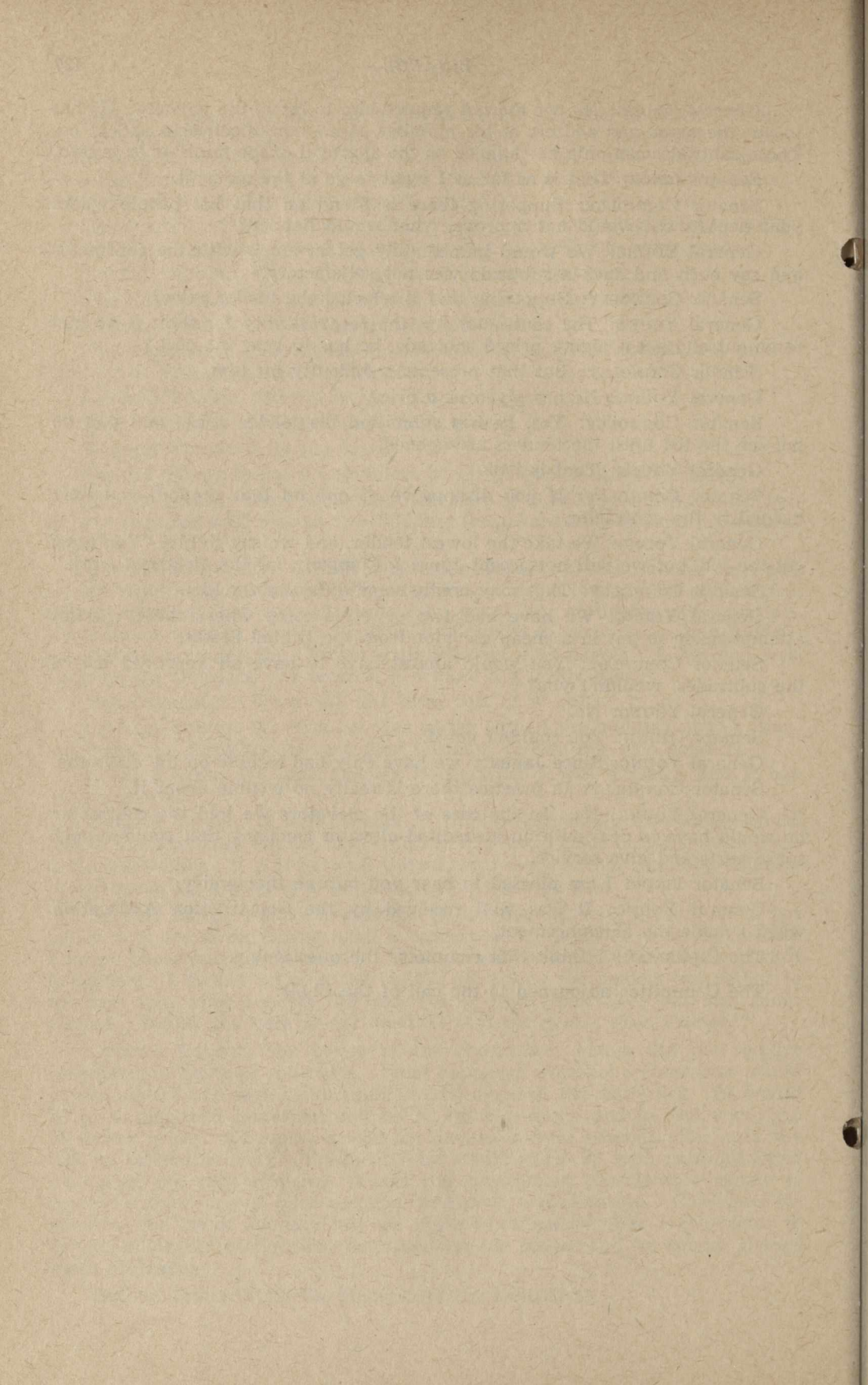
General YOUNG: No. In the case of the elevators we told the contractor he would have to deal with an accredited elevator company that could supply spare parts and give service.

Senator ISNOR: I am pleased to hear you outline that policy.

General YOUNG: It was well received by the Construction Association when I made the announcement.

The CHAIRMAN: I think that completes the questioning.

The Committee adjourned to the call of the Chair.



1955

THE SENATE OF CANADA



PROCEEDINGS
OF THE
STANDING COMMITTEE
ON

FINANCE

on the expenditures proposed by the Estimates laid
before Parliament for the fiscal year ending
March 31, 1956

No. 5

THURSDAY, JUNE 16, 1955

The Honourable THOMAS A. CRERAR, P.C., *Chairman*

REPORT OF THE COMMITTEE

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955

STANDING COMMITTEE ON FINANCE

The Honourable Thomas A. Crerar, P.C., Chairman.

The Honourable Senators

Aseltine	Gershaw	Pirie
Baird	Golding	Pratt
Barbour	*Haig	Quinn
Beaubien	Hawkins	Reid
Bouffard	Hayden	Roebuck
Burchill	Horner	Stambaugh
Campbell	Isnor	Taylor
Connolly	King	Turgeon
Crerar	Lambert	Vaillancourt
Dupuis	*Macdonald	Vien
Euler	McDonald	Woodrow—(35)
Farris	Paterson	
Fraser	Petten	

*Ex officio member (Quorum 9)

ORDER OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate

WEDNESDAY, March 16, 1955.

“That the Standing Committee on Finance be authorized to examine the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending March 31, 1956, in advance of the Bills based on the said Estimates reaching the Senate; That the said Committee be empowered to send for records of revenues from taxation collected by the Federal, Provincial and Municipal governments in Canada and the incidence of this taxation in its effect upon different income groups, and records of expenditures by such governments, showing sources of income and expenditures of same under appropriate headings, together with estimates of gross national production, net national income and movement of the cost-of-living index, and their relation to such total expenditures, for the year 1939 and for the latest year for which the information is available, and such other matters as may be pertinent to the examination of the Estimates, and to report upon the same.

That the said Committee be empowered to send for persons, papers and records.”

L. C. Moyer,
Clerk of the Senate.

MEMORANDUM FOR THE SECRETARY

DATE: [Illegible]

The following information was received from [Illegible] on [Illegible] at [Illegible]. [Illegible] advised that [Illegible] had been [Illegible] by [Illegible] and [Illegible] on [Illegible]. [Illegible] stated that [Illegible] had been [Illegible] by [Illegible] and [Illegible] on [Illegible]. [Illegible] further advised that [Illegible] had been [Illegible] by [Illegible] and [Illegible] on [Illegible]. [Illegible] also stated that [Illegible] had been [Illegible] by [Illegible] and [Illegible] on [Illegible]. [Illegible] concluded that [Illegible] had been [Illegible] by [Illegible] and [Illegible] on [Illegible].

Very truly yours,

[Illegible Signature]

MINUTES OF PROCEEDINGS

THURSDAY, June 16, 1955.

Pursuant to adjournment and notice the Standing Committee on Finance met this day at 10.30 a.m.

Present: The Honourable Senators: Crerar, Chairman; Aseltine, Beaubien, Burchill, Connolly, Dupuis, Gershaw, Golding, Haig, Hawkins, Isnor, King, Lambert, McDonald, Pratt, Quinn and Taylor—17.

The Chairman read to the Committee a draft of a Report to be submitted to the Senate in obedience to the order of reference of March 16, 1955.

After certain redrafting the Report was adopted.

The following documents were ordered to be printed as Exhibits to the Report of the Committee:

No. 1. Reported Numbers of Employees of the Government of Canada Excluding Members of The Armed Forces and the R.C.M.P.

No. 2. Summary of Annual Estimates of the Government of Canada by Standard Objects of Expenditures and Special Categories.

No. 3. Estimates, 1955-56, Summary of Standard Objects of Expenditures and Special Categories.

No. 4. Public building costing over \$500,000 that were begun or completed in Ottawa and Hull during the five years from April 1, 1951, to the present.

No. 5. National Income and Gross National Product, 1939 and 1945-54.

No. 6. Summary of Net General Combined Revenue and Expenditure All Governments in Canada.

No. 7. Dominion Bureau of Statistics—Prices Section, Consumer Price Index for Canada, 1945-1955.

No. 8. Selected Items of Consumer Expenditure.

On motion of the Honourable Senator Beaubien, it was Resolved to request authority for the printing of 1,000 additional copies in English and 200 additional copies in French of the Report of the Committee.

Attest.

JAMES D. MacDONALD,
Clerk of the Committee.

THURSDAY, June 16, 1955.

The Standing Committee on Finance, to whom were referred the Estimates laid before Parliament for the fiscal year ending March 31st, 1956, reports as follows:

On Wednesday, March 16th last, the Senate passed the following Reference to the Senate Finance Committee:

That the Standing Committee on Finance be authorized to examine the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending March 31, 1956, in advance of the Bills based on the said Estimates reaching the Senate: That the said Committee be empowered to send for records of revenues from taxation collected by the Federal, Provincial and Municipal Governments in Canada and the incidence of this taxation in its effect upon different income groups, and records of expenditures by such governments, showing sources of income and expenditures of same under appropriate headings, together with estimates of gross national production, net national income and movement of the cost-of-living index, and their relation to such total expenditures, for the year 1939 and for the latest year for which such information is available, and such other matters as may be pertinent to the examination of the Estimates, and to report upon the same.

That the said Committee be empowered to send for persons, papers and records.

(1)

In reports of previous years Your Committee has sought to show the effect of inflation upon public finance at all levels of government. That factor is still at work and is reflected directly in unprecedented estimates of the Country's gross national wealth and income. In this report, however, we simply point out some high spots in connection with the Federal Government Estimates, which reflect continued increases in public spending. We draw attention particularly to significant increases in the numbers of civil servants with special reference to the Department of National Defence, and to high costs connected with the construction of new buildings and the reconstruction of old ones. Our examination of witnesses was confined altogether to officials from the Treasury Board, the Civil Service Commission, the National Defence Department and the Department of Public Works. Your Committee has not been able to have as many meetings, or give as much detailed attention to the entire list of estimates as in previous years, owing to the delayed reference to the Committee in the earlier part of the Session; and to the preoccupation of many of our members with other Committee work.

