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HOUSE OF REPRESENTATIVES

SPECIAL COMMITTEE

CIVIL SERVICE SUPERANNUATION ACT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

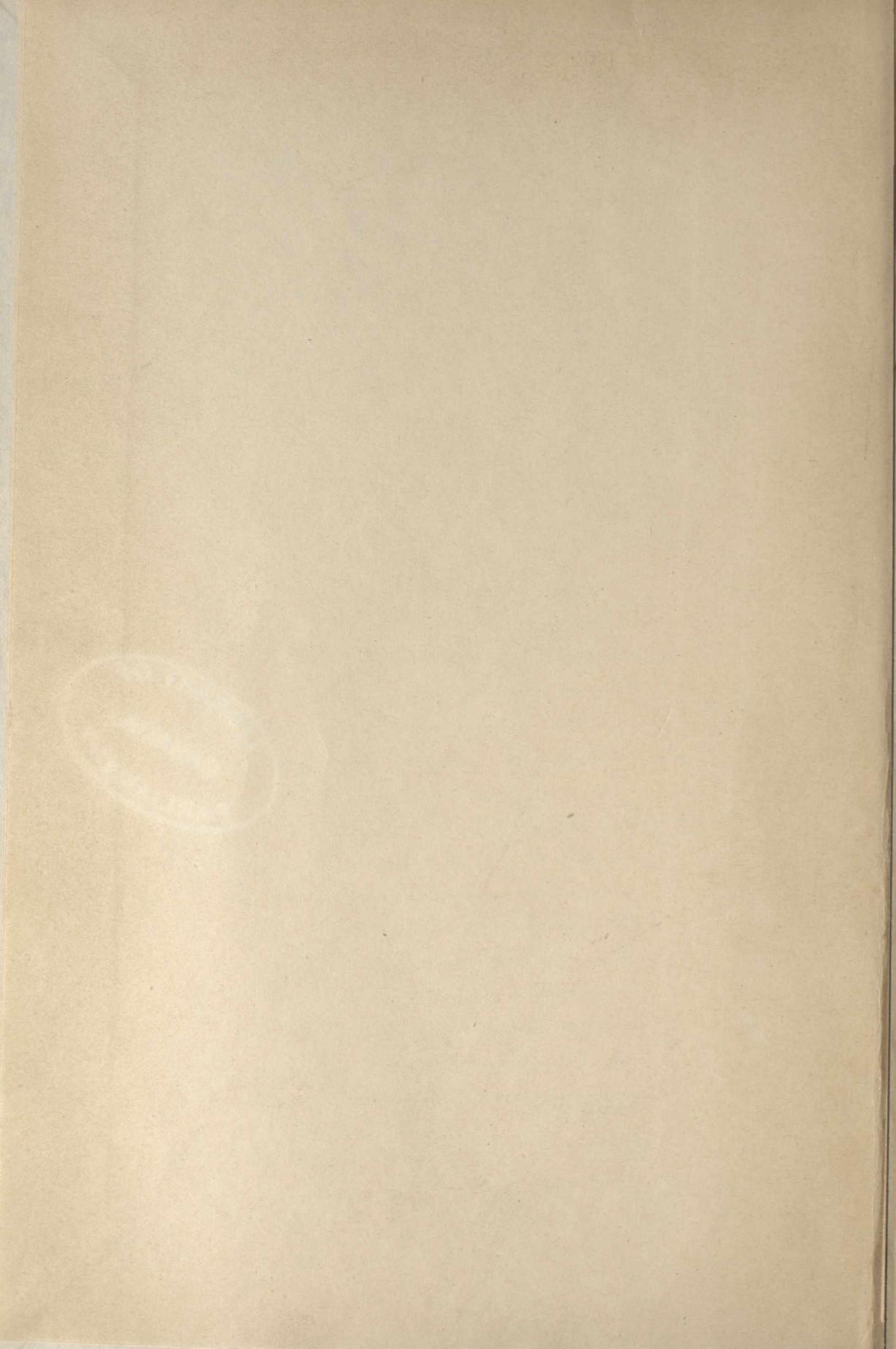
HELD AT WASHINGTON, MARCH 22, 1937

BY THE COMMITTEE

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1937



SESSION 1938
HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

CIVIL SERVICE SUPERANNUATION ACT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

WEDNESDAY, MARCH 23, 1938

THURSDAY, MARCH 31, 1938

WITNESS:

Dr. W. C. Clark, Deputy-Minister, Dep't of Finance.

OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1938



MEMBERS OF THE COMMITTEE

Mr. MALCOLM McLEAN (*Melfort*), *Chairman*

Messrs:

Anderson,
Baker,
Blanchette,
Bradette,
Davidson,
Dunning,
Francoeur,
Hansell,
Heaps,

Hill,
Lockhart,
McCann,
McLean (*Melfort*),
Malette,
Mutch,
Pottier,
Wood.

ANTOINE CHASSE,
Clerk of the Committee.

ORDERS OF REFERENCE

HOUSE OF COMMONS,

TUESDAY, March 6, 1938.

Resolved.—That a select special committee of the house consisting of Messrs. Anderson, Baker, Blanchette, Bradette, Davidson, Dunning, Franceur, Hansell, Heaps, Hill, Lockhart, McCann, McLean (*Melfort*), Mallette, Mutch, Pottier and Wood be appointed to enquire into the terms and operation of the Civil Service Superannuation Act, and all matters pertaining thereto, with power to call for persons, papers and records, to examine witnesses under oath, and to report from time to time, and that Standing Order 65 be suspended in relation thereto.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

THURSDAY, March 31, 1938.

Ordered.—That the said committee be granted leave to print from day to day 500 copies in English and 200 copies in French of its minutes of proceedings and evidence and that Standing Order 64 be suspended in relation thereto.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

REPORT TO THE HOUSE

THURSDAY, March 31, 1938.

The special committee appointed to enquire into the operation of the Civil Service Superannuation Act begs leave to present the following as a

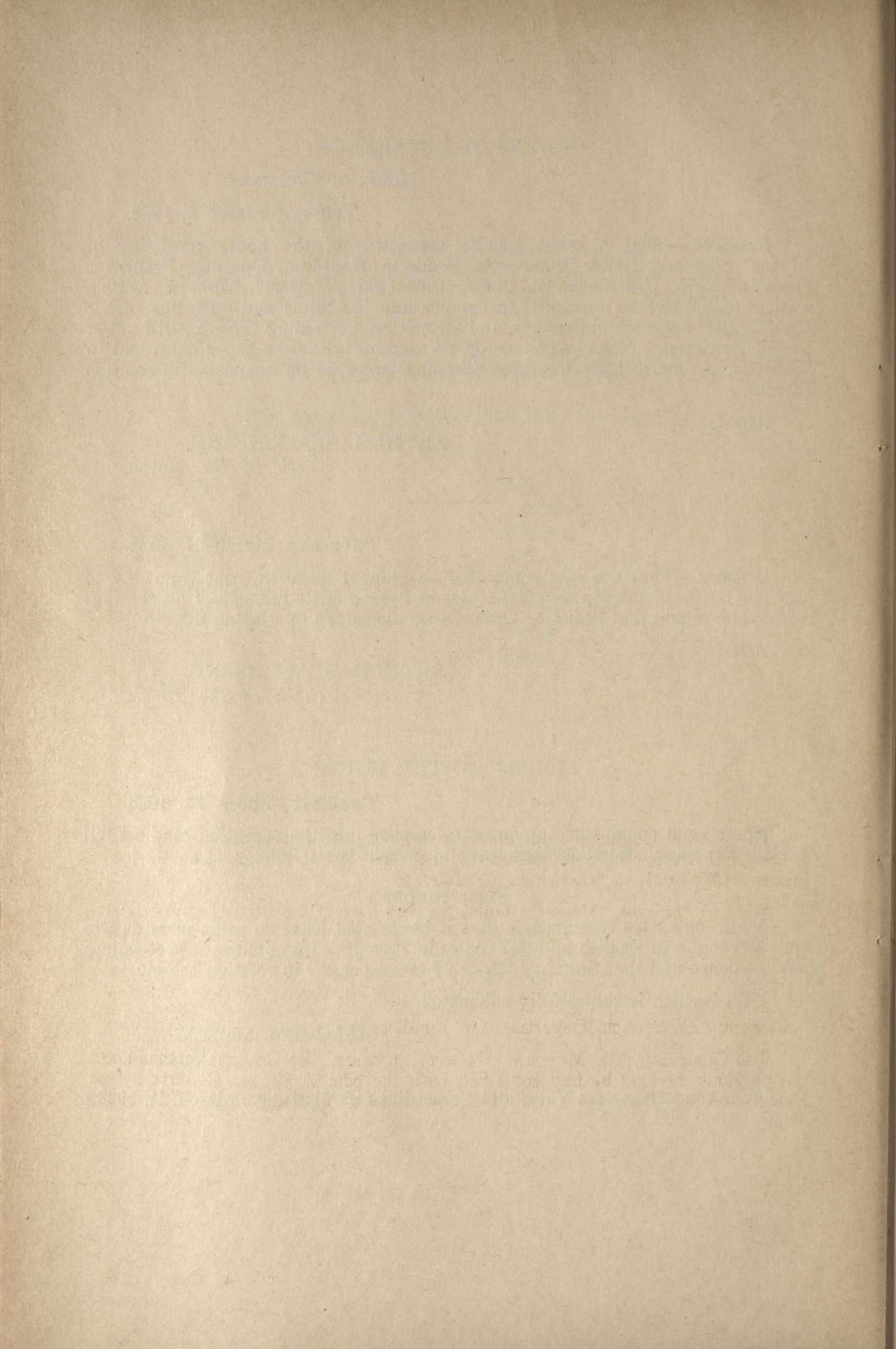
FIRST REPORT

Your committee recommends that it be granted leave to print from day to day 500 copies in English and 200 copies in French of its minutes of proceedings and evidence and that Standing Order 64 be suspended in relation thereto.

All of which is respectfully submitted.

MALCOLM McLEAN,
Chairman.

(For concurrence *see* Votes and Proceedings of Thursday, March 31, 1938.)



MINUTES OF PROCEEDINGS

WEDNESDAY, March 23, 1938.

The Special Committee appointed to inquire into the terms and operation of the Civil Service Superannuation Act met this day at 11 a.m. (For organization.)

Members present: Messrs. Anderson, Blanchette, Bradette, Davidson, Franceur, Hansell, Hill, McCann, McLean (*Melfort*), Mallette, Pottier, Wood.

On motion of Mr. Bradette, Mr. McLean was unanimously elected Chairman.

Mr. McLean took the Chair, thanked the Committee for the honour and asked for the co-operation of all members in the work of the Committee.

The question of an agenda was then discussed. The Chairman informed the Committee that representatives of various associations of civil servants throughout the country had already expressed the desire to be heard. It was agreed that none of these representatives would be heard until the Committee had beforehand obtained certain information from the officials of the Department of Finance in respect to the subject matter contained in the Order of Reference.

It was further agreed that the Chairman be empowered to confer with the officials of the Department of Finance and upon receipt of his report the Committee would decide on the procedure to be followed.

The Committee adjourned at 11.40 a.m. to meet again at the call of the Chair.

THURSDAY, March 31, 1938.

The Special Committee appointed to inquire into the terms and operation of the Civil Service Superannuation Act met this day at 11 a.m. Mr. Malcolm McLean (*Melfort*), the Chairman, presided.

Members present: Messrs. Blanchette, Bradette, Davidson, Dunning, Hansell, Heaps, Lockhart, McCann, McLean (*Melfort*), Mutch, Pottier, Wood.

In attendance: Dr. W. C. Clark, Deputy-Minister, Department of Finance; Mr. G. D. Finlayson, Superintendent of Insurance; Mr. W. C. Ronson, Assistant Deputy Minister, Department of Finance; Mr. G. L. Gullock, Chief of the Superannuation Branch, Department of Finance.

The Chairman, Mr. McLean (*Melfort*), informed the Committee that since the previous meeting he had conferred with the officials of the Department of Finance and that it was agreed that the two first sittings of the Committee would be devoted to reviewing the retirement legislation. Before introducing those officials he thought the Committee would like to consider the question of what organizations the members wish to invite to make representations before them, in view of the large number of requests already in the hands of the Committee. After some discussion it was agreed on motion of Mr. Lockhart that the Chairman would be empowered to make such arrangements for some later meeting of the Committee following the Easter Recess of Parliament.

Dr. W. C. Clark was called as a witness. He reviewed at some length the retirement legislation from the year 1870 to the present time.

Dr. Clark retired.