(2)

CIVIL SERVICE INCREASES

Your Committee did assemble data from official sources showing the steady increase in Civil Service personnel over recent years (Exhibit 1). It will be noted from this data that the paid servants of the Government have increased in number more than fifteen thousand in the last 2 years, mainly in the Defence Department. The total in the Service is now over 174,000.

In 1939 the cost of the Service in salaries and wages was well under \$80 million. For the present fiscal year the total of Civil Service salaries and wages exceeds \$554 million. This latter, it may be added, is about \$40 million in excess of the previous year. The introduction of the five-day week over a large area of the Service has been responsible to a considerable extent for this increase which, of course, in the final analysis, has to be paid by taxpayers throughout the land. Evidence supplied by the Department of Public Works showed that as the result of the recent adoption of the five-day week, costs of servicing Public buildings in Ottawa alone had been increased \$243,000.

Included in this Exhibit also is a list of Crown Corporations, 23 in number. Many of these Crown Corporations pay their own way and a few have substantial surpluses from year to year in their operations. It should be clearly kept in mind, however, that since these are Crown Corporations the Government must make good the deficits when any of them fail to make ends meet. An illustration of this was the Canadian National Railways in 1954. It will be noted also that in round figures the total employees in Crown Corporations at the end of 1954 numbered 138 thousand. If we combine these with the Civil Service figures, excluding revenue postmasters who receive their remunerations mostly from commissions, the total number of persons directly and indirectly associated with Government activities at February 28, 1955, was over 312 thousand.

Included also is a summary of expenditures for the current fiscal year compared with the previous year, under the heading of "Standard Objects of Expenditures in Special Categories" (Exhibit 2). This shows the total expenditures by all Departments for these various purposes. Associated with this is a statement of the amount each Department of Government contributed to these expenditures (Exhibit 3). This statement (found in the pocket at the back of this report) provides the details of the summary just mentioned. This document was presented to Parliament by the Minister of Finance along with his annual estimates at the beginning of this Session. Your Committee suggests that all members of Parliament as well as others interested in Public Affairs would find a study of it useful.

COSTS OF PUBLIC CONSTRUCTION

The figures relating to the costs of certain public buildings (Exhibit 4) in Ottawa, are cited as an example of the increasing expenditures connected with Government Buildings everywhere. The officials from the Public Works Department, in their evidence, pointed out that plans and estimates for all such construction are now subject to the close examination and approval of committees of departmental officials, as well as by the members of Treasury Board. The Public Works Department is now trying to bring all Federal public building under its supervision, as provided by the Public Works Act. During the war years and the immediate post-war period, much building expansion was initiated and undertaken directly by other Departments; and we think that the present trend to restore all such activities to the control of the Public Works Department should bring greater efficiency and greater economy.

(3)

GROSS NATIONAL PRODUCT

We mention here a statement showing the gross national product and national income for the years 1939 and 1945 to 1954 inclusive (Exhibit 5). Your Committee emphasizes the importance of this Exhibit. The gross national

product is the total of gross earnings of all the Canadian people in all their varied activities. This is the index to the economic health of the nation. If this gross product expands steadily year after year, a broader basis for taxation results. It thus follows that a given rate of taxation will produce increasing revenue as the national product increases; and conversely if expenditures are held down taxes can be reduced. However, if for any reason the gross product fails to increase, or declines, less revenue is produced from taxes and, with the same given expenditures, deficits are the consequence. This happened in 1954 when gross product declined, as against 1953, well over \$400 million, accounted for mainly by a large measure of crop failure in the Prairie Provinces, and a higher ratio of unemployment due to curtailment of markets. It is clear now that the competition between the larger countries of the world for markets is becoming more intense and this competition may well force downwards the prices we receive for our exports. Any serious decline in prices, and more important, any loss of markets due to causes beyond our control would be bound to react adversely on the total of our gross National Product. This feature of our economy cannot carry too heavy emphasis.

It may be added here that the difference between the gross national product and the net national income is accounted for very largely by charges against gross income of such things as depreciation and obsolescence.

(4)

REVENUES AND EXPENDITURES

(Exhibit 6) is a summary of net general combined revenues and expenditures of all Governments in Canada for the years 1939, 1945 and 1950 to 1955 inclusive. The amounts for 1954 and 1955 are estimated but can be considered to be approximately correct. In previous reports this data was further analyzed, giving the main sources from which revenues were derived by all Governments and the main purposes for which money was expended. We regret that this cannot be included in the present report. The Bureau of Statistics, which in the past has supplied this information, has been for some time engaged in the preparation of similar data for the coming Federal-Provincial Conference in October next, and this naturally had first priority.

Your Committee would emphasize the importance of this data on revenues and expenditures by all Governments, which means Municipal Governments, Provincial Governments and the Federal Government. For example, in 1950, the revenue of all Governments combined was roughly \$4 billion, 300 million, and their expenditures \$4 billion, 100 million. In 1954 the total collected in revenue was almost \$5 billion, 950 million and the expenditures were \$6 billion, 370 million. For 1955 (estimated) the corresponding figures are, revenue \$6 billion, 158 million, and expenditures \$6 billion, 695 million.

There is an indication here of a tendency to increasing expenditures beyond the needs of the normal increase in population. This means what is generally known as "deficit financing". It becomes epidemic and increasingly affects all public financing—Municipal and Provincial as well as Federal. What happens if this tendency continues and through possible inability to find markets for our products at profitable prices our economy slows down? Your Committee feels that this is a matter which deserves the earnest attention of public men everywhere, irrespective of where the responsibility for governing lies, because a progression of years with "deficit financing" will mean ruinous inflation.

(5)

CONSUMER PRICES AND INFLATION

At this point in our report we include a table (Exhibit 7) showing the Consumer Price Index of the Bureau of Statistics. Prior to 1949 this was called the Cost-of-living Index, but for reasons which need not be considered

here was changed in 1949 to Consumer Price Index. This table shows that for the last three years this index has remained quite stable. The inflationary trends of five years ago have been brought under control, for the time being at any rate—a matter of very great importance for all Canadians. It should not be forgotten, however, that inflation is still a powerful factor in our economy. The important thing here for all Governments is to strive to keep their spending within their income. The increasing demands, by sections of our population, on all Governments for more expenditures, to meet needs fancied or real, can be noted almost every day. In addition demands come from farmers for guaranteed prices for agricultural products, from Labor Unions for a guaranteed annual wage and higher rates of pay, from well-meaning groups of individuals for higher welfare expenditures, and from industries exposed to foreign competition for subsidies or more Tariff protection. To what degree these demands upon Governments undermine the admirable qualities of self-reliance and initiative in the individual may be a question for debate. But there can be little doubt the extent to which such demands are met, in its end results, creates inflationary pressures.

(6)

For general information we include here a table (Exhibit 8) of selected items of consumer expenditure. While we have not precise figures of the total expenditures by all Governments combined under the broad heading of social welfare, it may be assumed that, at the present time, this is in excess of \$1 billion, 600 million per year. We think it is worthy of note that the Canadian people, for alcoholic beverages, tobacco in its various forms, race track betting, soft drink beverages of all kinds, and commercial recreation, are spending well in excess of the total amount expended under the heading of welfare.

(7)

ECONOMY IN PUBLIC SPENDING

Your Committee offers here some general observations. For reasons already stated it was not possible to make extensive examinations of all items of expenditures. The big item is, of course, the outlay associated with the defence services. It is not possible to forecast how these defence expenditures may proceed, but it appears to be a safe assumption that they will continue without much change for several years. Our responsibility to NATO, the need for ensuring our defences in our Northern Frontiers, appears to make certain that, unless some effective international plan of controlling armaments is worked out, we shall require to bear these burdens for the indefinite future. Your Committee does suggest that these are hard inescapable facts. This emphasizes the need and importance of the strictest economy in ordinary Government administration, whether it be Municipal, Provincial or Federal.

As already noted, we can view only with concern the increasing pressures on all Governments of sections of public opinion for increased spending. We do think that in this respect Governments, as the responsible leaders of the country, must cultivate realistic resistance to sections of the public which appear to think that Governments have inexhaustible resources to meet all the demands made upon them.

The Canadian people have a great record of achievement. In less than ninety years, since Confederation, they have developed a country that was largely a wilderness to the point where it is now the third or fourth trading nation in the world; where Canada has taken her place honourably in two world wars in defence of freedom; where organs of government at all levels have been established, and universities, schools and hospitals have been erected. With all this, a boundless natural heritage still remains to afford a sound economic basis for an enlightened, happy and prosperous people.

But we do wish to emphasize that if we are to enjoy in the future the fruits of past achievements we must journey along the road of reason and common sense and avoid the pitfalls of unsound political appeals.

WHERE THE BURDEN LIES

Your Committee suggests that in matters of public spending there is a lack of understanding in the minds of many people of what the business of Government, at all levels is about. Governments have no money of their own. They can secure their money requirements only by taking it out of peoples' pockets in taxes, or by borrowing so long as they are able to borrow. If taxation becomes burdensome, and we believe that this is the case today, the individual's ability to spend and prosper in his own way is curtailed. Equally, when Governments have to borrow to meet deficits, the danger signals are definitely flying. Surely it is possible for Governments to economise both in small things and large things, and thereby set a good example to individuals in the nation everywhere.

Above all, it is important to keep alive in the minds of all the people of the nation an understanding of what freedom means. People may clamor for security—many are doing that today—but it should never be forgotten that if personal freedom is sacrificed for personal security provided by Governments, the individual can have no guarantee that in the end he will have either freedom or security.

All of which is respectfully submitted.

T. A. CRERAR,
Chairman.

EXHIBIT 1

REPORTED NUMBERS OF EMPLOYEES OF THE GOVERNMENT OF CANADA
EXCLUDING MEMBERS OF THE ARMED FORCES AND THE R.C.M.P.

Year	Government Departments	Crown Corporations
March 31, 1939.....	46,106	67,752
March 31, 1945.....	115,908	161,464
March 31, 1948.....	118,370	119,566
March 31, 1951.....	124,866	115,942
March 31, 1952.....	137,037	136,400
March 31, 1953.....	159,654	143,438
March 31, 1954.....	165,454	139,473
February 28, 1955.....	174,860	138,094

NOTES

1. The statistics for the last three years were prepared on a slightly different basis from that of the previous years given. The latter, however, can be accepted as approximately correct in comparison with the last three years.

2. Crown Corporations. Figures for all years were supplied by the Bureau of Statistics based on data gathered by them from the Corporations.

Department (a)	March 31, 1953	March 31, 1954	February 28, 1955
Agriculture.....	7,320	7,544	7,712
Auditor General.....	145	140	139
Chief Electoral Officer.....	22	19	17
Citizenship and Immigration.....	3,435	3,462	3,854
Civil Service Commission.....	578	570	598
Defence Production.....	1,678	1,522	1,446
External Affairs.....	1,375	1,454	1,527
Finance.....	784	801	789
Comptroller of the Treasury.....	4,130	4,145	4,107
Royal Canadian Mint.....	226	215	222
Tariff Board.....	17	15	16
Fisheries.....	1,875	1,847	1,845
Governor General's Secretary.....	16	12	13
House of Commons.....	676	687	667
Insurance.....	94	94	90
International Joint Commission.....	20	20	21
Justice.....	230	246	254
Penitentiaries Branch.....	1,615	1,705	1,728
Labour.....	633	650	596
Unemployment Insurance Commission.....	8,330	8,881	8,845
Library of Parliament.....	45	49	61
Mines and Technical Surveys.....	1,703	1,919	1,991
National Defence—			
Administration.....	5,126	5,601	5,858
Army Services.....	18,257	18,832	22,097
Naval Services.....	9,514	9,648	11,393
Air Services.....	9,923	11,637	14,212
National Film Board.....	558	553	581
National Health and Welfare—			
Departmental Administration.....	331	438	523
Health Branch.....	890	906	885
Welfare Branch.....	924	867	869
Indian Health Services.....	1,582	1,526	1,654
National Library.....	14	19	23
National Research Council and Atomic Energy Control Board.....	2,268	2,415	2,541
National Revenue—			
Customs and Excise.....	6,654	6,790	7,219
Income Tax.....	6,785	7,264	6,725
Post Office (b).....	19,298	19,789	21,321
Prime Minister's Office and Privy Council Office	107	103	103
Public Archives.....	65	59	62
Public Printing and Stationery.....	1,199	1,295	1,382
Public Works.....	7,595	7,797	7,842
Northern Affairs and National Resources.....	2,402	2,335	2,610
Royal Canadian Mounted Police.....	849	903	933
Secretary of State.....	522	554	578
Senate.....	156	161	160
Trade and Commerce (including Dominion Bur- eau of Statistics).....	2,853	2,649	2,649

Department (a)	March 31, 1953	March 31, 1954	February 28, 1955
Board of Grain Commissioners.....	833	826	836
Canadian Government Elevators.....	238	224	206
Transport.....	11,336	12,074	11,211
Air Transport Board.....	52	53	50
Board of Transport Commissioners.....	158	167	165
Veterans Affairs.....	13,042	12,847	12,519
Soldier Settlement and Veterans' Land Act.....	1,176	1,125	1,115
Sub Total, Government Departments.....	159,654	165,454	174,860
Revenue Postmasters.....	9,355	9,213	9,068
Total.....	169,009	174,667	183,928
Crown Corporations (c).....	143,438	139,473	138,094
Grand Total.....	312,447	314,140	322,022

NOTES:

- (a) The statistics for regular Government Departments include Classified Employees, Prevailing Rate Employees, Casual Employees and Ships' Officers and Crews. Classified employees comprise those paid on the basis of stated annual salaries, the vast majority being under certificate of the Civil Service Commission, the balance being employed under the authority of other statutes (e.g. staffs of the National Research Council, the National Film Board, and the Canadian Government Elevators). Prevailing Rate Employees are those whose remuneration is based on the prevailing hourly, daily or monthly rate for similar type of work in the area of employment and who occupy a continuing year round position on the establishment of a Department. Casual Employees are those whose remuneration is based on the prevailing hourly, daily or monthly rate for a similar type of work in the area of employment and who are employed for short periods of time in connection with specific projects. Ships' Officers and Crews are employed on Canadian Government Vessels.
- (b) Excludes revenue postmasters, figures for which are shown separately immediately below the sub-total.
- (c) The Crown Corporations for whom staff strengths are included in this total are—
- Atomic Energy of Canada, Ltd.
 - Bank of Canada
 - Canadian Arsenals Ltd.
 - Canadian Broadcasting Corporation.
 - Canadian Commercial Corporation
 - Canadian National Railways
 - Canadian National (West Indies) Steamships, Ltd.
 - Canadian Overseas Telecommunication
 - Canadian Wheat Board
 - Central Mortgage and Housing Corporation
 - Crown Assets Disposal Corporation.
 - Defence Construction, Ltd.
 - Eldorado Mining and Refining, Ltd.
 - Export Credits Insurance Corporation
 - Hudson Bay Railway
 - Industrial Development Bank
 - National Harbours Board
 - Northern Transportation Co. Ltd.
 - Northwest Territories Power Comm.
 - Polymer Corporation, Ltd.
 - Prince Edward Island Car Ferry
 - St. Lawrence Seaway Authority
 - Trans-Canada Air Lines

EXHIBIT 2

SUMMARY OF ANNUAL ESTIMATES OF THE GOVERNMENT OF CANADA BY STANDARD OBJECTS
OF EXPENDITURES AND SPECIAL CATEGORIES

Total, all Departments

	1938-39	1951-52	1952-53	1953-54	1954-55*	1955-56*
	(in millions of dollars)					
(1) Civil Salaries and Wages.....	76.9	367.5	413.9	450.6	515.9	554.4
(2) Civilian Allowances.....	1.2	7.7	8.3	8.8	9.2	9.8
(3) Pay and Allowances, Defence Forces and R.C.M. Police.....	15.1	223.3	266.5	297.5	339.2	380.3
(4) Professional and Special Services....	4.3	36.1	39.1	43.7	48.6	52.9
(5) Travelling and Removal Expenses....	4.6	36.5	48.1	53.7	59.4	61.9
(6) Freight, Express and Cartage.....	0.7	13.4	19.3	18.8	17.9	22.0
(7) Postage.....	0.4	3.7	3.7	3.9	5.1	5.5
(8) Telephones, Telegrams and Other Communication Services.....	0.7	8.5	10.9	13.0	12.9	14.2
(9) Publication of Departmental Reports and Other Material.....		6.7	7.3	7.7	7.2	6.8
(10) Films, Displays, Advertising and Other Informational Publicity.....	1.8	10.8	10.6	10.0	11.2	10.2
(11) Office Stationery, Supplies, Equip- ment and Furnishings.....	2.7	18.3	18.4	19.4	19.6	19.6
(12) Materials and Supplies.....	6.1	263.3	379.6	228.9	213.2	196.6

BUILDINGS AND WORKS, INCLUDING
LAND

(13) Construction or Acquisition.....	34.9	442.5	507.5	449.4	382.9	337.9
(14) Repairs and Upkeep.....	4.0	46.5	59.0	42.0	37.9	40.6
(15) Rentals.....	1.8	9.3	10.4	11.5	13.8	15.3

EQUIPMENT

(16) Construction or Acquisition.....	14.3	697.9	797.6	919.2	850.8	684.5
(17) Repairs and Upkeep.....	1.2	104.1	145.9	142.1	164.7	157.2
(18) Rentals.....		1.1	1.2	1.2	1.7	2.0
(19) Municipal or Public Utility Services..	0.9	9.7	13.6	16.8	18.3	20.4
(20) Contributions, Grants, Subsidies, etc., not included elsewhere.....	50.7	117.3	193.8	518.3	479.2	326.5
(21) Pensions, Superannuation and Other Benefits.....	5.5	152.5†	79.6	102.1	88.2	79.1
(22) All Other Expenditures (other than Special Categories).....	14.0	35.6	39.9	42.5	41.6	43.1
Total Standard Objects.....	241.8	2,612.3	3,074.2	3,401.1	3,338.5	3,040.8

SPECIAL CATEGORIES

(23) Interest on Public Debt and Other Debt Charges.....	132.4	437.7	435.5	469.0	511.5	487.1
(24) Subsidies and Special Payments to the Provinces.....	21.2	115.1	32.3 (317.1)	328.4	350.8	350.5
(25) Family Allowances Payments.....		320.0	332.2	348.8	366.0	383.6
(26) Old Age Pensions, including Allow- ances to the Blind and the Disabled..	30.5	187.4	23.0	25.1	24.6	31.1
(27) Veterans Disability Pensions and Other Payments under the Pension Act.....	40.9	103.8	127.2	127.7	128.9	129.8

STANDING COMMITTEE

	1938-39	1951-52	1952-53	1953-54	1954-55*	1955-56*
	(in millions of dollars)					
(28) Other Payments to Veterans and Dependents.....	9.4	56.8	46.8	46.2	43.3	41.0
(29) Government's Contribution to the Unemployment Insurance Fund.....		30.2	32.0	32.0	33.7	32.5
(30) General Health Grants.....		25.0	27.5	30.0	31.8	31.8
(31) Trans-Canada Highway Contributions.....		15.2	15.0	15.0	20.0	20.0
(32) Movement of Mail by Land, Air and Water (Post Office).....	15.6	38.2	41.4	45.6	48.0	46.6
(33) Deficits—Government Owned Enterprises.....	57.2	17.9	4.9	5.5	34.1‡	4.7
Total Special Categories.....	307.2	1,347.3	1,117.8 (1,402.6)	1,473.3	1,592.7	1,558.7
Total Standard Objects and Special Categories.....	549.0	3,959.6	4,192.0 (4,476.8)	4,874.4	4,931.2	4,599.5
(34) Less—Estimated Savings and Recoverable Items.....	0.1	27.3	27.0	344.5	366.6	239.2
Net Total Estimated Expenditures (Budgetary).....	548.9	3,932.3	4,165.0 (4,449.8)	4,529.9	4,564.6	4,360.3
(26) Old Age Security Payments.....			322.0	344.9	355.9	367.6

(Figures in brackets include amounts payable in 1952-53 under the 1952 Tax-Rental Agreements but which were not shown in the printed Estimates for 1952-53).