On motion of Mr. Bradette,

Resolved,—That the Committee ask for leave to print, from day to day 500 copies in English and 200 copies in French of its minutes of proceedings and evidence, and that Standing Order 64 be suspended in relation thereto.

The Committee adjourned at 12.40 p.m. to meet again at the call of the Chair.

ANTOINE CHASSÉ,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 297,

March 30, 1938.

The Special Committee to inquire into terms and operation of the Superannuation Act met at 11 a.m., Mr. Malcolm McLean, the chairman, presiding.

The CHAIRMAN: Gentlemen, we have a quorum now and we had better come to order. The Minister of Finance, Mr. Dunning, Dr. Clark, Deputy Minister of Finance, Mr. G. D. Finlayson, Superintendent of Insurance and other officials are here. Pursuing the instructions which the committee gave me when we last met for organization I had a conference with the Deputy Minister of Finance, the Superintendent of Insurance, Mr. Gullock and Mr. Ronson of the Department of Finance. We arrived at a general understanding of what should be discussed at the first meeting, and the opinion was expressed that it would be well to have Dr. Clark, Mr. Finlayson, or some other official of the department give us a brief historical review of the legislation and of the development and working out of the Act in relation to the civil service as well as a summary of the current legislation, benefits and contributions and so on with suggestions relating to those subjects. It is my belief that the hearing of that historical sketch will occupy us for about two sittings.

Now, before we hear the officials of the department we might consider for a moment what organizations members of the committee wish to invite to make representations before us. There are a great many organizations in the civil service, many of whom desire to come here and some of whom do not. Some organizations have been trying to appear here already. I do not know how the committee desires to go about the matter—whether to appoint a small committee or to authorize me to arrange with the officials to give us a list. I think Mr. Gullock has a list of those organizations.

Mr. G. L. GULLOCK (Dept. of Finance): Dr. Clark has the list.

Hon. Mr. DUNNING: The list contains six pages of various types of civil service organizations.

Dr. CLARK (Deputy Minister of Finance): A good many of those are subsidiaries of the Civil Service Federation.

The CHAIRMAN: Yes. Now, probably we had better consider the appointment of a small committee to go into that because with that number of organizations there will be quite a number who should be invited or notified that they may come here.

Mr. BRADETTE: I believe the chairman can look after this matter without the formation of a small committee.

Hon. Mr. DUNNING: Does the committee desire to call any of these organizations? I had the idea that having regard to a number of them, a great number of which are affiliated with each other and with central organizations, it might be sufficient to intimate publicly that any organization or civil servants desiring to make representations could do so either orally or in writing, and they should communicate with the chairman of the committee who, either by himself or with the help of a steering committee of members of this committee, would arrange times and so forth to hear such representations. I might say that if that invitation is made use of by any great number of separate organizations the work of the committee will be very heavy indeed. On the other hand, if the

various civil service organizations which are affiliated can make one representation it will make the work of the committee very much easier, and that I presume would be a matter of arrangement for either a sub-committee or for the chairman. I suggest there should not be any formal call sent out for people to come here, but rather that it be intimated that any such organization could make its representation either orally or in writing.

Mr. McCANN: In the main are these separate organizations or subdivisions of a major organization?

Hon. Mr. DUNNING: Many of them are subdivisions of a major organization. The Civil Service Federation comprises a great many of them. I am not sure where they stop.

Mr. McCANN: The Civil Service Federation ought to be able to speak for all who belong to that organization.

Hon. Mr. DUNNING: Yes, the Civil Service Federation comprises everybody on the first four or five pages of this list. Then there are five other organizations listed here.

Mr. McCANN: What is the nature of those other organizations?

Hon. Mr. DUNNING: They are the Dominion Railway Mail Clerks Federation, the Professional Institute of the Civil Service, the Halcyon Club, which is a club of women of the civil service in Ottawa, the Canadian Postmasters Association, and the Amalgamated Civil Service of Canada. Now, in addition to the general organization known as the Civil Service Federation of Canada we have those other five organizations.

Mr. LOCKHART: I think we could leave this matter under the direction of the chairman. That matter could be left to the chairman's discretion until we get started. We could see the major organizations first and supplement that later on if we find the necessity for hearing somebody else.

The CHAIRMAN: That will be satisfactory. I am not anxious to take the whole responsibility, but it will be satisfactory for the time being to invite the major organizations publicly through the press. However, we shall not be able to meet any of them until after the Easter recess.

Mr. MUTCH: Mr. Chairman, I had a letter this morning from the Dominion Railway Mail Clerks Federation.

The CHAIRMAN: I think we have all had a number of letters from them.

Mr. MALLETTE: Some of these organizations are not located in Ottawa. The Montreal post office employees, quite an important body as far as I am concerned, wish to make representation.

Hon. Mr. DUNNING: They are affiliated with the Civil Service Federation of Canada.

Mr. MALLETTE: I presume so. They said they had a membership of 1,800.

Hon. Mr. DUNNING: I can assure you that if a great number of these organizations want to exercise their individual privilege to make representations as well as making representations through the general organizations, that we shall be here all summer. However, judging from the motion I take it that that is a matter for the discretion of the chairman. Might I add further the suggestion that every such organization should be asked to send in its written representations before coming to support those representations orally.

Mr. MALLETTE: If that is decided, I can ask the Montreal post office employees right away to do that.

The CHAIRMAN: To send in a brief?

Mr. MALLETTE: Yes. Knowing my compatriots as well as I do I feel sure they will want to come here and exercise their gift of oratory.

The CHAIRMAN: Mr. Lockhart, am I to take that as a motion?

Mr. LOCKHART: Yes.

The CHAIRMAN: I suggest, gentlemen, that we hear the officials of the department now. Dr. Clark will address us.

Dr. W. C. CLARK, Deputy Minister of Finance, called.

The WITNESS: This subject involves a great mass of complicated detail and with some of the details I may not be familiar as I am relatively new to the department. However, we have prepared a brief synopsis of the historical development of the legislation, also of the current legislation, the legislation now being administered, and we have attached to that a copy of the Act and a copy of the regulations made under the Act, and a copy of the various forms used, as well as a brief list of some, though not necessarily all, of the recommendations that have been made from time to time to the department for amendments to the current legislation. I think, perhaps, it would be well if I had that material distributed to you now, and then I shall be able to run over it rather rapidly while you have the information in your hands. It will be easier for you to follow what I have to say if it is done that way. I think, perhaps, it would be well if your questions were held until I have finished my little historical sketch, because I think that I shall cover nearly every one of the major points and if you ask me questions during the course of the discussion I shall probably have to say that I am going to deal with the particular point later on. On the other hand, if you will permit me to run over this matter first rather rapidly so that you have a conspectus of the whole situation, then there will be time for all the questions you can ask. I will ask Mr. Gullock to distribute to the committee copies of "Summary of Retirement Legislation."

Now, to run very briefly over the historical development of the legislation, I may say that there is a great mass of detail here some of which is no longer of any great importance. However, I am giving the detail really to give you a background of how this legislation developed; some of it will throw a good deal of light on the present situation and, perhaps, even the limitations of the present legislation.

If you will go back over the history of the legislation you will find that it divides itself fairly well into three main periods: 1870 to 1897 was the first period; 1897 to 1920 was the second period; and then the third period is from 1920 to date. The first of these periods was a day of small things and the number of contributors was small. The contributions were fairly large, but there was a lack, I think, of appreciation of the obligation which this kind of legislation would create over a long period of years; I think you can see this period developed quite a real lack of recognition of the tremendous burden that would be built up over a period of time, because while they started with a fairly reasonable contribution there were substantial reductions in the amount of the contributions during the period.

Now, the first Act was passed in 1870. I think it is rather interesting that parliament two years after confederation dealt with this problem. Apparently, even in the early days of the history of confederation we had a realization of the fact that superannuation legislation was an essential part of the administrative machinery of government; parliament, in other words, was a fairly good employer from the start. The Act applied to persons employed in any of the departments mentioned in the Civil Service Act, 1868, and to permanent officers of the Senate and the House of Commons, and to persons appointed after the coming into force of this Act. The contributions were at the rate of 2½ per cent on salaries under \$600 and 4 per cent for salaries over \$600. If you look

at page 3 of the brief, you will note that the benefit requirements were four in number: Age—(60 years or over); physical or mental incapacity; abolition of office; and severe bodily injury received while on duty in the service but without fault on the part of the employee.

Now, the benefit details were that after ten years service there was a life annuity to the contributor of one-fiftieth of the average salary for the last three years for each year of service, but not exceeding thirty-five years of service, the maximum annuity being thirty-five fiftieths. Before ten years of service had been completed there was a gratuity not exceeding one month's pay for each year of service, a gratuity not exceeding three months' pay for every two years of service or a life annuity not exceeding one-fifth of his average salary during the last three years if the contributor was required to retire on account of severe bodily injury received without his own fault in the discharge of his duties.

Hon. Mr. DUNNING: That was the original Act?

The WITNESS: Yes. Now, the contributions were payable into the consolidated revenue fund and the benefits were payable out of the consolidated revenue fund. There was no government contribution. There was no fund in the sense of an investment fund; it was a book-keeping entry proposition. Any person retired under sixty years of age and receiving a superannuation allowance might be recalled to the civil service. If such person refused, the allowance was to be forfeited.

In 1873 we had the first amendment to the Act which reduced to one-half the contribution hitherto required. The contributions under the amended Act were reduced to 2 per cent and $1\frac{1}{2}$ per cent for those over \$600 salary and those under \$600 salary respectively. There was, however, no refund of the higher contributions previously paid. There was no reduction in the superannuation allowance of a contributor by reason of the fact that no abatement was paid. In other words, non-contributory service was to count in full without contribution.

In 1875 there was another amendment to the Act. This time the Governor in Council was empowered to reduce the allowance if the head of the department should report that the service of any one retired had not been satisfactory. That, however, was not to apply in the event of ill health.

In 1893 there was a consolidation of the earlier Acts and further amendments. The Act was also amended to exclude from the Act all persons who might be appointed to the civil service after the age of forty-five years. The Act also provided that the contributions of future entrants be increased to 3 per cent and $3\frac{1}{2}$ per cent respectively—that is increased to 3 per cent in the case of those receiving under \$600 salary and $3\frac{1}{2}$ per cent in the case of those receiving over \$600 salary. There was no change in benefits. You can see here that after they had lowered the contributions back in 1873 and that had gone on for some time there was beginning to be a feeling that the fund was not solvent on the reduced basis. There was more appreciation of the liabilities that were being created, and so you have this provision bringing up the contributions again and also excluding from the Act all persons who might be appointed to the civil service after the age of forty-five years. The debates in the House of Commons and in the Senate at that time indicate that the Minister of Finance, and the leader of the government in the Senate believed that on this basis the fund would be self-sustaining at least after a period and it was also expected at that time that there would be no more additions to the civil service, that the only changes they needed to take account of were deaths and retirements.

The Act further provided that a fund be established to be known as the superannuation fund No. 2, to which contributions of future contributors would be credited, and also provided for an annual contribution by the government

[Dr. W. C. Clark.]

was to consist of interest at 6 per cent on the fund. That 6 per cent was higher than the going rate of interest. In the Senate it was referred to as being a 2 per cent subsidy, and in the House it was referred to as being a 4 per cent subsidy from the government. Allowances were to be payable out of this fund.

About the year 1897 you begin to get a more realistic appreciation of the obligations which were being created and of the fact that the legislation would have to be stiffened considerably if it was going to be sound and to continue.

Thus the Act in 1897 was amended to provide for repayment of contributions to anyone dismissed from the public service, together with interest not exceeding 5 per cent per annum. This provision was retroactive and wholly discretionary. It was not a matter of right. Apparently, there was recognition of the fact that there might be an injustice if there was loss of benefits to the civil servant without compensation. That provision, of course, created the anomaly that anyone leaving the service voluntarily for unavoidable personal reasons would have to forfeit all his benefits and contributions unless he could arrange to be dismissed from the service.

Then in 1898 you get the passing of the Civil Service Retirement Act. The old Civil Service Superannuation Act was repealed in regard to future entrants to the service and the Civil Service Retirement Act was passed. This Retirement Act is really a system of forced saving. Provision was made that benefits, granted or to be granted to existing contributors were to be retained, but no new contributors were to be accepted. The Act applied to: (1) To every person hereafter appointed to the civil service; (2) To every person now in the civil service who before the first day of January, 1899, with the consent of the Governor in Council, elects to accept the provisions of this Act in lieu of those of the Civil Service Superannuation Act.

I believe there were some who made that election, although it is a little difficult to see why they should. Under the Act a fund to be known as the retirement fund was established for persons to whom the Act applies.

Now, in regard to contributions and benefits. This time there was a reduction of 5 per cent from the salary of the civil servant and that 5 per cent accumulated at 4 per cent interest compounded half-yearly and was payable on retirement or death in a lump sum. There was no fixed period for contributions. In the event of death in the civil service, the accumulated amount was paid to the legal representatives of the employee, or to such other persons as the Treasury Board might determine. A separate account was to be kept for each contributor. No contributor during his continuance in office was to have any claim or right to any part of the retirement fund.

In 1920 the rate of interest was increased to 5 per cent per annum and in 1933 was reduced again to 4 per cent per annum.

This Act came into force on July 1, 1898 and there are still about 4,000 persons on that fund.

In 1919 came the next step, which was taken by way of an order in council which order in council provided for a retiring allowance for a number of employees then employed in the Department of Public Printing and Stationery, such allowances being graded according to age, length of service and salary received. No further retirements were to be authorized under that order in council. The amount required to pay these allowances is provided in the annual Appropriation Act. There are, I think, about eleven now left under this arrangement.

Mr. GULLOCK: Yes, eleven.

Hon. Mr. DUNNING: You say there are still eleven on that?

Mr. GULLOCK: Yes, as at March 31, 1937.

The WITNESS: Now, we come to the Calder Act; and on page 6 of the material that you have before you you will notice the references to that. In

the years immediately following the war it became obvious that the retention of inefficient employees had assumed intolerable proportions from the point of view of good administration. It was also obvious that payment of full salaries was probably more expensive than the operation of the Superannuation Act, and the result was this Calder Act of 1920 which was extended until 1924 when the Civil Service Superannuation Act was passed. It really was passed in order to facilitate and make effective a complete reorganization of the civil service.

Hon. Mr. DUNNING: Following a very extensive enquiry.

The WITNESS: Yes. Its application was in the first instance limited to one year, but was extended for a further year in 1921 and again in 1922 and 1923; and by the Civil Service Superannuation Act, 1924, was further extended to November 1, 1924.

This Act was applicable to:—

1. Any officer, clerk or employee in the public service who received a stated annual salary;
2. Any officer, clerk or employee continuously employed from year to year for a portion of each year at hourly, daily, weekly or monthly rates of pay, but did not include persons appointed for a temporary purpose or any person whose duties did not require his constant attention;
3. Other officials, recommended by the Civil Service Commission and approved by the governor in council.

Those to be retired consisted of:—

1. All employees sixty-five years or over not rendering good and efficient service;
2. Employees under sixty-five years of age, who by reason of advancing age, failing health, physical disability, lack of experience, or lack of employment were not capable of rendering or did not render efficient service.

The benefits were:—

1. One month's notice and one month's salary gratuity or two month's salary gratuity in lieu of notice;
2. If forty-five to fifty-nine years of age with twenty years continuous service, or if sixty years of age or over with ten years continuous service, a life annuity of one-sixtieth of average salary for the last three years, for each year of service, with a maximum of thirty-sixtieths.
3. Officials not eligible for annuities were granted gratuities in addition to those mentioned in subsection 1 above, if they had served continuously for five years or more as follows:—
 - (a) if fifty-five years or over, one month's salary for each year of continuous service to a maximum of eight months' salary;
 - (b) if fifty to fifty-four years of age, one month's salary for each two years of continuous service to a maximum of six months' salary;
 - (c) if forty-five to forty-nine years of age, one month's salary for each four years of continuous service to a maximum of four months' salary.

It was further provided that such payments might be increased to twice the amount, if the employee was retired on account of physical disability or protracted illness, if recommended by the employee's department and the Civil Service Commission.

The employee made no contribution for the above benefits and, in addition to them, was refunded his contributions to the retirement fund, if a contributor thereunder.

[Dr. W. C. Clark.]

Payments were originally charged to salary votes, but an amendment in 1921 provided for payment from consolidated revenue fund.

I shall leave the Civil Service Superannuation Act for a moment and come back to that later, and I shall go on to an Act which was passed in 1927 entitled "The Civil Servants Widows Annuities Act." The Act was passed by parliament on April 14, 1927, to provide benefits to widows of contributors to the old Superannuation Acts. The benefit requirements were:—

1. Death or retirement of contributor prior to January 1, 1925;
2. Marriage prior to January 1, 1924.

The benefit was one-quarter of the annuity the contributor was receiving or eligible for at the time of death. The object was to give to widows of contributors under the old Acts the same benefits they would have received under the new, if their husbands had elected thereunder without payment of additional contributions.

Hon. Mr. DUNNING: How many are under that now?

Mr. GULLOCK: There are 421 widows.

Hon. Mr. DUNNING: 421 widows. That is going down now.

Mr. GULLOCK: Yes. We have handled about all the cases.

The WITNESS: Now, we come to the Civil Service Superannuation Act of 1924 which is now the main instrument under which superannuation is administered. This followed a report of a special committee of the House on civil service matters.

Hon. Mr. DUNNING: The Malcolm committee. Members will remember the Malcolm committee or they will have heard of it.

The WITNESS: Perhaps it might be of interest to refer to one or two sections in their report. One of the opening statements reads as follows:

It is admitted by all who have investigated Civil Service conditions, not only in Canada, but in other countries as well, that the superannuation scheme is an essential part of the regulative machinery. This conclusion is in accord with the experience of private corporations in dealing with large groups of employees.

Hon. Mr. DUNNING: I would like to call attention to the size of the report of the last parliamentary committee which investigated this matter.

The WITNESS: They referred to the Acts up to 1898 as being defective in failing to provide for the continuance of a percentage of the retired employee's allowance to his widow or minor children after his death, or an allowance to his widow and children in the event of his death in service prior to retirement; and in failing to provide for the return of any portion of the employee's contributions on his voluntary retirement from the service. The earlier Acts were also defective it was stated, in permitting in some cases an arbitrary addition to the actual period of service for the purpose of computing the allowance of a retiring employee. "This provision appears to have been abused and a Bill repealing this provision has been presented at the present session."

Then referring to the changes that took place in 1898, it says:—

In 1898, The Superannuation Act was replaced, so far as new entrants were concerned, by the so-called Retirement Act under which contributions of 5 per cent of the salary are required to be made by employees entering the service after April 1, 1898, which contributions have been accumulated at 4 per cent interest up to January 1, 1920, and at 5 per cent since that date. Under this Act, the accumulated contributions are payable to the employee on his retirement, or to his estate or to such persons as the Treasury Board determines in the event of his death while in the civil service. This Act is effective in providing for no contribution by the

government to the employee's retiring allowance, and in providing for a lump sum payment instead of annual allowance.

Then it goes on to give in one paragraph its conclusion in regard to the general principles that underlie a civil service superannuation scheme:—

The general principles on which modern superannuation schemes are based appear to be fairly definitely agreed upon. The basis most favoured is that under which both the employees and the employer contribute to the support of the scheme, the entire cost as a rule being borne approximately equally by both. The benefits provided for include allowances on retirement after attainment of a stipulated age; allowances to widows and minor children in the event of the death of the employee during service or after retirement, the widow's allowance being usually one half of the employee's allowance; and allowances to the employees on retirement from disability regardless of age. There is also usually provision made for the return of the employee's contributions without interest in the event of his voluntary retirement after a minimum period of service has been rendered.

Your committee is of the opinion that the adoption of a superannuation scheme substantially on the lines of that above described would remove one of the greatest deterrents to efficiency and curtailment of staffs in many of the departments of the public service and it therefore recommends that such a scheme be adopted by parliament at the earliest possible date.

That is the substance of the previous Committee's recommendation in regard to superannuation.

Now coming to the Act of 1924.

Hon. Mr. DUNNING: Resulting from that report.

The WITNESS: Resulting from this report. The Act was enacted on July 19, 1924. The period of election for eligibles then in the service was fixed at one year, extended for a further year in 1925 and again extended in 1927 to July 19, 1927.

I think the difficulties indicated by that experience would be apparent to everybody. It was very difficult to get decisions in a short period, or any period you might name, and you will always be asked to extend the period more or less indefinitely.

Hon. Mr. DUNNING: At this point, Dr. Clark, I think it would be well to get into the record the results numerically of that election; that is, the exact situation as it now is with respect to those under the present Civil Service Superannuation Act, those who still remained under the Retirement Act, not having elected to come under the new Act; because, as the discussion proceeds, and as we call witnesses, problems relating to those who did not elect will undoubtedly be put before the committee. All of us have had representations made, and perhaps it would be a convenient place to put the numbers on the record.

Mr. McCANN: We have not only the numbers but the percentage.

Hon. Mr. DUNNING: Yes, I think we have those. We have the numbers anyway.

The WITNESS: In the public accounts for the year ending March 31, 1937, at page 97, you will see a table showing the number and the total annual salaries of civil servants under these various Acts.

As of that date, there were three still on the old superannuation fund, number one; that is, the 1870 Act. There was one on superannuation fund number two.

Mr. GULLOCK: That is the 1893 Act.

[Dr. W. C. Clark.]

Hon. Mr. DUNNING: Yes.

The WITNESS: There were 23,736 under superannuation fund number five which is the 1924 Act. On the retirement fund, that is, the 1898 Act, there were still 4,175.

Hon. Mr. DUNNING: Who did not elect and who now cannot elect to come under the present Act?

The WITNESS: Yes. The total under all of these funds is 27,915; that is, as of a year ago to-day.

The salaries under superannuation fund number one were \$7,080. That is for the three who are still on. On superannuation fund number two \$1,740. On superannuation fund number five \$42,897,741; and on the retirement fund \$7,160,259, making a total for the 27,915 employees of \$50,066,820.

We have not the percentages worked out, but this may throw some light on Dr. McCann's question. On the retirement fund in 1924-25 there were 14,856. In 1925-26, 10,111. About 4,700 have been eliminated or disappeared for other reasons. 1926-27 there were 6,967. 1927-28 there were 6,095. Then it dropped gradually to a figure of 4,175 which I gave you as existing on March 31 last.

The Act of 1924 applies to civil servants who elected to become contributors during the above period and to other persons appointed as permanent civil servants after July 19, 1924, if otherwise eligible.

If you look at the Act, you will find it is in five sections: Part one dealing with the superannuation fund proper; part two those who elected from the old retirement fund group; part three those who elected from the old Superannuation Act; part four those who elected but were not on any of the old Acts, and part five to a certain group of temporary employees who, to all intents and purposes, were permanent.

Now to go to the body of the Act itself. The eligibility requirements were three:—

- (1) Permanent appointment to a position of undetermined duration;
- (2) Stated annual salary of at least \$600;
- (3) Full time service. Section 2, sub-section b-2 reads:—

who is required, during the hours or period of his active employment, to devote his constant attention to the performance of the duties of his position and the conditions of whose employment for the period or periods of the year over which such employment extends preclude his engaging in any other substantially gainful service or occupation.

Contributions for current service: 5 per cent of compensation for not more than thirty-five years.

For past service: past service counts to extent of one half unless 5 per cent contributions with simple interest at 4 per cent is paid. In other words, they could elect to pay for all of their back service by paying the 5 per cent contribution and 4 per cent interest. If they did not elect to do that, then they could not buy any back service, but were given one half of their service.

BENEFIT REQUIREMENTS

Retirement must be for:—

- (a) Age (65 or over).
- (b) Physical or mental incapacity.
- (c) Abolition of position.

And now the benefits themselves. Take, first, *after ten years' service*.

1. Life annuity to contributor—One-fiftieth of average salary multiplied by the number of years of service, but not exceeding thirty-five years. The average salary is based on the period prior to retirement as follows:—
 - (a) all contributors to the old Superannuation Act, the last three years;
 - (b) all permanent appointees prior to July 19, 1924, the last five years;
 - (c) permanent appointees thereafter, the last ten years.

It is more fully outlined in the sections which I referred in the brief there under (a), (b) and (c).

2. *Refund of contributions*.—On voluntary withdrawal or dismissal (for causes other than misconduct) return of contributions without interest. That is after ten years' service.
3. *Widow's annuity*.—On death of contributor before or after superannuation or retirement, one-half the allowance for which the contributor was eligible. The widow's annuity ceases on re-marriage.
4. *Children's annuities*.—Payment may be made until age 18 as follows:—
 - (a) Each child 10 per cent of contributor's annuity;
 - (b) Maximum for one child \$300 and for all children 25 per cent of contributor's annuity;
 - (c) Benefits may be doubled for orphan children.
5. *Dependent's allowance*.—If a contributor dies in the Civil Service and leaves no widow and no child under eighteen years of age, an allowance may be granted to the dependent or dependents of an amount not exceeding the amount of contributions made by the contributor without interest. "Dependent" means and includes the father, mother, brother, sister and child of a contributor who is at the date of death of the contributor dependent upon the contributor for support.