NOTES

*A further breakdown by Standard Objects by Departments for the years 1954-55 and 1955-56 is set out following the "Definitions of Standard Objects and Special Categories".

†Includes \$75 million in 1951-52, being a special Government Contribution to the Civil Service Superannuation Account, designed to reduce the deficit in the Account.

‡Includes \$28.7 million in 1954-55, being the Canadian National Railways Deficit for 1954.

DEFINITIONS OF STANDARD OBJECTS OF EXPENDITURE AND SPECIAL CATEGORIES

Standard Objects (Items 1 to 22)

1. Civil Salaries and Wages

Includes salaries and wages, overtime and other special pay of all civilian full time, part time, seasonal and casual personnel normally considered as "Government Employees" (but does not include employees of agency and proprietary Crown corporations) whether paid at hourly, daily, weekly, monthly or annual rates of pay. It also includes Judges' salaries, those of the Governor General and Lieutenant-Governors and the indemnities to Members of both Houses of Parliament but does not include persons engaged for a specific project where pay and other costs would normally enter into the total cost of the project.

2. Civilian Allowances

Includes all types of allowances paid to or in respect of personnel normally considered as "Government Employees", such as Living, Terminable, Officer-in-Charge, Living and Representation Abroad, Special Service, Northern, Isolation, and Board and Subsistence Allowances, Mileage Allowances to Railway Mail Service Staffs, Allowances for Assistants, and other such allowances. Also includes Ministers' Motor Car Allowances, and the Expense Allowances to Senators and Members of the House of Commons.

3. Pay and Allowances—Defence Forces and R.C.M. Police

Includes pay and all types of allowances (except travel allowances included in Item No. 5 below) payable to members of the Defence Forces and the Royal Canadian Mounted Police, including Subsistence Allowances and other perquisites common to such Services.

4. Professional and Special Services

Includes provision for services performed by individuals or organizations outside a particular departmental service, other than such services identified with specific works, projects or with projects and programs for which provision is made under Items 9 and 10; payments in the nature of fees, commissions, etc. for legal services, architects', engineers', analysts', accountants', reporters', translators', and writers' services; medical and dental services, doctors and nurses for Veterans Treatment and examination of pension applicants, hospital treatment and care and other outside technical, professional and other expert assistance; annuities and other agents paid on a fee or commission basis, payments to church organizations for Indian education, and Corps of Commissionaires services. It includes armoured car service and other operational and maintenance services performed under contract other than those more properly classified under other Items, such as the Marconi-operated Radio Stations of the Department of Transport which are included in Item No. 8.

5. Travelling and Removal Expenses

Includes travelling and transportation expenses of Government Employees, Members of the Defence Forces and the Royal Canadian Mounted Police, removal expenses of those persons and their dependents, and living and other expenses of such persons on travel status; Judges' travelling expenses and travelling expenses and allowances payable to Senators and Members of the House of Commons. It also includes transportation of persons by contract and chartered facilities or by other means, automobile mileage, aeroplane fares, local transportation, etc., travelling expenses of persons engaged in field survey work, inspections and investigations. Does not include travelling and transportation of other than Government Employees such as travel costs for depots, applicants for treatment or pensions (veterans), etc., which are classified under Item No. 22.

6. Freight, Express and Cartage

Includes the cost of transportation of goods other than initial delivery cost on a purchase which is included in the Object covering the cost of the purchase itself. These costs range from the movement of mails from city Post Offices to the various Government Departments, to the movement of heavy equipment between camps and other establishments of the Defence Services.

7. Postage

Includes ordinary postage, air mail, registered mail, special delivery mail, post office box rentals and any other postal charges. Does not, of course, include provision for mail enjoying the "frank" privilege.

8. Telephones, Telegrams and Other Communication Services

Includes all costs of communication services by telephone, telegram, cable, teletype, radio and wireless communication (tolls, rates, rentals, etc.) and other communication costs such as Courier Services provided by outside agencies and communication services performed under contract or agreement such as the Marconi-operated Radio Stations of the Department of Transport.

9. Publication of Departmental Reports and Other Material

Includes provision for the publication, through the Queen's Printer, of Departmental Reports and other material, including informational and educational bulletins and pamphlets; publications on scientific and technical matters, natural resources, statistics and other such material; Hansard and other Parliamentary Papers; maps, charts, etc. The costs of printing, binding, engraving, lithographing, artwork, mats, writers' fees, and other costs attributable to specific publication projects and programs are included hereunder, with the exception of those belonging under Items 1, 2 and 5. The costs of publications and material produced wholly within a Service are distributed throughout other Items. The printing of forms and other stationery is included under Item No. 11.

10. Films, Displays, Advertising and Other Informational Publicity With the Exception of Publications

Includes provision for films, displays and other visual materials, advertising for publicity and general purposes, including advertising for tenders (except that charges directly arising from specific construction projects or purchases are included under such headings). It includes publication of proclamations, announcements, notices, etc., and various forms of educational and informational publicity, by radio, poster, press and other means. The costs of artwork, writers' fees, casual employees hired for a specific project, and other costs attributable to the foregoing are included hereunder with the exception of those belonging under Objects Nos. 1, 2 and 5, and the costs of projects or programs produced wholly within a Service where the costs are distributed throughout other Objects. Total provision for the operation of the National Film Board and the International Service of the Canadian Broadcasting Corporation is included under this item.

11. Office Stationery, Supplies, Equipment and Furnishings

Includes stationery, envelopes, blotting paper and other office supplies such as pens, pencils, erasers, ink, etc.; printed forms, including tax return, statistical and like forms; letterheads, ledgers and ledger sheets, carbon paper, stencils and other paper supplies; the purchase, repair and rentals of office machines and appliances, including typewriters, adding machines, calculators, recording machines, tabulating machines, microfilming equipment and supplies, inter-office communication equipment, postal meter machines, machine records and all other office equipment; also includes desks, chairs, filing cabinets and such office furnishings; books, newspapers and periodicals for office or library use.

12. Materials and Supplies

Includes provision for materials and supplies required for normal operation and maintenance of Government Services (other than Office Stationery, Supplies and Furnishings). It includes gasoline and oil purchase in bulk; fuel for ships, planes, transport, heating, etc.; feed for livestock; food and other supplies for ships and other establishments; live stock purchased for ultimate consumption or resale; seed for farming operations; food, clothing and other supplies for sick and indigent Indians; text books and school supplies purchased for Indian schools; books and other publications purchased for outside distribution; uniforms and kits, coining and refining supplies for the Mint; photographs, maps and charts purchased for administrative and operational purposes; laboratory and scientific supplies, including samples for testing; drafting, blueprinting and artists' supplies; supplies for surveys, investigations, etc.; chemicals, hospital, surgical and medical supplies; mail bags for transportation of the mails; char service supplies; coal, wood and electrical supplies; and all other materials and supplies other than those purchased for construction or repair projects which would normally be charged to such projects.

13. Construction or Acquisition of Buildings and Works, Including Acquisition of Land

Includes provision for all expenditures on new construction of buildings, roads, irrigation works, canals, airports, wharfs, bridges and other such type of fixed assets, and reconstruction of such type of assets, improvements involving additions or changes of a structural nature,

and also the installed cost of fixed equipment which is essentially a part of the work or structure such as elevators, heating and ventilating equipment, etc. It includes all such projects performed under contract or agreement or undertaken by a Department directly. The purchase of land is also included. The cost of casual employees hired for specific projects is included but not the cost of continuing employees assigned to work full or part time on such projects.

14. Repairs and Upkeep of Buildings and Works

Includes materials, supplies and other charges entering directly into the cost of repair and upkeep of the type of durable physical assets indicated under Item No. 13 above. It includes repair and upkeep projects performed under contract or agreement or undertaken by a Department directly.

15. Rentals of Land, Buildings and Works

Includes provision for rentals of properties required for special purposes by the various Departments and for the accommodation of Government Offices and Services by the Department of Public Works. Also includes rentals of space for storage of motor cars and other equipment and supplies.

16. Construction or Acquisition of Equipment

Includes provision for all new machinery, equipment and furnishings (other than office equipment and office furnishings), and includes motor vehicles, aeroplanes, tractors, road equipment, laboratory and other scientific equipment, vessels, ice-breakers and other aids to navigation and all other types of light and heavy equipment, and includes various types of such equipment for National Defence, such as ships, aircraft, mechanical equipment, fighting vehicles, weapons, engines, and such spare parts as are normally acquired with that equipment, workmen's tools, farm implements, furniture and furnishings required for other than normal office purposes. Also includes live stock, horses and dogs purchased for employment as such rather than for ultimate consumption or resale (see Item No. 12 above).

17. Repairs and Upkeep of Equipment

Includes all materials, repair and replacement parts and other costs entering directly into the cost of repair and upkeep of the type of equipment indicated in Item No. 16 above.

18. Rentals of Equipment

Includes provision for hire and charter—with or without crew—of vessels, aircraft, motor vehicles and other equipment (but excluding hire of such vehicles primarily for travel or cartage covered in other items, or hire of vehicles or other equipment for works projects where the rental would normally be included in the costs of the projects).