All this relates to civil servants who have had at least ten years' service.

Less than 10 years service

Now take the cases of those with less than ten years' service.

1. Gratuity not exceeding one month's pay for each year of service. Same payment to widow in event of death, or if no widow to guardian of children under 18 years, if any.
2. On being required to retire on account of marriage, a gratuity not exceeding the amount of contributions without interest may be granted.
3. If the contributor dies in the service and leaves no widow or child under eighteen years of age, a gratuity may be granted to the dependent or dependents of an amount not exceeding the amount of contributions without interest.

With the above exception there is no provision in the Act for a return of contributions or other benefits to contributors who have had less than ten years of service. Briefly, those are the main provisions of the Act.

Perhaps I should say a few more words about the fund itself and then perhaps about the administrative structure. The fund, as you know, is not an invested fund in the sense that you have an investment committee exercising control over contributions made to the fund by employees and by the government and in investing those proceeds in securities. It is merely a bookkeeping account. The account is credited with (a) contributions made by civil servants; (b) contributions made by the government; and (c) with interest at 4 per cent on the monthly balances. The account, of course, is debited with any payments to beneficiaries and any refunds of over-contributions.

[Dr. W. C. Clark.]

In regard now to the administrative set-up, there are five or six individuals or authorities that come into the administrative picture. In the first place, take the department itself in which the employee is engaged. If you turn to the regulations which immediately follow the summary of the Act of 1924, you will find the duties of the department summarized pretty well in Regulation number one.

Mr. MUTCH: What page?

The WITNES: The page is unnumbered. It is the first page of the regulations immediately following the summary of the Act of 1924.

Mr. W. C. RONSON (Dept. of Finance): It is after the Act itself.

The WITNESS: Regulation number one is as follows: —

1. (a) The Minister of the Department concerned shall report: —

- (1) That the civil servant to be retired is a contributor under the Act, is eligible, on account of age, disability or other specified cause, to be retired thereunder, and that his retirement would be in the public interest; and shall recommend that he be granted the allowance or gratuity provided by the Act.
- (2) Where payment is recommended to the widow and, or, dependents of a deceased civil servant, that the deceased was a contributor under the Act, and shall recommend payment of the allowance or gratuity provided by the Act.

(b) There shall be attached to the report of the Minister: —

- (1) A statement signed by the deputy minister, counterchecked by the auditor general, in the form of the appropriate schedule hereto attached, as the case may be.
- (2) Advice, where required by the Act, from the Civil Service Commission that the granting of the proposed allowance will be in the public interest.
- (3) If the retirement be recommended on account of ill-health, the certificate of a qualified medical practitioner on the form of Schedule "J", hereto attached.

If the retirement be recommended on account of abolition of position, a certificate from the deputy head of the department concerned, concurred in by the Civil Service Commission, in the form of Schedule "L" hereto attached.

(4) If the granting of an allowance to the widow and children of a contributor be recommended, the following documents are also required: —

- (a) Marriage certificate.
- (b) Certificate of death of the contributor.
- (c) Birth Certificates of widow and children.
- (d) Declaration from a Minister of a religious denomination or sect, or from a medical practitioner in the form of Schedule "E" hereto attached.
- (e) Any other document which the Treasury Board may require.

That is substantially an outline of the duties of the particular department. You will notice that the Civil Service Commission comes in for the performance of two functions: the Commission is required to certify under Section 9 of the Act that the payment of the allowances will be in the public interest, unless the

retirement is because of age; also the Civil Service Commission is required, in case of the abolition of a position, to certify in the following manner:—

We, having had made a detailed examination of the circumstances connected with the above retirement, certify that in our opinion it has been submitted for the sole purpose of reducing staffs and has not been solicited by the contributor or on his behalf.

I think that will be found on the last form in the list.

The third instrumentality which has to play a part is the Treasury Board which under the Act has to recommend regulations for the administration of the Act, which regulations, of course, have to be approved by the Governor in Council. The regulation section is section eleven of the Act.

The Treasury Board must also recommend all benefits that are paid. Section nine of the Act reads:—

No allowance shall be granted to a contributor under this Act unless the Treasury Board reports that he is eligible within the meaning of this Act, and no superannuation for retiring allowance shall be granted unless the Treasury Board, on the advice of the Civil Service Commission, report in addition that the granting of such allowance will be in the public interest: Provided that the latter report shall not be required if the contributor has attained the age of sixty-five years.

The Treasury Board must also, under section ten, I think it is, recommend any extensions of the service beyond seventy years of age.

The fourth instrumentality is the Governor in Council which has to give formal approval of all these Treasury Board regulations and recommendations.

Then there is an advisory committee which goes back to an Order in Council which was passed on December 22, 1928. I think I will read that Order in Council because it not only gives the constitution of this advisory committee, but it also gives very briefly the reasons why Council felt an advisory committee was desirable:—

“The Committee of the Privy Council have before them a report dated December 1, 1928, from the Minister of Finance stating that requests have been made from time to time by reports of various civil service organizations that a committee on superannuation be formed to discuss questions arising under the administration of the Civil Service Superannuation Act. Discussions have taken place between the officials of the Department of Finance and representatives of the principal civil service organizations, resulting in a memorandum setting out the conditions upon which the proposed committee might be organized and operated.

In the opinion of the Minister an advisory committee would facilitate the administration of the Superannuation Act, and would promote a better understanding of the provisions and administration of the Act among civil servants generally.

The Minister recommends that authority be granted as follows:—

- (1) For the establishment of an advisory committee on the Civil Service Superannuation Act;
- (2) That the committee be composed of ten persons, five representing the administrative side and five representing the employees' side;
- (3) That the members of the committee representing the administrative side of three officials of the Department of Finance, one official of the Department of Justice, and one official of the Department of Insurance to be nominated in writing by the deputy heads of the respective departments for such terms as such deputy heads consider advisable;

[Dr. W. C. Clark.]

- (4) That the representatives of the employees' side be nominated for such terms as the respective organizations consider advisable, as follows:—

Civil Service Federation, one member;
 Civil Service Association, one member;
 Professional Institute, one member;
 Postal Workers, one member;
 Amalgamated Civil Servants, one member;

the said representative to be duly accredited by written authority from their organizations.

- (5) That the functions of the committee be as follows: To act in an advisory capacity, reporting to the Treasury Board in respect to the following:—

- (a) Questions of a general nature in connection with the administration of the Act;
 (b) Specifically questions which may be referred to the Treasury Board; and
 (c) Proposed amendments to the Act and the Regulations.

The committee concurred in the foregoing recommendations and submit the same for approval."

This is P.C. 2232, dated December 22, 1928. That committee has had a great deal of experience in the actual administration of the Act. They have performed a very important function in the last ten years, and I think, Mr. Chairman, that that committee will probably have some recommendations to make to you, and you may desire to hear their recommendations and any evidence which they may care to submit.

The sixth instrumentality involved in the administration of the Act is the Finance Department proper, which is the immediate administrative arm. It keeps the records of the individual contributions and the annuitants, and so on; it keeps the fund and does the accounting; it pays, of course, the benefits and the allowances, and it has to make the annual report to parliament which is required by the Act.

I think that gives very briefly a picture of, first, the background of the legislation, and then a much briefer summary, perhaps, of how the Act works to-day.

I should have mentioned the function placed on the Auditor-General as well. Each of the schedules is counter-checked by the Auditor-General, and all payments are pre-audited.

Mr. MALLETTE: Mr. Chairman, may I ask one or two questions?

The CHAIRMAN: Yes.

By Mr. Mallette:

Q. Are there any married women in the civil service?

Mr. RONSON: There is a regulation that there shall not be.

The WITNESS: I am not familiar with all the personnel of the civil service. I do not think I am the proper person to answer that question. In any case, there is a regulation that married women shall not be appointed to the service.

By Mr. Mallette:

Q. You cannot say whether or not there are any married women in the service?—A. No.

Mr. MALLETTE: Mr. Chairman, there was a reason why I asked that question. There is a rumour about that there is a certain number of married women

employed. There may be nothing wrong with that, but if there is provision in your Act for widows, I was thinking of the poor widower.

By Mr. Pottier:

Q. I know of a large number of persons employed in the marine service on the Atlantic coast in connection with the Department of Marine, and they are not under the Superannuation Act; there is no provision for them. How does that come about?

Mr. GULLOCK: I understand those people are the so-called prevailing rates employees and are paid salaries which are not stated annual salaries; therefore, they are not eligible to become contributors.

By Mr. Mutch:

Q. There are a number of persons in the civil service who have been described sometimes as non-permanent employees. I have in mind the case of a woman who has been thirty-five years in the service, but, as I understand it, she has never been able to come under the superannuation scheme by virtue of the fact that she is not permanent. I am wondering if that condition is a general one?

Mr. RONSON: Do I understand the question to be as to the number of temporary employees who might be eligible under the Act but who are not by reason of the fact that they are temporaries?

Mr. MUTCH: Yes. I do not want to get all of them. I had them described to me once by the commission as permanent-temporaries.

Mr. RONSON: We sometimes call them continuing temporary employees.

Mr. MUTCH: Yes; those are the ones of whom I am thinking.

Mr. RONSON: I could not give you the exact number, but there have been perhaps as many as one thousand to thirteen hundred persons of that character whose employment has been more or less continued in the public service. However, I am not able to give you the exact figure at the moment.

Mr. MUTCH: But it is a large number, in any case?

Mr. RONSON: Yes, it is a large number. Of course, you will appreciate this; that there are temporaries coming on and going off in the public service all the time. Some of them may stay on for two months, three months, or six months, while some of them might stay on for ten years; so that it is hard to draw a line and say what should constitute a continuing temporary and a purely temporary employee.

Mr. McCann:

Q. What factor enters into the determination of who shall be a permanent employee and who shall be a temporary employee?

Mr. RONSON: In the first instance, the department. It is a decision of the department as to whether the job is of a permanent character or not.

Mr. MCCANN: The job or the individual?

Mr. RONSON: Simply the job.

Mr. HEAPS: I would like to ask Dr. Clark a question arising out of his report presented here this morning. Could he tell me, when various changes were made in the financial set-up of the superannuation fund, whether at those times or at any other time a survey was made as to the actuarial soundness of the superannuation fund?

The WITNESS: That is the same question, Mr. Heaps, that was asked or touched upon earlier today, and it was, I think, decided to leave over the question of the financial position of the fund, or the financial soundness of the fund until a little later. I might say that the Treasury Board has been making

[Dr. W. C. Clark.]

a census of the civil service, getting a precise and accurate compilation of the people in the various categories: permanent-temporaries, prevailing rates employees, and so on—all these various classes with their ages, rates of pay, periods of service, etc. Now, that census is not yet available. We are hoping to have it available in the course of the next two weeks. And, of course, it has a very direct bearing in determining the position of the fund, also the advisability of making any amendments that are recommended by various people to the present Act, which do involve further burdens on the fund; and we would prefer, if you do not mind, to have a discussion on the financial position of the fund, the whole question of solvency, at a little later date when we have more details.

Mr. HEAPS: I did not want to go into the question of whether the fund was or was not solvent, because I do not know anything about it. I just wondered if on previous occasions when the superannuation fund set-up was changed, whether at that time when those changes were made—

The WITNESS: Not so far as I know in the past. In recent years there have been reports on the fund. What to do with that will be discussed at a later date. But in connection with these earlier changes in the Act, I do not think they were based on any actuarial determination of the fund itself or of any additional burdens thrown upon it. Perhaps Mr. Finlayson could say more about the background of that than I can.

Mr. FINLAYSON: I am afraid I am not very familiar with the changes to which Mr. Heaps refers.

The WITNESS: As I understood the question, it was: Is it true that when parliament passed, say, the original Act in 1870, and when it made these various changes in '73, '75, '93 and '98, were any of these things done as a result and on the basis of an actuarial examination?

Mr. FINLAYSON: I do not think so. I think the Act simply provided for certain contributions, and the government undertook to supply whatever else was necessary.

Mr. HEAPS: Without any regard as to whether it was sound or otherwise?

Mr. FINLAYSON: I think so.

Mr. BRADETTE: Mr. Chairman, I should like to be enlightened on the procedure followed in regard to widows' annuity which is described on page 2 as follows:—

On death of contributor before or after superannuation or retirement, one-half the allowance for which the contributor was eligible. The widow's annuity ceases on re-marriage.

I believe that last part would be a good thing for this committee to discuss. I would like to see that section of the Act changed very drastically. Of course, I am not a family man, but I do not see the reason why a woman who remains a widow should be entitled to superannuation, but loses it if she re-marries. I do not know why she should be penalized for re-marrying. I have heard some social workers discussing this problem, and I believe this is the forum where this matter should be threshed out thoroughly. I think the members will realize that here there is an anomaly. If the woman remains unmarried, she continues to receive compensation, naturally; but if she gets married again she is penalized. I have no doubt that as a result of this section some people have refrained from getting re-married as soon as they might have done and others who might not have re-married at all on account of some financial benefits they were receiving.

The CHAIRMAN: As that has gone on the record now in the form of a suggestion that might be kept in mind by the officials and discussed at a later stage, would that be satisfactory, Mr. Bradette?

Mr. BRADETTE: Yes.

Mr. LOCKHART: In connection with the list that is to be submitted at a later date, will there be a statement of those who did not elect to go on superannuation as permanent employees? That will be segregated in order that we will be in a position to appreciate the number who are in the service?

Mr. RONSON: Yes.

Mr. BLANCHETTE: In connection with the question raised by Mr. Bradette, it would seem to me that there may be cases of women who are supporting sick husbands or who are the only support of their family. In those cases, I do not see any serious objection to having them employed, rather than having them on relief.

Mr. RONSON: They are exempt. They may be employed.

Mr. MUTCH: Dr. Clark, in connection with the consolidation of regulations, under 4 we have the various documents required, and in the last general one it says "any other document which the Treasury Board may require." I wonder if the doctor has any knowledge as to what type of thing is usually covered by that?

The WITNESS: There may be certain cases arising out of the problem of dependents, where the Treasury Board may want to have further information of some sort to establish or confirm the contention that is being made. It would be impossible to lay down a general rule. It would be related to the particular circumstances of the individual case.

By Mr. Mutch:

Q. That is what I was trying to get at, what type of thing you were referring to?—A. It usually arises out of dependency.

Q. Would it include men who joined illegal unions, or something of that nature? Would that cover that type of thing? There have been times when men were not as free as they are now to associate themselves with unions or groups of men?—A. Oh, absolutely not. It relates to what constitutes dependency in an individual case.

The CHAIRMAN: It is just a general regulation providing the Treasury Board with power to secure additional information.

The WITNESS: You may have a case where on the record that has been submitted you do not know whether the person for whom the benefit is being claimed is dependent or not. The Treasury Board may ask for further information, a further document to establish that.

Mr. MUTCH: Thank you.

The CHAIRMAN: Is there anything else you had in mind, Dr. Clark, of which the committee should be advised to-day?

The WITNESS: No, I had not anything specially in mind.

The CHAIRMAN: Mr. Finlayson has no evidence to give to-day.

The WITNESS: Have you anything to add, Mr. Finlayson?

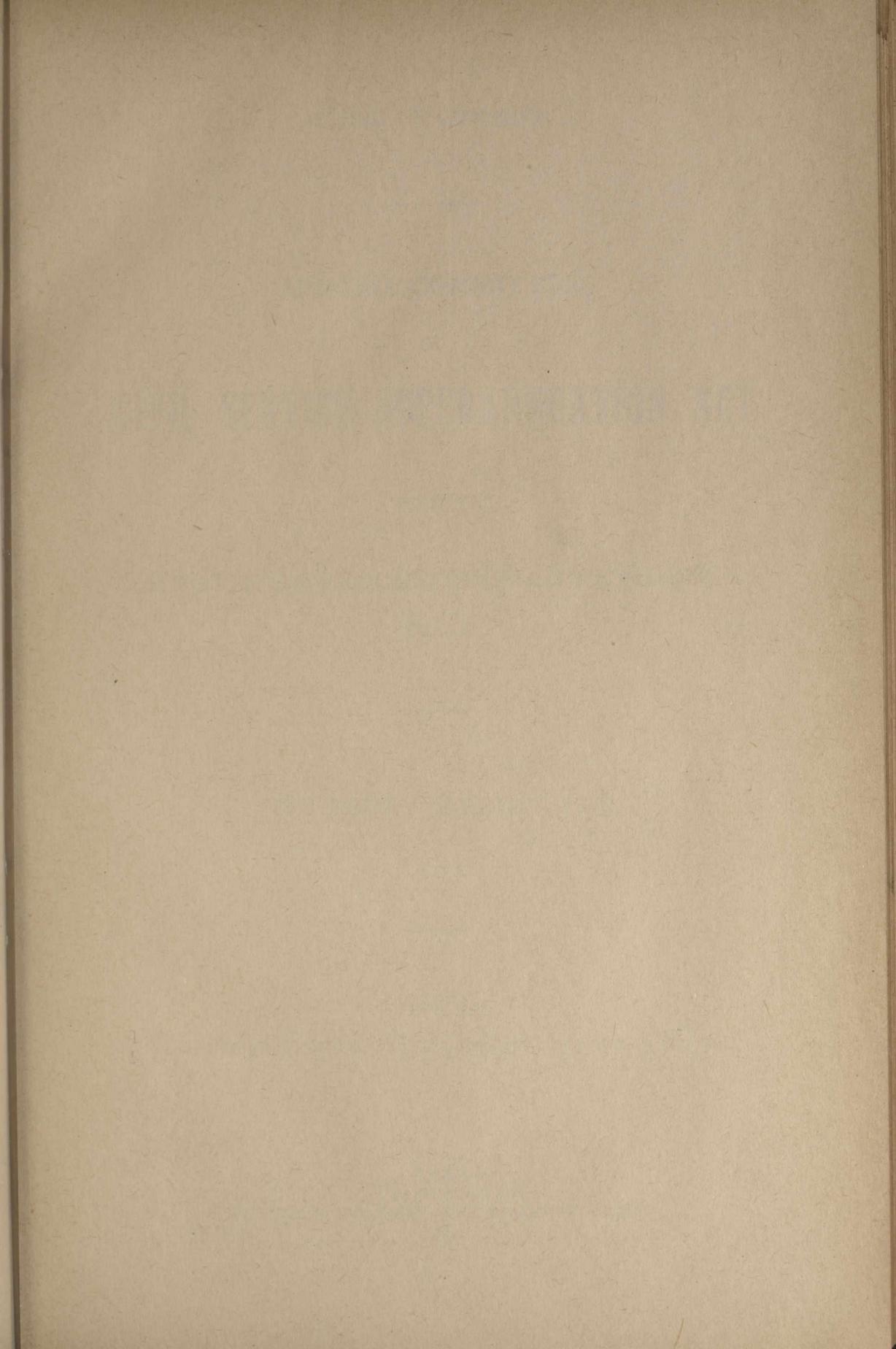
Mr. FINLAYSON: No, Mr. Chairman, I think Dr. Clark has completely covered the field by way of an historical review. I do not think I have anything to add to what he has said.

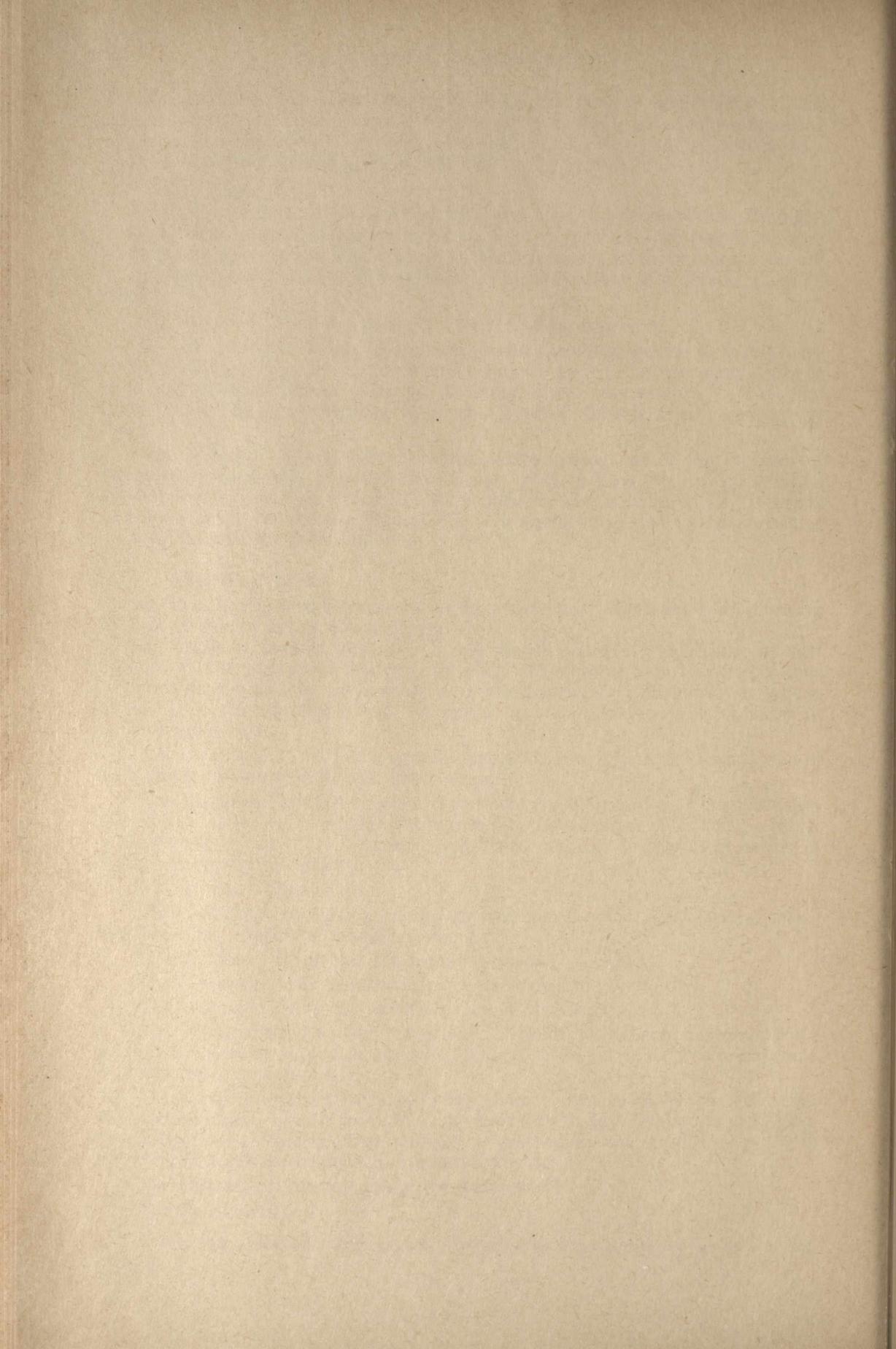
Mr. BRADETTE: Mr. Chairman, I beg to move, seconded by Mr. McCann, that the committee ask for leave to print, from day to day, 500 copies in English and 200 copies in French of its minutes of proceedings and evidence, and that Standing Order 64 be suspended in relation thereto.

The CHAIRMAN: Are you ready for the motion?

Motion carried.

(At 12.40 o'clock the committee adjourned to meet again at the call of the chair.)