19. Municipal or Public Utility Services

Includes provision for all payments for services of a type normally provided by a Municipality, School Board, or Public Utility Service such as the supply of water, electricity, gas, etc., and includes water rates, light, power and gas services, school fees, and payment for such services whether obtained from the Municipality or elsewhere; taxes and water rates on diplomatic properties. Also includes payments to Municipalities in lieu of Taxes and local improvement charges.

20. Contributions, Grants, Subsidies, etc., not included Elsewhere

Includes contributions to international and other organizations; contributions toward the cost of joint undertakings and programs not directly the responsibility of the Federal Government; contributions or grants to governments outside Canada, whether in money or in kind; grants to national organizations such as the Boy Scouts Association and agricultural, health, welfare and similar organizations; subsidies to primary and other industries; contributions under agreements with the Provinces for vocational training and other purposes, unless otherwise provided for in special categories; payments under the Maritime Freight Rates Act; grants to various exhibitions, etc.; research grants and other assistance toward research carried on by non-governmental organizations; scholarships and similar payments. Does not include Grants to Municipalities in lieu of Taxes (Item No. 19),

Subsidies and Special Payments to the Provinces (Item No. 24), Government's contribution to the Unemployment Insurance Fund (Item No. 29), General Health Grants paid to Provinces (Item No. 30), contributions to the Provinces for the Trans-Canada Highway (Item No. 31), nor the Deficits on Government Owned Enterprises (Item No. 33).

21. Pensions, Superannuation and Other Benefits in Consideration of Personal Services

Includes pensions, superannuation and other benefits to former civilian Government employees and ex-members of the Royal Canadian Mounted Police, or their dependents. It also includes payment of compensation under the Government Employees Compensation Act, the Government's contribution to the Superannuation Account and the Members of Parliament Retiring Allowances Account, Sick Mariners Dues, Judges' Pensions, Gratuities in lieu of Retiring Leave, Gratuities to Families of Deceased Employees, the Government's contribution to the Public Service and Regular Forces Death Benefit Accounts, payments under the Defence Services Pension Act and the Government's contribution, as an employer, to the Unemployment Insurance Fund. It does not, however, include the Government's contribution to the Unemployment Insurance Fund which represents one-fifth of the net amount contributed by employers and employees combined (Item No. 29) Disability Pensions in respect of World Wars 1 and 2 (Item No. 27), nor Other Payments to Veterans and Dependents (Item No. 28).

22. All Other Expenditures (other than Special Categories)

Includes minor residual items shown as "Sundries" in practically all votes. These include such costs as towel service, laundering and dry cleaning, loss of personal effects, bonding of Government employees, and other small miscellaneous articles and services. It includes licences, permits, dockage, towage, wharfage and mooring privileges; works of art for exhibits, and historical material for galleries, museums and archives. It includes travel costs incurred for other than Government employees, e.g., immigrants, veteran patients and migrant labour. Also included is provision for many items and services detailed throughout the Estimates which do not lend themselves to distribution under the specific headings detailed in this Summary.

SPECIAL CATEGORIES (Items 23 to 33)

23. Interest on Public Debt and Other Debt Charges

Includes interest on the Funded Debt of Canada (including Treasury Bills) and on other liabilities such as Trust and Other Special Funds. It also includes costs of issuing new loans, Annual Amortization of Bond Discount, Premiums and Commissions, and the costs of servicing the Public Debt.

24. Subsidies and Special Payments to the Provinces.

Includes Provincial Subsidies payable under the British North America Act and subsequent arrangements; Special Compensation to the Provinces in lieu of certain taxes as provided in the Tax-Rental Agreements. It also includes certain payments to Newfoundland under the Terms of Union. In general, it does not include payments made to Provinces for expenditures for specific purposes, some of which are included in Items Nos. 20, 26, 30 and 31.

25. Family Allowances Payments

Payments of monthly allowances authorized by the Family Allowances Act—Chap. 109, Revised Statutes.

26. Old Age Pensions, Including Allowances to the Blind and the Disabled

Includes pensions authorized by the Old Age Security Act, payment of the Federal Government's 50% share of old age assistance authorized by the Old Age Assistance Act, payment of the Federal Government's 75% share of allowances paid to blind persons under the Blind Persons Act, and payment of the Federal Government's 50% share of allowances paid to disabled persons under the Disabled Persons Act.

27. Veterans' Disability Pensions and Other Payments Under the Pension Act

Includes pensions and other payments authorized under the Pension Act, the Civilian War Pensions and Allowances Act and the Civilian Government Employees (War) Compensation Order. Most of these payments arise from service during World Wars 1 and 2.

28. Other Payments to Veterans and Dependents

Includes provision for War Veterans Allowances, including the Assistance Fund, Veterans Treatment and Other Allowances, Unemployment Assistance for Veterans, Rehabilitation Benefits, War Service Gratuities, Re-establishment Credits and other Sundry Items.

29. Government's Contribution to the Unemployment Insurance Fund

Provides for the Government's contribution to the Unemployment Insurance Fund and represents one-fifth of the net amount contributed by employers and employees combined.

30. General Health Grants

Provides for General Health Grants to the Provinces, the Northwest Territories and the Yukon Territory under terms and conditions approved by the Governor in Council to assist in hospital construction, extending and improving health services, prevention of tuberculosis, prevention of mental illness, control of venereal diseases, prevention and treatment of crippling conditions in children, training of health and hospital personnel, programs for the detection and treatment of cancer, public health research, provision of laboratory and radiological diagnostic facilities and services, medical rehabilitation and the improvement of maternity, infant and child care.

31. Trans-Canada Highway Contributions

Covers payments to those Provinces which have entered into agreements with the Federal Government under the Trans-Canada Highway Act, Chap. 269, Revised Statutes, in respect of the construction of the Trans-Canada Highway.

32. Movement of Mail by Land, Air and Water (Post Office)

Includes provision under the Post Office Department for Mail Service by Air, Water and Ordinary Land Conveyance, including Rural Mail Delivery.

33. Deficits—Government Owned Enterprises

Includes provision for the deficits incurred in the operation of Government Owned Enterprises such as the Hudson Bay Railway, the Canadian National (West Indies) Steamships, Limited, the Prince Edward Island Car Ferry and Terminals, the North Sydney, N.S.—Port-aux-Basques, Nfld., Ferry and Terminals, and Churchill Harbour.

34. Less—Estimated Savings and Recoverable Items

In certain special instances it is necessary for commitment and control purposes to detail total requirements of services but, in order that the actual amount of cash requirement only may be voted, deductions are made of estimated savings or recoverable amounts. Since the Standard Objects are made up of the gross requirements, the total of those objects must be reduced by these deductions in order to arrive at the total amount provided in the Estimates.

EXHIBIT 4

(A) There are nineteen public buildings costing over \$500,000.00 that were begun or completed in Ottawa and Hull during the five years from April 1, 1951, to the present.
 (B) Expenditures involved in each follow:

	(1)	(2)	(3)	* (4)	
	Site	Building	Landscaping and Paving	Furnishings and Equipment	Total
	\$	\$	\$	\$	\$
Veterans' Memorial Buildings:					
East Building.....	427,082	6,456,583	—	129,310	7,012,975
West Building.....	288,840	6,639,125	—	100,000†	7,027,965
Parliamentary Library (Rehabilitation).....	Crown-owned	2,398,000	Nil	Nil	2,398,000
Central Heating Plant—Cliff St.—renovations.....	Crown-owned	1,413,674	Nil	Nil	1,413,674
Chemistry Lab., Agriculture—Experimental Farm.....	Crown-owned	865,437	Nil	Nil	865,437
National Research Council, Montreal Road.....	Crown-owned	—	Performed by F.D.C.	—	—
Plant Engineering.....	—	593,129	—	—	593,129
Building Research.....	—	1,099,436	—	—	1,099,436
Applied Chemistry.....	—	1,189,482	—	—	1,189,482
Radio and Electrical.....	—	3,052,897	—	—	3,052,897
Tunney's Pasture Development.....	715,680	—	1,887,833	—	2,603,513
Bureau of Statistics.....	—	6,855,454	—	—	6,855,454
Power Plant.....	—	675,542	—	—	675,542
Finance Storage.....	—	603,614	—	26,000	629,614
Archives Storage.....	—	1,191,172	—	—	1,191,172
Food and Drug Laboratory.....	—	2,711,457	—	—	2,711,457
P.W.D. Testing Laboratory.....	—	691,525	—	8,335	699,860
N.H. & W. Virus Laboratory.....	—	988,921	—	3,900	992,821
Laboratory of Hygiene.....	—	1,393,567	—	—	1,393,567
National Printing Bureau—Hull, P.Q.....	564,991	13,035,009	150,000	250,000†	14,000,000
Central Mortgage and Housing Corporation—Head Office.....	38,860	2,177,479	67,926	202,538	2,486,803
Total:.....					58,892,798

* Includes only that type of office equipment normally purchased through Public Works, such as desks, chairs, shelving and filing cabinets. Does not include laboratory equipment and heavy machinery bought departmentally.

† (Est. only).

EXHIBIT 5

NATIONAL INCOME AND GROSS NATIONAL PRODUCT, 1939 AND 1945-54

(millions of dollars)

	1939	1945	1946	1947	1948	1949 ¹	1950 ¹	1951 ¹	1952 ¹	1953 ¹	1954 ¹
Wages, Salaries and Supplementary Labour Income.	2,575	4,953	5,323	6,221	7,170	7,761	8,311	9,716	10,818	11,661	11,900
Military Pay and Allowances.....	32	1,117	340	83	82	115	137	201	270	309	367
Investment Income.....	917	1,859	1,975	2,269	2,464	2,445	3,155	3,642	3,733	3,775	3,709
Net Income of Unincorporated Business:											
Accrued Net Income of Farm Operators from Farm Production ²	385	1,010	1,112	1,223	1,518	1,504	1,503	2,072	1,858	1,649	1,114
Net Income of Non-farm Unincorporated Business ³	464	901	1,071	1,189	1,326	1,369	1,444	1,507	1,575	1,692	1,645
NET NATIONAL INCOME AT FACTOR COST.....	4,373	9,840	9,821	10,985	12,560	13,194	14,550	17,138	18,254	19,086	18,735
Indirect Taxes less Subsidies.....	733	1,003	1,269	1,604	1,772	1,830	2,018	2,478	2,714	2,900	2,913
Depreciation Allowances and similar Business Costs.	610	928	903	1,118	1,276	1,437	1,636	1,910	2,115	2,364	2,490
Residual Error of Estimate.....	-9	79	33	61	5	1	-1	-52	119	66	-153
GROSS NATIONAL PRODUCT AT MARKET PRICES.....	5,707	11,850	12,026	13,768	15,613	16,462	18,203	21,474	23,202	24,416	23,985

¹ Includes Newfoundland.

² This item includes the undistributed earnings of the Canadian Wheat Board, and an inventory valuation adjustment for grain in Wheat Board Channels.

³ Includes net income of independent professional practitioners.

EXHIBIT 5

GROSS NATIONAL EXPENDITURE, 1939 AND 1945-1954

(millions of dollars)

	1939	1945	1946	1947	1948	1949 ¹	1950 ¹	1951 ¹	1952 ¹	1953 ¹	1954 ¹
Personal Expenditure on Consumer Goods and Services.....	3,904	6,811	7,977	9,173	10,112	10,963	12,029	13,273	14,363	15,115	15,581
Government Expenditure on Goods and Services ² ...	765	3,704	1,832	1,570	1,798	2,128	2,326	3,243	4,259	4,362	4,360
Gross Domestic Investment: ³											
New Residential Construction.....	185	272	371	506	637	742	801	781	786	1,061	1,159
New Non-residential Construction.....	166	252	443	599	818	903	1,026	1,260	1,554	1,706	1,676
New Machinery and Equipment.....	254	462	584	1,016	1,230	1,323	1,389	1,769	1,916	2,073	1,711
Change in Inventories.....	331	-260	519	947	605	231	960	1,620	270	605	-230
Exports of Goods and Services.....	1,451	3,597	3,210	3,638	4,054	4,011	4,183	5,089	5,573	5,420	5,134
Deduct: Imports of Goods and Services.....	-1,328	-2,910	-2,878	-3,621	-3,636	-3,837	-4,513	-5,613	-5,400	-5,860	-5,559
Residual Error of Estimate.....	9	-78	-32	-60	-5	-2	2	52	-119	-66	153
GROSS NATIONAL EXPENDITURE AT MARKET PRICES..	5,707	11,850	12,026	13,768	15,613	16,462	18,203	21,474	23,202	24,416	23,985

¹ Includes Newfoundland.² Includes outlay on new durable assets such as building and highway construction by governments, other than government business enterprises. Also, includes the changes in inventories of government commodity agencies.³ Include capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals.

EXHIBIT 6

SUMMARY OF NET GENERAL COMBINED REVENUE AND EXPENDITURE
ALL GOVERNMENTS IN CANADA

EXCLUSIVE OF INTER-GOVERNMENT TRANSFERS

Fiscal years ended nearest December 31, 1939, 1945 and 1950 to 1955

	Government of Canada	Provincial governments	Municipal governments	All governments
REVENUE		Millions of Dollars		
1939.....	480	236	317	1,033
1945.....	2,720	317	353	3,390
1950.....	2,906	827	560	4,293
1951.....	3,766	945	651	5,362
1952.....	4,349	921	740	6,010
1953 ¹	4,437	994	800	6,231
1954 ²	4,149	960	839	5,948
1955 ²	4,242	1,011	905	6,158
EXPENDITURE		Millions of Dollars		
1939.....	571	355	305	1,231
1945.....	4,679	371	334	5,384
1950.....	2,495	924	682	4,101
1951.....	3,310	1,040	780	5,130
1952.....	4,009	1,166	899	6,074
1953 ¹	4,040	1,218	992	6,250
1954 ²	4,000	1,311	1,060	6,371
1955 ²	4,121	1,464	1,110	6,695

¹ Preliminary.² Estimated.

Dominion Bureau of Statistics, May, 1955

EXHIBIT 3
ESTIMATES, 1955-56

SUMMARY OF STANDARD OBJECTS OF EXPENDITURE AND SPECIAL CATEGORIES

This is a broad classification by classes of expenditure which are grouped into what have been adopted as Standard Objects of Expenditure and Special Categories. The Standard Objects include types of expenditure which are in many instances shown in the details of the Estimates under more informative titles. The Special Categories would lend themselves to classification under the Standard Objects but are of sufficient interest and importance to warrant special mention.

The Standard Objects are numbered 1-22 and the Special Categories numbered 23-33. The Objects and Special Categories shown in the Estimates are identified by the number of the Standard Object or Special Category of which they form a part.