SESSION 1938
HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

CIVIL SERVICE SUPERANNUATION ACT

MINUTES OF PROCEEDINGS AND EVIDENCE

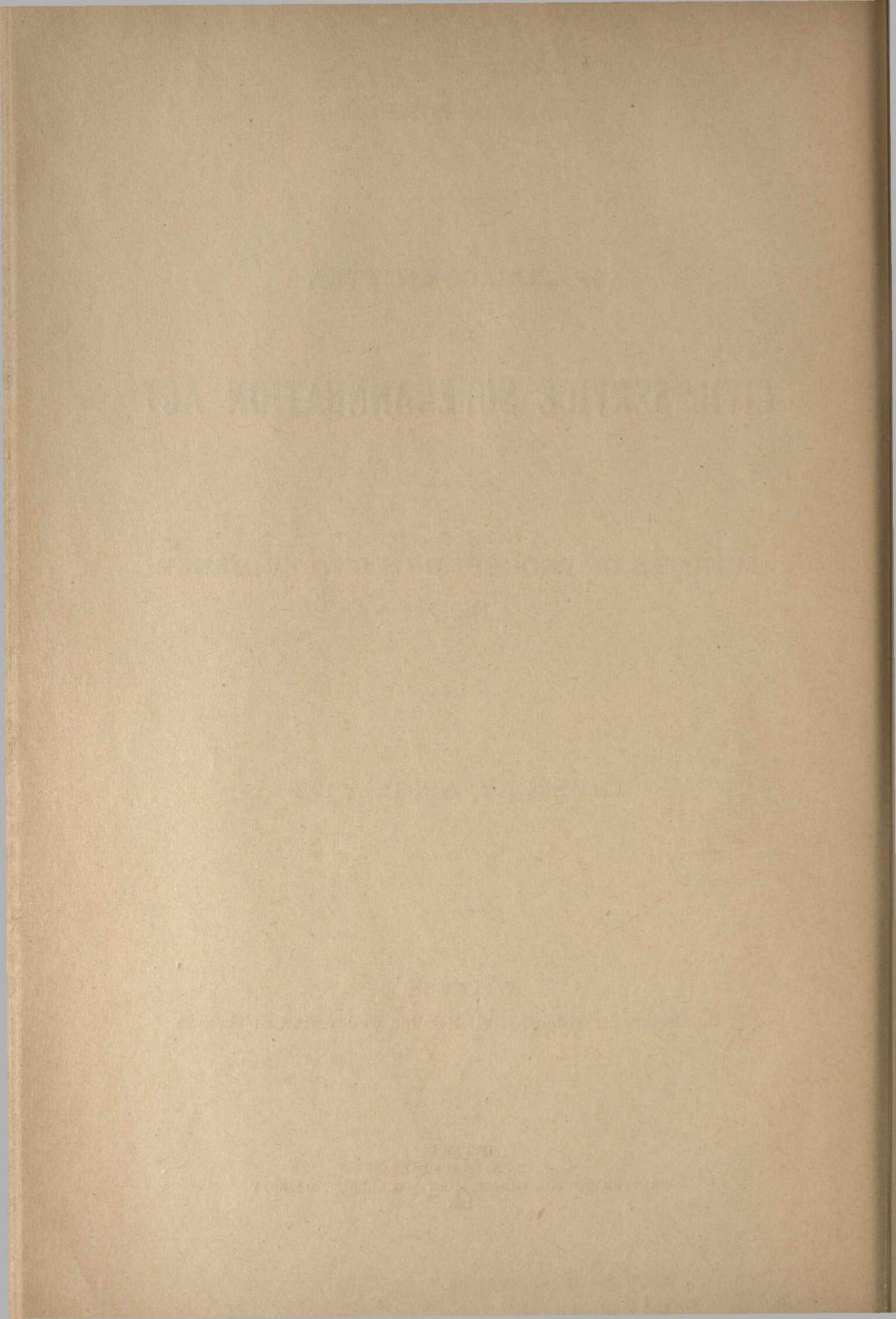
No. 2

THURSDAY, APRIL 7, 1938

WITNESS:

V. C. Phelan, President, Civil Service Federation of Canada.

OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1938



MINUTES OF PROCEEDINGS

THURSDAY, April 7, 1938.

The Special Committee appointed to enquire into the terms and operation of the Civil Service Superannuation Act met this day at 11 a.m. Mr. McLean (*Melfort*), the Chairman, presided.

Members present: Messrs. Anderson, Baker, Blanchette, Bradette, Davidson, Dunning, Franceur, Hansell, Heaps, Hill, Lockhart, McCann, McLean (*Melfort*), Mallette, Mutch, Pottier, Wood.

In attendance: Dr. W. C. Clark, Deputy Minister of Finance; Mr. W. C. Ronson, Assistant Deputy Minister of Finance; Mr. G. L. Gullock, Chief of the Superannuation Branch, Department of Finance; Mr. V. C. Phelan, President of the Civil Service Federation of Canada, and Miss E. L. Englis, 1st Vice-President of the Civil Service Federation of Canada.

Before calling the first witness, the Chairman drew the attention of the Committee to the fact that the name of Mr. Mallette was accidentally left off the list of those members who were in attendance, in the minutes of proceedings of the previous meeting on Thursday, March 31, 1938.

Mr. V. C. Phelan, President of the Civil Service Federation of Canada, was called, sworn and examined.

Mr. Phelan retired.

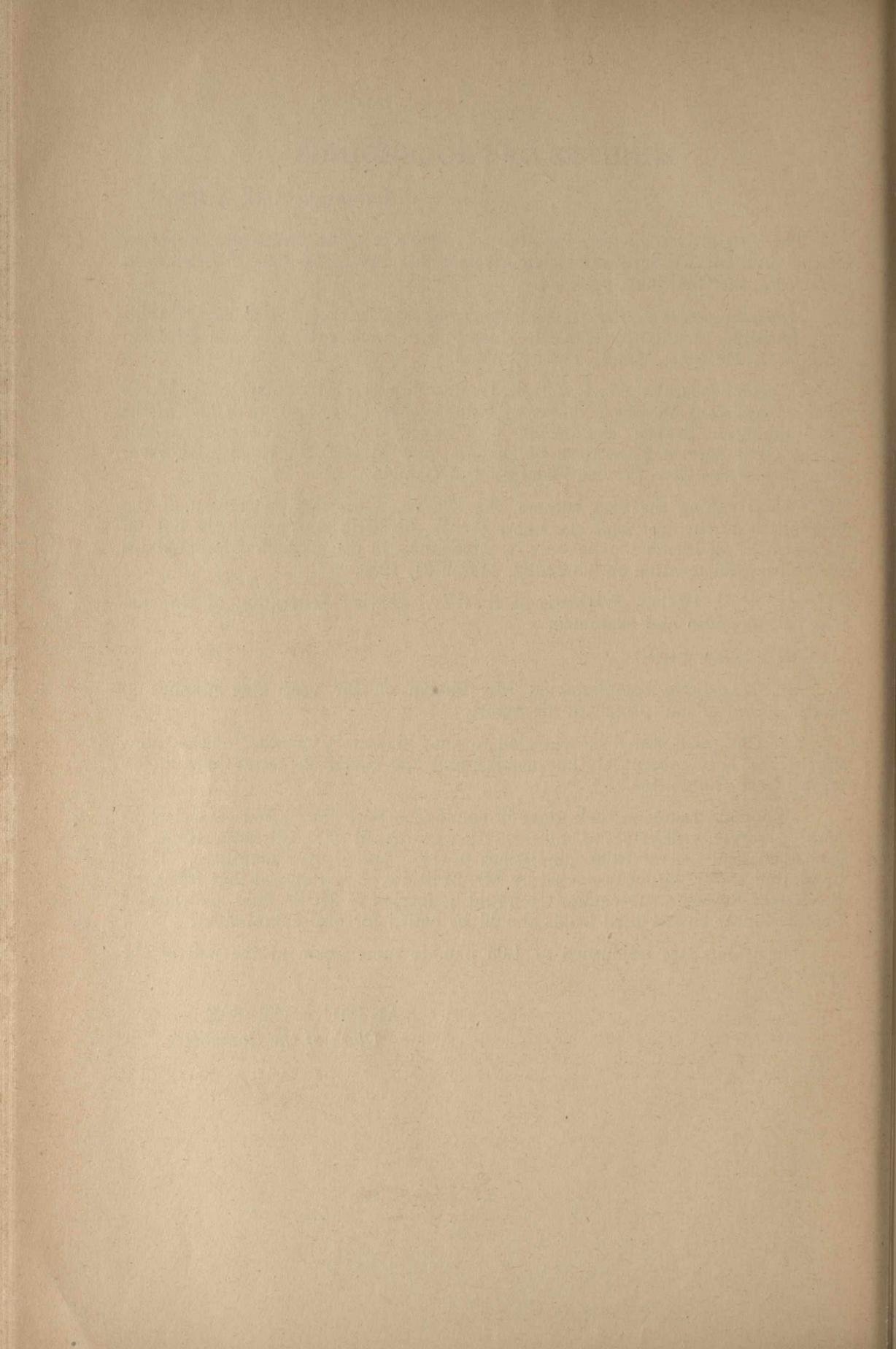
Mr. Blanchette complimented Mr. Phelan on the very able manner in which the latter had presented his report.

The Chairman stated he was glad to note that every member of the Committee had been present at this meeting and had taken an active part in the work of the Committee.

A general discussion took place in connection with the various associations of civil servants desiring to appear. It was agreed that all associations be invited to send their written submissions to the Clerk of the Committee. Then, on motion of Mr. Mutch seconded by Mr. Mallette, it was agreed that following the Easter Recess, a sub-committee would be formed to decide what associations or individuals having filed briefs should be called for oral submissions.

The Committee adjourned at 1.05 p.m. to meet again at the call of the Chair.

ANTOINE CHASSE,
Clerk of the Committee.



MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 297,

April 7, 1938

The Special Committee to inquire into terms and operation of the Superannuation Act met at 11 o'clock. Mr. Malcolm McLean, the chairman, presided.

The CHAIRMAN: Gentlemen, there is a quorum and we had better proceed. The minister, Mr. Dunning, is expected to be here, but I do not think he would even suggest that we delay proceeding with the committee for him. This morning we are to hear Mr. V. C. Phelan, president of the Civil Service Federation of Canada, and he is the only witness we are to hear this morning.

MR. V. C. PHELAN, SWORN

The CHAIRMAN: Now gentlemen, I understand it is the intention of the committee to allow this witness to tell his story with the least possible amount of interruption and that questions shall be asked after he has finished reading his brief.

I understand from the clerk of this committee that the name of Mr. Mallette was accidentally left off the list of those members who were in attendance at our last meeting. Mr. Mallette was present.

To the Chairman and Members of the Special Committee of the House of Commons on the Civil Service Superannuation Act:

The WITNESS: The Civil Service Federation has fifty-two affiliated organizations, some national, some local, with membership in various branches of the public service, both at Departmental Headquarters in Ottawa and throughout the provinces. On behalf of these members we wish to express a word of appreciation of this opportunity of presenting to your Committee their views on the Civil Service Superannuation Act, particularly with reference to possible amendment thereof.

While enumerating in the present memorandum the list of amendments which we would propose, we have not sought to be exhaustive in our supporting argument. With the indulgence of the Committee, it is proposed to verbally supplement statements contained in this memorandum in some particulars.

The amendments in the present superannuation system which we propose, and which we respectfully submit to the Committee with an earnest plea that they be sympathetically considered, are as follows:

Mr. Chairman, might I point out that what we are proposing here are certain amendments in the present superannuation system. We should like to have it understood, however, that we are not at all unmindful of the benefits which the present Superannuation Act has conferred on the civil service, and we are not undertaking, of course, any general criticism of that Act. If we have refrained from mentioning in our memorandum the feelings that we have toward the general set-up that is only because we take it that the committee would in any event assume that we are strongly in favour of the Act both in principle and in practice, and what we have to deal with are matters which are of minor importance by comparison with the Act in general.

Extension of the Act

- (1) That those who previously failed to elect to come under the Act, prior to the expiry of the right of election at July 19th, 1927, but were then eligible to do so, be now given further opportunity to so elect.

The right to elect to come under Superannuation extended in the original Act to July 19th, 1926; by an amending Act of 1927, the date was further extended to July 19th of that year. Nevertheless, some thousands of Civil Servants, then eligible to elect to come under the terms of the Act, failed to do so. From information which we have received it would appear that most of those who refrained from electing previously would now elect if given a further opportunity.

The reasons for failure to elect to come under the Act were numerous, but undoubtedly an important consideration was this, that the terms and conditions of the Act were not clearly understood, particularly outside of the City of Ottawa, and in many cases Civil Servants were misled by their fellows who tendered ill informed advice. Further, in the main those who refrained from electing were contributing to the Retirement Fund, which in 1927 carried compound interest on contributions at the rate of 5 per cent per annum: subsequently, this interest rate was decreased to 4 per cent.

That I might mention was about 1933 or 1934. I think it was 1933 if I am not mistaken.

Mr. GULLOCK: 1933.

The WITNESS: Making a marked difference in the calculations for their future of those who had decided not to come under Superannuation. In addition, many felt that they would not be retired from the Civil Service at as early an age were they to remain under the Retirement Fund, but an important change in the practice in this respect also now denies the Retirement Fund contributors any special consideration as compared to those under Superannuation. In view of these basic changes, in view of the fact that undoubtedly there was misunderstanding of the terms and provisions of an involved statute, and because it is our opinion that an Act of this nature should cover all those eligible to come under it to be fully effective even from the viewpoint of the Government, we suggest that now a further opportunity be given to those who failed previously to elect. We would suggest that the Act be re-opened for a period of one year.

Mr. Chairman, I would like to emphasize that point with regard to the change in interest rate on the old retirement fund—a reduction from 5 per cent interest which has been in effect for some seventeen years, up to 1933—the reduction of that 5 per cent interest rate to 4 per cent over a period say of twenty-five to forty years' service makes quite a substantial difference in the accumulated savings which a civil servant remaining under that old Act would have to his credit at the time of his retirement.

By Hon. Mr. Dunning:

Q. That was not made retroactive?—A. It was not made retroactive, but it was put into effect in 1933 as regards the future.

Q. Oh, yes; but I understood you to say it would affect the whole of a man's period?—A. Oh, no. That is quite right. I am not suggesting that it was made retroactive it was only from 1933 forward. However, it not only affected his future contributions, it also affected his accumulations at the date the interest rate was reduced.