Department	Year	Civil Salaries and Wages	Civilian Allowances	Pay and Allowances, Defence Forces and R.C.M. Police	Professional and Special Services	Travelling and Removal Expenses	Freight, Express and Cartage	Postage	Telephones, Telegrams and Other Communication Services	Publication of Departmental Reports and Other Material	Films, Displays, Advertising and Other Informational Publicity	Office Stationery, Supplies, Equipment and Furnishings	Materials and Supplies	Buildings and Works, including Land			Equipment			Municipal or Public Utility Services	Contributions, Grants, Subsidies, etc., Not Included Elsewhere	Pensions, Superannuation and other Benefits	All other Expenditures (other than Special Categories)	Total Standard Objects	Special Categories (See Footnotes)	Total Standard Objects and Special Categories	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(1)-(22)	(23)-(33)	(1)-(33)	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Agriculture	1955-1956 1954-1955	28,874,999 28,096,592	37,935 34,335		140,070 96,090	2,868,924 3,014,679	180,985 173,850	110,120 97,095	206,660 198,115	333,120 402,770	92,400 77,100	692,059 716,035	2,183,180 2,123,542	11,363,884 11,143,689	1,357,084 1,303,255	160,140 143,435	1,906,482 1,755,415	717,797 671,090	33,105 21,235	38,990 93,505	24,975,365 33,221,542	26,274 28,245	217,462 218,917	76,517,035 83,630,531		76,517,035 83,630,531	
Atomic Energy	1955-1956 1954-1955	31,750 43,080			2,000 5,000	3,500 4,600		1,000 1,000	900 1,000	1,000 1,000		2,000 2,000		6,302,000 5,590,100			681,465 320,910				300,000 300,000		11,369,683 8,789,766	18,695,298 15,058,456		18,695,298 15,058,456	
Auditor General's Office	1955-1956 1954-1955	645,698 631,070			60,000 50,000		100 145	300 300	750 825	700 700		4,600 5,500											450 450	712,598 688,990		712,598 688,990	
Canadian Broadcasting Corporation	1955-1956 1954-1955				9,200 12,652						1,614,625 2,199,150	4,000 26,298		172,000 179,374			8,000 47,370					24,250,000 21,250,000		26,057,825 23,714,844		26,057,825 23,714,844	
Chief Electoral Officer	1955-1956 1954-1955	67,575 65,992			1,500 1,500		100 100	200 200	300 300		1,350 1,350												6,667 6,667	27,000 27,000	104,692 103,109		104,692 103,109
Citizenship and Immigration— Department	1955-1956 1954-1955	12,153,599 10,862,973	480,913 478,680		3,543,589 3,569,163	1,039,900 1,100,980	66,475 68,665	112,240 129,940	166,650 166,500	101,850 150,770	103,100 150,770	321,910 362,510	2,598,557 2,942,530	5,125,722 5,108,865	1,270,624 1,152,318	135,490 125,569	557,796 545,468	160,550 169,525		75,000 70,000	538,910 528,350	25,420 25,420	1,996,500 1,870,201	30,574,795 29,538,932		30,574,795 29,538,932	
National Gallery of Canada	1955-1956 1954-1955	132,608 121,485			18,000 25,000	10,000 10,000	14,000 14,000	300 200	1,700 1,100	35,250 31,500	9,000 19,500	5,400 5,000	6,350 7,500				1,700 1,000	950 250			15,425 16,525	50 50	133,750 132,700	384,833 386,210		384,833 386,210	
Civil Service Commission	1955-1956 1954-1955	2,239,535 1,965,179	2,500		25,000 24,250	95,000 104,000	2,500 2,000	22,500 20,500	17,000 18,000	11,000 2,300	65,000 62,500	110,000 102,500				5,500 4,000						500 500	8,500 9,500	2,604,585 2,315,379		2,604,585 2,315,379	
External Affairs	1955-1956 1954-1955	5,524,920 4,968,066	2,257,158 2,082,914		206,200 205,010	979,105 848,780	86,375 59,050	135,501 118,885	924,691 599,065	60,700 80,000	53,150 46,600	460,607 567,545	189,685 188,810	1,380,400 1,451,225	74,995 137,550	551,099 532,155	666,615 446,015	107,070 8,000	5,000 8,000	107,550 79,465	31,775,767 32,592,306	32,852 24,807	161,780 157,919	45,741,220 45,280,992		45,741,220 45,280,992	
Finance	1955-1956 1954-1955	16,493,572 16,844,635	56,948 55,993		15,200 17,500	224,000 238,500	93,150 99,500	1,833,200 1,712,300	1,116,940 1,044,692	72,350 86,381		1,186,065 1,258,076	108,082 114,590			21,100 17,100	268,970 341,535	25,428 18,258		3,318,300 3,325,105	7,810,000 8,839,527	27,458,475 40,513,850	1,040,145 1,547,944	61,141,925 76,075,486	837,662,792 862,290,910	898,804,717 938,366,396	
Fisheries	1955-1956 1954-1955	6,478,185 6,055,316	28,592 31,329		24,425 28,530	645,245 658,490	29,800 30,565	24,467 21,398	82,396 87,226	66,260 69,015	93,095 95,980	98,258 101,452	796,720 842,732	284,585 383,351	123,970 123,338	378,279 722,358	322,575 356,926	423,706 441,284	42,835 43,871	27,936 15,131	1,474,485 1,393,431	27,936 15,131	1,639,012 1,378,562	12,044,963 13,154,605		12,044,963 13,154,605	
Governor General and Lieutenant- Governors	1955-1956 1954-1955	191,957 192,935	186,000		12,000			1,200 1,500	4,500 4,300		300 300	7,000 8,000	1,000 1,000											4,800 4,800	408,757 410,835		408,757 410,835
Insurance	1955-1956 1954-1955	415,092 396,920			3,500 3,500	17,000 20,000	100 100	300 300	800 800	63,000 59,000		17,000 17,000												300 200	517,092 497,820		517,092 497,820
Justice— Department	1955-1956 1954-1955	4,810,568 4,680,453	13,000 10,300		241,400 292,300	262,250 258,550	2,175 2,875	4,550 5,850	12,100 12,882	67,500 47,000		87,850 84,250	1,800 2,200					400 100		900 1,300	20,000 10,000	579,986 562,314	29,350 64,750	6,133,829 6,040,324		6,133,829 6,040,324	
Commissioner of Penitentiaries	1955-1956 1954-1955	5,777,965 5,402,913			154,710 138,815	34,520 33,155	10,950 7,985	10,255 12,140	12,500 12,140	4,650 4,500	5,615 5,825	81,210 47,280	2,538,590 2,556,705	954,920 1,434,868	140,435 132,470	430 240	367,470 367,810	113,520 114,295	2,220 3,070	123,555 118,590	40,000 40,000	17,940 17,940	258,135 238,645	10,649,590 10,677,246		10,649,590 10,677,246	
Labour— Department	1955-1956 1954-1955	2,204,656 2,201,117	28,452 34,320		516,445 476,600	129,000 133,000	6,750 6,975	14,500 9,900	34,175 38,700	163,700 162,200	245,800 248,100	112,650 109,150	125,000			500 500		3,100 4,600	13,375 13,375	4,961,500 5,686,000	1,200,600 1,100,600	121,575 448,175	9,833,778 10,801,412		9,833,778 10,801,412		
Unemployment Insurance Commission	1955-1956 1954-1955	23,197,017 22,154,859	20,000 12,000		950,000 970,000	600,000 600,000	90,000 80,000	725,000 625,000	320,000 300,000	25,000 30,000	15,000 20,000	825,000 975,000	145,000 195,000	40,000	260,000	2,500 1,625,000	11,000 9,000	5,500 1,000	2,000 1,000	140,000	30,000 17,000	204,500 303,000	27,208,517 28,322,859	32,500,000 33,750,000	59,708,517 62,072,859		59,708,517 62,072,859
Legislation	1955-1956 1954-1955	5,372,915 3,790,491	754,100 760,300		5,000 5,000	28,000 51,000	3,900 3,900	1,700 1,700	1,700 1,700	575,000 615,000		147,500 177,000	50,000 42,000											83,500 158,225	41,750 5,651,666		7,067,515 5,651,666
Mines and Technical Surveys— Department	1955-1956 1954-1955	9,768,963 9,096,345	141,565 140,020		1,481,200 2,555,640	498,484 529,164	96,990 103,580	13,735 12,875	13,317 13,032	176,750 206,600	5,500 5,000	143,595 134,825	1,224,908 1,277,000	23,077 2,000	6,500 6,500	7,015 7,471	2,274,321 2,367,272	409,950 403,700	933,390 757,310	10,400 8,200	11,160,510 15,937,886	9,073 14,182	55,425 58,343	28,454,668 33,686,945		28,454,668 33,686,945	
Dominion Coal Board	1955-1956 1954-1955	91,495 88,575			3,605 3,605		105 105	2,300 2,300	5,100 4,800															12,295 12,295	10,417,600 11,969,014		10,417,600 11,969,014
National Film Board	1955-1956 1954-1955										3,361,820 3,211,060														4,009,720 3,431,283		4,009,720 3,431,283
National Health and Welfare— Department	1955-1956 1954-1955	12,400,071 11,299,682	209,102 161,528		8,247,700 8,226,900	562,150 562,250	84,650 106,450	121,650 90,650	94,975 90,525	331,400 363,620	123,750 121,750	330,685 288,850	2,978,480 3,310,950	1,769,000 1,528,000	176,000 251,300	26,100 24,434	589,970 695,690	121,000 112,100	3,600 2,300	109,500 107,300	259,450 401,933	580,750 578,725	29,119,983 28,325,242	814,050,000 778,200,001	843,169,983 806,525,243		
National Research Council	1955-1956 1954-1955	10,130,288 9,582,088	34,405 26,205		100,500 71,500	290,232 290,232	38,450 35,825	28,100 33,000	17,463 21,944	276,940 206,600		169,351 176,640	3,247,483 3,026,899	2,342,000 1,987,950			102,700 199,315		155,481 115,200	2,343,000 1,913,945	50,000 75,000	19,326,393 17,762,343		19,326,393 17,762,343			
National Revenue	1955-1956 1954-1955	52,231,550 49,712,153	101,200 81,800		744,300 736,450	1,508,200 1,442,000	274,300 271,300	939,000 909,500	295,100 300,100	88,800 92,500	40,000 42,000	1,635,575 1,701,265	727,300 789,100	89,500 951,000	23,000 15,800	109,500 102,000	18,300 23,050			26,700 23,700	30,650 30,870	59,624,125 57,309,490		59,624,125 57,309,490			
Northern Affairs and National Resources	1955-1956 1954-1955	8,810,240 8,223,821	256,865 191,110		865,064 433,384	538,350 477,650	49,450 45,250	29,415 27,335	38,352 37,407	314,775 309,275	1,080,595 1,094,545	168,720 1,064,166	1,222,862 4,133,459	7,083,346 546,618	546,618 538,955	32,782 26,388	902,540 370,374	412,709 119,153	85,642 89,040	136,296 119,153	3,814,270 4,360,582	26,830 26,690	178,473 144,219	26,594,194 22,975,025		26,594,194 22,975,025	
Post Office	1955-1956 1954-1955	78,011,718 73,876,560	1,160,000 1,159,300		491,500 143,325	408,540 338,940	55,000 65,000	133,900																			

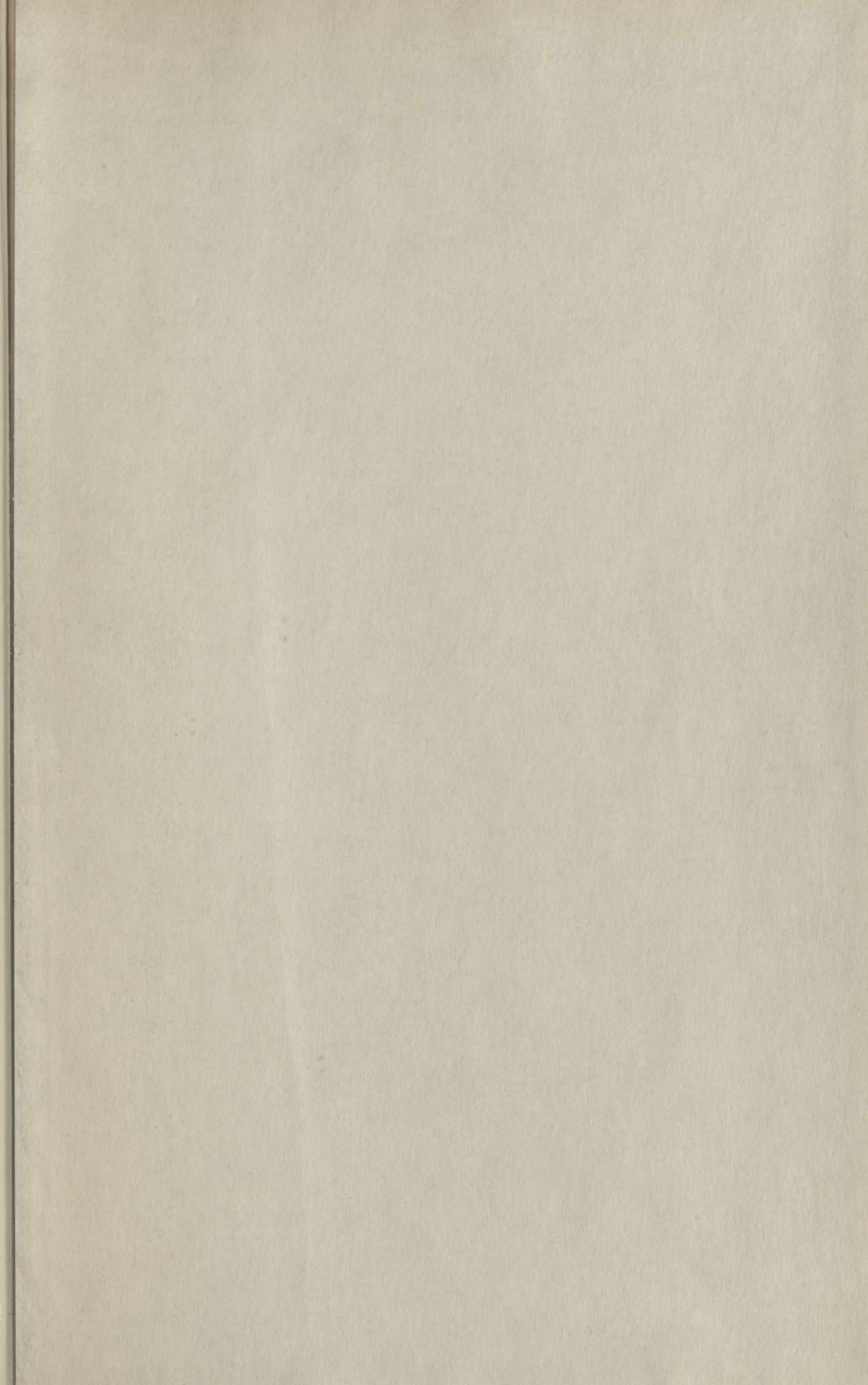
EXHIBIT 3
ESTIMATES, 1955-56

SUMMARY OF STANDARD OBJECTS OF EXPENDITURE AND SPECIAL CATEGORIES

This is a broad classification by classes of expenditure which are grouped into what have been adopted as Standard Objects of Expenditure and Special Categories. The Standard Objects include types of expenditure which are in many instances shown in the details of the Estimates under more informative titles. The Special Categories would lend themselves to classification under the Standard Objects but are of sufficient interest and importance to warrant special mention.