Then on the subject of misunderstanding of the Act might I point this out, that the Civil Service Superannuation Act has required a great many rulings of the Department of Justice to clarify it which of itself will indicate that the Act is quite an involved statute, and civil servants, particularly those outside of Ottawa where they do not have such easy access to persons in a position to give them accurate information on the subject of the Act, in a great many instances were misled either by chance remarks or incorrect information which was given to them by the people whom they trusted and who, perhaps, knew as little about the Act as they did themselves; and, misunderstanding the Act, many people failed to elect to come under its terms and conditions.

[Mr. V. C. Phelan.]

Q. About 4,000 was it not?—A. There are 4,175 contributed to the old retirement fund, and perhaps most of them, not quite all, but most of them would be eligible to transfer were the Act reopened. In addition I believe there would be some hundreds who would be otherwise eligible to come under the Act but who are not contributing to the old retirement fund. Some long term temporaries would be in that category.

(2) That employees paid on the basis known as "prevailing rates" be permitted to come under the Act.

Employees paid at "Prevailing Rates" have never been given opportunity to come under the Act. There are some thousands of these employees distributed throughout several Departments, who are regular full-time members of the staffs.

As a matter of fact, in some cases they are legally permanent. We believe that the general considerations, both from the viewpoint of the Government and from that of its employees, which prompt having a superannuation scheme for any class of employee, hold equally true in the case of these prevailing rate employees. It would appear that this class was omitted from the Act in the first instance largely because they perform manual work. However, some thousands of those presently contributing to the Fund are likewise performing manual work but are included, and certain it is that the need for superannuation among those employees paid at hourly, daily or weekly rates is not less than in the case of employees paid at annual rates.

One of two schemes might be adopted for bringing prevailing rates employees under the Act, probably depending upon the type of employee: in some cases these employees might be paid on stated annual salaries and brought under the Civil Service Act—and presumably in cases where this scheme would be found practicable such employees would automatically come under Superannuation. In other cases it should be found feasible and desirable to amend the Superannuation Act to include employees paid at prevailing rates, in cases for instance where the change-over to stated annual salaries would be undesirable—and in these cases the Act might be adapted to meet the needs of the situation.

One consideration which ought not to be overlooked in the case of prevailing rates employees is that their wages on occasions move down as well as up—

I do not mean to suggest that they move down and up at the same time; I mean that on different occasions they move down or up as the case may be.

Hon. Mr. DUNNING: I do not think they move down very much.

The WITNESS: Well, in the case of mechanics working for the Public Works department in the city of Ottawa during the depression the rates of pay of those employees were moved down from about 15 per cent to 30 per cent, an average, I believe, of around 20 or 21 per cent; and those reductions go back to 1932 or 1933.

—while the absence of promotion among most groups of these employees has a tendency to keep earnings over a long period of years nearly at a level figure. The consequence of these factors is that, in relation to their benefits, the employees' contributions would probably be somewhat larger proportionately than in the case of, say, clerical services. It should be emphasized that prevailing rates employees would be glad to make the necessary abatements called for by the Act, if given the right to contribute to the Fund. We consider that bringing prevailing rates employees under the Act is one of the outstanding needs of the situation at the moment, and we sincerely hope the Committee may see its way clear to make a favourable report thereon.

Mr. Chairman, may I remark that I hope the committee may have some thought in mind of hearing directly from one or two associations consisting of employees paid at prevailing rates. In the case of the Dominion Government Printing Bureau at Ottawa the employees have asked me to say that they feel that their case may differ in some details at least from the case of some other

prevailing rates employees, and they would much appreciate an opportunity of being heard on the subject of their case. The same, I believe, is true in reference to the employees of the Department of Public Works.

Computation of Service Allowable under the Act:

- (3) That contributors who had non-contributory service for which they did not elect to pay at the time of coming under the Act, be now permitted to pay for such service in whole or in part.

Some contributors refrained from electing to pay for non-contributory service had prior to the coming into force of the Act, and under its provisions were allowed to count one-half of such service without making contribution. In numbers of cases such contributors are now anxious to amend their form of election to pay up full abatements in respect of such non-contributory service. We suggest that there would be no increased cost to the Fund if such contributors be now accommodated in this regard, and we would request accordingly.

May I explain that the point at issue there is, say, a man or woman with ten years temporary service at the time he elected to come under the Act was given the option either of paying up the 5 per cent abatement in respect of the ten year period plus 4 per cent simple interest or in the alternative where nothing at all was paid then five years service or half of the ten years was allowed.

By Hon. Mr. Dunning:

Q. We have credited half of the period without any payments on their own part at all?—A. Exactly. What we are suggesting is that those who received that half time credit free of charge, should they now wish to change their minds, be allowed to pay up the 5 per cent abatement as required by the Act and then be given the credit for the ten years of service instead of the five years with which they now have been credited.

Q. Your suggestion is that there would be no increased cost to the fund. I differ with you there.

Mr. HEAPS: I should think so too.

Hon. Mr. DUNNING: That person has already got credit for five years and he would keep that and get credit for another five years by paying for it.

The WITNESS: By paying for ten years.

Mr. MUTCH: Oh, that is different.

Hon. Mr. DUNNING: You did not say that. That is all right.

Mr. HEAPS: I might point out that if the fund to-day is not on a sound basis, as I have been led to believe, to put more people under the fund would make it more unsound as time goes along.

The CHAIRMAN: The witness is representing that the fund will be in the same position now as it would have been had they paid ten years at that time.

Mr. HEAPS: If you put more people under the fund who have got a length of service to their credit the fund will not become sounder.

The CHAIRMAN: The argument is that the fund will be in the same position as it would have been. The point is quite clear in the brief. The principle as to whether or not we accept it is something for consideration later.

The WITNESS: I hope that the brief does not convey to Mr. Dunning the idea that we are proposing that these people be given credit for a further five years by paying for five years. That is not the intention.

Hon. Mr. DUNNING: Well, it is in the evidence now that it is not your intention.

The WITNESS: No. The intention is that these people be given the right to change their minds and be given the same terms as they could have had initially when they elected to come under the Act.

[Mr. V. C. Phelan.]

- (4) That prior service otherwise allowable had with Dominion Government Departments, Bureaux, Commissions, etc., since dissolved, be allowed on the usual conditions as though such branch of government had not ceased to exist; and that service as "labourer", or in other like capacity, now held to be technically illegal, be allowed similarly.

By ruling of the Department of Justice, some branches of Government which were temporary are not counted as fields of employment in which service is allowable under the Act. It is a question of whether the original intent of the Act was in accord with the ruling on the matter which apparently the Department of Justice finds necessary. Our submission is that civil service with any branch of the Dominion Government should be allowable as service—regardless of whether the branch was temporary or not. We suggest that the distinction between dissolved and continuing branches is purely technical and ought not to stand in the way of this service being counted.

Might I amplify that? During the war, for instance, there was the Hospitals' Commission which subsequently was superseded by the old Department of Soldiers' Civil Re-Establishment or the Department of Pensions and Health. Now, service with the old Hospitals' Commission as we understand it is not allowed as civil service under the Superannuation Act for the reason that that particular institution in its day was purely temporary. We suggest or request that service had with any branch of the government—that is civil service had with any branch of the government be allowed on the usual terms and conditions regardless of whether the particular branch with which the service was had now exists or not.

With reference to certain classes of service called "illegal" by reason of an appointment having been in one category and services in another, we suggest that here again the distinction is technical and ought not to hold. A case of this was in the Post Office Department where many years ago it was a fairly common practice to engage new entrants as "labourers" and subsequently to employ them as letter carriers, postal clerks or railway mail clerks. We feel that such service should be allowed under the Superannuation Act and on the usual conditions.

Mr. Chairman, might I explain that these people many years ago were engaged as labourers. Apparently, that was an easier way of appointing them than going through the usual procedure. Then, in spite of the fact that they were put on the payrolls as labourers they were used as clerks: there was never any intention of using them as labourers. The Department of Justice has ruled, however, that the appointments were illegal because they were not made in the category of work on which the person was to be engaged and consequently, according to the ruling of the Department of Justice, such service being illegal, it cannot count under the Superannuation Act.

By Mr. Mutch:

Q. Has there ever been any provision made to count any of this service?—

A. No.

Q. These men were engaged as labourers, and there has never been any adjustment?—A. No. That is still an outstanding matter.

Hon. Mr. DUNNING: The matter arose particularly because of the fact that, perhaps we may say, the bad old days in that regard are largely over, and many men have since been promoted or now occupy other positions and are under the Act; but the service which they performed in the capacity now being discussed is not counted and cannot be counted for superannuation.

Mr. MUTCH: I have known instances of men who started as ordinary labourers and who have been railway mail clerks since the first day they started.

Hon. Mr. DUNNING: That is the kind of case referred to. They are now railway mail clerks and are under superannuation, but the period of their service during which they were classified as labourers did not stand for superannuation.

Mr. MUTCH: In spite of the fact that they have been railway mail clerks since the first day?

The WITNESS: Yes. There never was any intention that they should work as labourers.

- (5) That periods of Active Service Overseas in the military or naval forces of His Majesty during the Great War be counted as service within the meaning of the Act.

Active Service Overseas has already been allowed in the cases of those who left the Civil Service to enlist and who were on leave during the period of their enlistment. We would ask that the same period of service be allowed to those who were on Active Service but who were not Civil Servants at the time. It is widely believed that Active Service during the Great War had a deteriorating effect upon the men Overseas, and if this be true it seems reasonable to take it into account in this connection in the public service, and to increase the length of service as suggested, against the possibility of returned soldiers having to be retired prematurely. Certain other superannuation schemes, as that for the Mounted Police and for the militia, make provision for War Service counting towards a pension, as we now suggest it should do under the Superannuation Act. Moreover, employment of returned soldiers in the Civil Service has always been considered a measure of post-war re-establishment, and we believe that this idea would be carried through logically by our present proposal, namely, that as an act of grace War Service be allowed for Superannuation purposes.

On that point, Mr. Chairman, regarding our suggesting that service overseas had a deteriorating effect upon the men who served, I might point out that the Act which provides for allowances to veterans—the veterans allowances—is at least a tacit recognition on the part of parliament that those men who served overseas in many instances, at least, have suffered seriously and have aged prematurely. What we are suggesting here is the possibility of the same thing developing on the part of those who served overseas who are employed in the civil service.

By Hon. Mr. Dunning:

Q. Your brief recognizes, of course, those already in effect with respect to all who were in the civil service?—A. Yes, who were on leave.

Q. Your own suggestion involves that a man who comes into the civil service now, all this time after the war, but who had four years overseas service would start in the civil service with four years superannuation rights or five years as the case may be?—A. That is the suggestion.

Q. But you do not suggest whether they should pay for it or not; what is the suggestion in that regard?—A. As far as that is concerned, they would be glad to pay for it if it were allowed.

Q. Do I understand you to suggest that if this request is recommended by the committee it would carry with it the same responsibility with reference to those years as was attached to all prior cases?—A. Yes.

Q. They would be paid for in the same manner so far as the fund is concerned?—A. Quite right.

Q. I know that this is not the proper time to discuss this matter, but I was asking to clarify the evidence of the witness with respect to that one point as to whether there was intention on the part of those presenting a brief that such soldiers should be put in without any payments. I take it that it is their inten-

tion that they should pay for the back service if they are credited with it?—A. If I might proceed now:

Age of Retirement:

- (6) That the age of retirement of those under the Act be compulsorily age 65 years.

The Act specified a retiring age of 70, with extensions beyond that age in special cases. For about five years—that is to say for the most recent five years—however, in practice retirement has been at age 65 unless extensions beyond that age are allowed. We suggest that age 65 be made the retiring age, with no provision for extensions.

The purpose of a Superannuation Act is to retire those whose efficiency has diminished to an extent to warrant such action, and by hastening promotion to improve the morale and efficiency of the Service. It is difficult to fix arbitrarily an age at which efficiency sharply diminishes, for all will recall cases of persons well on in years who retain their mental and physical vigour. However, in such a matter for Superannuation purposes a general rule has to be adopted, and it is suggested that age 65 is not unreasonable as this general rule. With all deference, the granting of extensions operates against the general rule inasmuch as extensions are not always confined to those who are physically and mentally fit, or whose services are nearly indispensable. The exemption is apt to become the rule, and in this way to defeat the intent and purpose of the statute. We believe that in the interests of the Service retirement should be compulsory at age 65, but we recognize that in the first instance confusion within Departments and hardship to individuals might result from the immediate application of a general rule not previously followed: to meet these special circumstances we would suggest that the age 65 rule without exemptions be made operative after the lapse of, say, a year.