The Standard Objects are numbered 1-22 and the Special Categories numbered 23-33. The Objects and Special Categories shown in the Estimates are identified by the number of the Standard Object or Special Category of which they form a part.

Civilian Allowances	Pay and Allowances, Defence Forces and R.C.M. Police	Professional and Special Services	Travelling and Removal Expenses	Freight, Express and Cartage	Postage	Telephones, Telegrams and Other Communication Services	Publication of Departmental Reports and Other Material	Films, Displays, Advertising and Other Informational Publicity	Office Stationery, Supplies, Equipment and Furnishings	Materials and Supplies	Buildings and Works, including Land			Equipment			Municipal or Public Utility Services	Contributions, Grants, Subsidies, etc., Not Included Elsewhere	Pensions, Superannuation and other Benefits	All other Expenditures (other than Special Categories)	Total Standard Objects	Special Categories (See Footnotes)	Total Standard Objects and Special Categories	Less—Estimated Savings and Recoverable Items	Net Total Estimated Expenditures	Department	
											Construction or Acquisition	Repairs and Upkeep	Rentals	Construction or Acquisition	Repairs and Upkeep	Rentals											
(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(1)-(22)	(23)-(33)	(1)-(33)	(34)			
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
37,935	140,070	2,868,924	180,985	110,120	206,660	333,120	92,400	692,059	2,183,180	11,363,884	1,357,084	160,140	1,906,482	717,797	33,105	38,990	24,975,365	26,274	217,462	76,517,035		76,517,035	95,000	76,422,035	Agriculture		
34,335	96,090	3,014,679	173,850	97,095	198,115	402,770	77,100	716,035	2,123,542	11,143,689	1,303,255	143,435	1,755,415	671,090	21,235	93,505	33,221,542	28,245	83,630,531	83,630,531		83,630,531	26,930	83,603,601			
	2,000	3,500		1,000	900	1,000		2,000		6,302,000			681,465				300,000		11,369,683	18,695,298		18,695,298		18,695,298	Atomic Energy.		
	5,000	4,600		1,000	1,000	1,000		2,000		5,590,100			320,910				300,000		8,789,766	15,058,456		15,058,456		15,058,456			
		60,000	100	300	750	700		4,600											712,598	712,598		712,598		712,598	Auditor General's Office		
		50,000	145	300	825	700		5,500											688,990	688,990		688,990		688,990			
	9,200							4,000		1,614,625			172,000				24,250,000			26,057,825		26,057,825		26,057,825	Canadian Broadcasting Corporation		
	12,652							26,298		2,199,150			179,374				21,250,000			23,714,844		23,714,844		23,714,844			
		1,500	100	200	300			1,350											6,667	27,000	104,692		104,692		104,692	Chief Electoral Officer.	
		1,500	100	200	300			1,350											6,667	27,000	103,109		103,109		103,109		
480,913	3,543,589	1,039,900	66,475	112,240	166,650	101,850	103,100	321,910	2,598,557	5,125,722	1,270,624	135,490	557,796	160,550	75,000	75,000	538,910	25,420	1,996,500	30,574,795		30,574,795		30,574,795	Citizenship and Immigration—Department.		
478,680	3,569,163	1,100,980	68,665	129,940	166,500	110,575	150,700	362,510	2,942,530	5,108,865	1,152,318	125,569	545,468	169,525	70,000	70,000	528,350	25,420	29,538,932	29,538,932		29,538,932		29,538,932			
	18,000	14,000	35,250	14,000	1,700	9,000	5,400	6,350				1,700	950	350			15,425	50	133,750	384,833		384,833		384,833	National Gallery of Canada.		
	25,000	10,000	14,000	200	1,100	31,500	19,500	5,000	7,500			400	1,000	250			16,525	50	132,700	386,210		386,210		386,210			
2,500	25,000	95,000	22,500	22,500	17,000	11,000	65,000	110,000	110,000			5,500					600	50	8,500	2,604,585		2,604,585		2,604,585	Civil Service Commission.		
	24,250	104,000	2,000	20,500	18,000	2,300	62,500	102,500	102,500			4,000					600	50	9,500	2,315,379		2,315,379		2,315,379			
2,257,158	206,200	979,105	86,375	135,501	924,975	60,700	53,150	460,607	189,685	1,380,400	74,995	551,099	666,615	107,070	5,000	107,550	31,775,767	32,852	161,780	45,741,220		45,741,220	29,800	45,711,420	External Affairs.		
2,082,914	205,010	848,780	59,050	118,885	599,065	80,000	46,600	567,545	188,810	1,451,225	137,550	532,155	646,015	86,825	8,000	79,465	32,592,306	24,807	157,919	45,280,992		45,280,992	33,396	45,247,596			
56,948	15,200	224,000	93,150	1,833,200	1,116,940	72,350	65,000	1,186,065	108,082	21,000	268,970	25,428	3,318,300	7,810,000	3,318,300	7,810,000	27,458,475	1,040,145	61,141,925	837,662,792		837,662,792	86,600	837,056,192	Finance.		
55,993	17,500	238,500	99,500	1,712,300	1,044,692	86,381	62,500	1,258,076	114,590	17,100	341,535	18,258	3,325,105	8,839,527	3,325,105	8,839,527	40,513,850	1,547,944	76,075,486	898,804,717		898,804,717	84,200	898,280,517			
28,592	24,425	645,245	29,800	24,467	82,396	66,260	93,095	98,258	796,720	284,585	123,970	21,149	378,275	322,575	423,706	42,835	578,000	27,936	1,474,485	12,044,963		12,044,963		12,044,963	Fisheries.		
31,329	28,530	658,490	30,565	21,398	87,226	69,015	95,980	101,452	842,732	383,351	123,338	13,870	372,358	356,926	441,284	43,871	1,393,431	15,131	1,639,012	13,154,605		13,154,605		13,154,605			
186,000		12,000		1,200	4,300	300	7,000	1,000	1,000										4,800	408,757		408,757		408,757	Governor General and Lieutenant-Governors.		
186,000		12,000		1,500	4,300	300	8,000	1,000	1,000										4,800	410,835		410,835		410,835			
	3,500	17,000	100	300	800	63,000	17,000												300	517,092		517,092		517,092	Insurance.		
	3,500	20,000	100	300	800	59,000	17,000												200	497,820		497,820		497,820			
13,000	241,400	262,250	2,175	4,550	12,100	67,500	87,850	1,800									900	579,986	29,350	6,133,829		6,133,829		6,133,829	Justice—Department.		
10,300	292,300	258,550	2,875	5,850	12,882	47,000	84,250	2,200		2,700			2,500	400	1,000	1,000	20,000	562,314	64,750	6,040,324		6,040,324		6,040,324			
	154,710	34,520	10,950	10,255	12,500	4,650	5,615	81,210	2,538,590	954,920	140,435	430	367,470	113,520	2,220	123,555	40,000	17,940	258,135	10,649,590		10,649,590		10,649,590	Commissioner of Penitentiaries.		
	138,815	33,155	7,985	7,985	12,140	4,500	5,825	47,280	2,556,705	1,434,868	132,470	240	367,810	114,295	3,070	118,590	40,000	17,940	238,645	10,677,246		10,677,246		10,677,246			
28,452	516,445	129,000	6,750	14,500	34,175	163,700	245,800	112,650	75,000			500	5,100	13,375	13,375	4,961,500	1,200,600	121,575	9,833,778		9,833,778		9,833,778	Labour—Department.			
34,320	476,600	133,000	6,975	9,900	38,700	162,200	248,100	109,150	125,000			500	3,100	4,600	4,600	5,686,000	1,100,600	448,175	10,801,412		10,801,412		10,801,412				
20,000	950,000	600,000	90,000	725,000	320,000	25,000	15,000	825,000	145,000	40,000		2,500	11,000	5,500	2,000	2,000	30,000	17,000	204,500	27,208,517		27,208,517	59,708,517	59,708,517	Unemployment Insurance Commission.		
12,000	970,000	600,000	80,000	625,000	300,000	30,000	20,000	975,000	195,000	260,000		1,625,000	9,000	6,000	1,000	140,000	17,000	303,000	33,750,000	33,750,000		33,750,000		33,750,000			
754,100	5,000	28,000	3,900	1,700	1,700	575,000	147,500	50,000					1,750	700			83,500	41,750	7,067,515	7,067,515		7,067,515		7,067,515	Legislation.		
760,300	5,000	51,000	3,900	1,700	1,700	615,000	42,000										158,225	45,350	5,651,666	5,651,666		5,651,666		5,651,666			
141,565	1,481,200	498,484	96,990	13,735	13,317	176,750	5,500	143,595	1,224,908	23,077	6,500	7,015	2,274,321	409,950	933,390	10,400	11,160,510	9,073	55,425	28,454,668		28,454,668	303,227	28,151,441	Mines and Technical Surveys—Department.		
140,020	2,555,640	529,164	103,580	12,875	13,032	206,600	5,000	134,825	1,277,000	2,000	6,500	7,471	2,367,272	403,700	757,310	8,200	15,937,886	14,182	58,343	33,686,945		33,686,945	193,919	33,493,026			
	3,605	2,300	5,100		2,300		2,700										10,300,000		12,295	10,417,600		10,417,600		10,417,600	Dominion Coal Board.		
	3,605	2,300	105		2,300	4,800											11,854,634		12,295	11,969,014		11,969,014		11,969,014			
																				4,009,720		4,009,720		4,009,720		4,009,720	National Film Board.



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