That is to say, from the time any amendment might be passed.

Mr. MUTCH: If the clerk could bring in sessional paper No. 207 it would be very interesting to have the information.

Hon. Mr. DUNNING: Yes, Mr. Gullock will get that.

The WITNESS:

- (7) That retirement be optional on the part of employees after age 60, or in case where employment is held to be particularly arduous, at a somewhat earlier age than 60.

A number of persons, especially those with long service, feel that their health and vigour have diminished at age 60, or soon after that age, to a point where they are fit subjects for retirement. However, it is not always possible to satisfy medical examiners that a person is absolutely unable to carry on, and to meet such cases we propose retirement optional with the employee after age 60. We feel that in this upper age group, a person may well be afforded some leisured retirement before age 65, without proving ill health of a grave nature.

A particular case arises in this way: in some branches of the Service exposure to climatic conditions or especially arduous work wears an employee down earlier than employees in other branches of the Service, and we feel that it would be equitable to allow an earlier optional retirement age especially in such cases. Letter carriers, railway mail clerks, immigration inspectors and other classes which might be named complain of failing health at or about age 60, and it is this type of case which we have in mind in making the present request on the grounds of arduous work.

Might I suggest there, Mr. Chairman, that I think those who have had anything to do with the administration of the Superannuation Act are all

familiar with the fact that whatever the retirement age is, whether it is 70 or 65, and I presume the same thing would be true if the age were 80, a great many civil servants object to being retired when the time comes, and if there is any system of extension they look to get that extension. Bearing that in mind it will be seen that when we suggest an earlier optional retiring age we are suggesting something—and I do not think there is any doubt on this point—that very few would ever take advantage of. People do not like being retired, as I say, at 65 or 70 years of age, and it is very doubtful that there would be many who would voluntarily wish to retire at 62 or 63 years of age.

By Hon. Mr. Dunning:

Q. Has your organization any views on what has been suggested to me from time to time that there should be some difference between men and women in this regard—that women should be allowed to retire at an earlier age than men?—A. It is partially with that in mind that we make this suggestion. We are applying it generally, but while we have never come to any formal decision as to our own views on the subject of an earlier retirement age for women we would favour a move along that line. I feel satisfied of that. It would, of course, depend to some extent upon precisely what was proposed.

Benefits

- (8) That the minimum benefit to each employee, to his dependents or his estate be not less than the amount of contributions without interest in all cases.

In the nature of things we recognize that under any Superannuation scheme some contributors will receive in benefits (or some one will receive in respect of such contributors, more than others. However, the rate of contributions of the employees—5 per cent—is rather substantial over a period of years, and we feel that in equity a minimum return ought to be guaranteed to each contributor or to his estate in the event of death. At present some classes of contributors face the probability of their contributions remaining in the Fund. Those who leave the Service voluntarily with less than ten years' service and those unmarried persons who die leaving no dependents are two cases in point. On the other hand, persons leaving the Service voluntarily after ten years' service receive back their contributions. A situation which was not unforeseen has developed: some unmarried persons without dependents, when faced with a serious illness which may be fatal, seek to resign in order that their estate or heirs may benefit by the amount of contributions. We suggest that this is a quite undesirable situation.

By Hon. Mr. Dunning:

Q. Why?—A. If a person in afflicted with a fatal illness it is too bad that they should be worried by a matter of this kind. It is an extra mental strain placed upon them at a time when they may not be able to stand it.

Q. Their resigning is not a mental strain?—A. Well, if they recover they are out of a job.

Q. Yes, that is a point.

Mr. MUTCH: That is reasonably serious.

The WITNESS: Yes, if they recover they are out of a job and if they do not resign and die their heirs do not benefit by the amount of money paid into the superannuation fund.

By Hon. Mr. Dunning:

Q. We might ask you some questions regarding the actuarial basis, but we will not go into that now. You have, of course, considered that, have you not?—A. You mean what added charge would be placed against the fund?

[Mr. V. C. Phelan.]

Q. Well, we will come to that in general discussion. I will not bother you about it now.—A. We ask that some vested right of the employee in the amount of his contributions be recognized and that in view of this fact each contributor be guaranteed as a minimum return, either to himself or to his estate as the case may be, an amount not less than the amount of his contribution. It is to be noted, however, that we ask for the contributions *without* interest.

Q. That means that the only contribution of the employee toward the fund is interest; the only real contribution towards the pool made by employees under this suggestion would be the interest on the amount paid in the amount itself would not, in any case, be part of the pool?—A. Yes, it would to some extent.

Q. Make that clear. If you give them back everything they pay in the only value the fund would derive would be interest on the amount.—A. Yes, but it would not be proposed to give him back what he paid in in all circumstances, plus other benefits provided.

Q. You say there should be a minimum. That is to say that he can get more than he paid in, but you say under no circumstances is he or his widow to get less?—A. That is the suggestion.

Q. I am suggesting to you that you are establishing that principle; I am not contesting it; but I want to be clear on the point that so far as employees' contributions in the future are concerned they would not operate on an insurance basis to distribute a risk—only interest on them would operate to distribute the risk over the whole.

Mr. HEAPS: Each would be a separate account.

Hon. Mr. DUNNING: Yes; and each would receive back at least what he paid in so that no portion of what he put in would be a contribution toward anybody else's help and only the interest on what he put in would be his contribution to the general pool.

The WITNESS: Not anybody else. But, of course, that money he paid in would be used, so to speak, in the first instance to pay his own benefits or claims.

The CHAIRMAN: It would be purely an individual fund; there would be nothing contributive about it.

Hon. Mr. DUNNING: The principle advocated is that anyone can draw more than he puts in by virtue of drawing superannuation, and the government must pay that—the state must pay that; but the whole contribution of the employee, if this were adopted, would be interest on the amount he had put in. You cannot make it any bigger than that.

Mr. MUTCH: It ceases to be a mutual benefit in any sense of the word.

Hon. Mr. DUNNING: The mutual benefit is limited to interest on the employees' contributions; that is the extreme limit of the mutual aspect if that suggestion is adopted.

The WITNESS: Yes; but of course the employee's contributions would be used, in the first instance, to meet whatever the fund was paying him.

Hon. Mr. DUNNING: Yes, but that does not affect the situation; it all goes back to him.

The WITNESS: Yes, it does all go to him.

Mr. HEAPS: To him or to his widow.

Hon. Mr. DUNNING: Yes, to him or to his widow. That is what is being advocated. You propose to cut out the ten year provision altogether. Any employee who resigns within ten years, if this were adopted, would get his contribution regardless of the length of service?

The WITNESS: Yes.

Hon. Mr. DUNNING: At present all those who serve for ten years are contributing to the general pool to the extent of their contributions during those ten years. This proposal would wipe that out entirely. I am trying to get it quite clear.

The WITNESS: In the case of the dismissal of an employee a special case arises. Where an employee is dismissed for "misconduct", a term defined in the Act, he is not given a return of contributions. Where he is dismissed for cause other than misconduct, he is given return of contributions if more than ten years in the Service. As "misconduct", despite the definition of the law, is largely a matter of time and place, we would suggest the minimum return in all cases of dismissal with a financial adjustment being made where the contributor is guilty of a defalcation, in order to reimburse the public treasury for any amount wrongfully taken, and with the money to be paid to dependents where the employee is sentenced by a court.

- (9) That "average salary" be computed in all cases upon salary received during the last five years of service.

The Act provides for computing the allowance of a contributor on the basis of his average salary during the last ten years of service, except that the average period is five years where a contributor was immediately eligible to come under the Act at July 19th, 1924. We ask for the removal of this distinction. We suggest that a five year average meets the needs of avoiding abuse through discontinuing any last minute effort to improve the allowance of a contributor by granting him a promotion to which he is not properly entitled.

Might I point out that under some of the older Superannuation Acts, where average salary for retirement purposes was rated on the last three years of service, it was claimed that frequently people were promoted to positions which otherwise they would not have held during the last few years of their service which would boost up their average salary for pension purposes.

Mr. MUTCH: To be safe on that you should make it six years.

Hon. Mr. DUNNING: It is ten years now, and that has had a very salutary effect on reducing the pressure.

The WITNESS: Our request is that it be five all round as it is now in the case of those who were eligible to come under the Act when the Act was first passed.

- (10) That superannuation allowances to permanent seasonal employees be placed on a more equitable footing.

At the present time permanent seasonal employees are credited only with service during the months when they are actively engaged—a practice to which we take no exception. However, when computing the number of years of service this factor is again taken into account. We believe that in consequence of the present procedure the pension of a seasonal employee is unduly decreased. We ask that an employee be given credit for a year's service during each of the calendar years in which he is engaged for the season with his department. This would place this class of employee on a parity with all other contributors.

By Hon. Mr. Dunning:

Q. How would he pay for it?—A. He pays for it now. When I use the term "pay for it" I mean he is making the contributions required under the Act.

Q. To-day he is credited with the number of months for which he makes contributions, but you are suggesting that he be credited with a year in spite of the fact that he makes contribution for only a few months?—A. Not exactly. Take as an example, the case of an employee who is getting \$100 a month. In the normal case the season extends about seven or eight or nine months out of the twelve, but for purposes of making it easier we will say that such an employee works six months in the year: now, at the end of twenty seasons he is credited with ten years service; he has worked half a year for each calendar year. When it comes to computing his pension, however, his pension is not computed on the

[Mr. V. C. Phelan.]

basis of his salary rate which is \$1,200 a year but on the basis of his actual earnings \$600 a year.

Mr. GULLOCK: For 120 months.

The WITNESS: Yes, for 120 months. Now, in the case I mentioned had the employee worked twelve months in the year instead of six months he would have received four times as much pension.

By Mr. Heaps:

Q. Is not there a minimum pension?—A. No, there is no minimum; he is paid only for ten years.

By Hon. Mr. Dunning:

Q. His pension is on the same basis as that for which he pays?—A. That is what we suggest is not the case. If he worked twice as long he would get four times the pension.

Q. If he worked twice as long he would pay twice as much.—A. But he gets four times the pension.

Q. Because the government contributes the other half?—A. But they are still contributing it on the present basis.

Q. The government equals his contributions, whatever they are?—A. Yes.

Q. So if he works twice as long there will be twice as much accumulated contribution. That is the way that comes about.—A. But not four times as much; there would be twice as much.

Q. Yes, he would pay twice as much and so would the government which makes it four times as much?—A. Just twice as much altogether.

Q. No, no; four times as much.—A. At the present time he pays what the government paid.

The CHAIRMAN: He pays twice as much and the government pays twice as much so that would make four times as much.

Mr. MUTCH: No, twice as much.

Mr. HILL: Yes, twice as much. If the government pays \$1,200 and he pays \$1,200 and then each pay another \$1,200 that is twice as much; but the witness is telling us that those people are credited with ten years for twenty years service at \$600 a year for ten years—twenty years at \$600 and ten at \$1,200, but they are only given \$600.

Hon. Mr. DUNNING: Well, we will get the facts on that matter from Mr. Gullock

Mr. LOCKHART: In the case of seasonal employees, such as men who work on canals, it works a hardship.

Hon. Mr. DUNNING: I have asked the superannuation officials to bring concrete cases when the matter comes up again.

The WITNESS:

Special Allowances:

- (11) That special allowances given to Civil Servants in the Yukon Territory, and in the Northwest Territories, and to Customs Officers who act as Immigration Officers, be counted as salary for Superannuation purposes.

Employees in the Yukon and Northwest Territories receive special allowances because of the high cost of living and the unfavourable conditions under which they have to carry out their duties. These allowances, however, are not classed as salary for superannuation purposes. We believe that in large part these allowances are given as special salary in view of the peculiar circumstances and we would request that such allowances be counted in for superannuation.

That is to say, both as to contributions and benefits.

Mr. McCANN: They are not in the banking system.

Hon. Mr. DUNNING: Why stop with that class of officials? Why not include, for instance, trade commissioners? If we send a trade commissioner to a country in which the cost of living is very much higher than it is in Canada it has been the practice of governments for years to make a special living allowance to compensate that man for the higher cost of living at the place at which he is serving. Is not the principle the same?

The WITNESS: No. We are not asking anything in connection with trade commissioners.

Hon. Mr. DUNNING: I used trade commissioners as an illustration.

The WITNESS: Is not that a cost of living allowance or an entertainment allowance?

Hon. Mr. DUNNING: It is a cost of living allowance purely.

The CHAIRMAN: So it is in the case of the Yukon.

The WITNESS: No, in the case of the Yukon allowance, as those who are affected claim, the allowance may in part arise out of an increased cost of living—and undoubtedly there is an increased cost of living; there can be no argument on that—and also in part because people do not like living in the Yukon particularly, and we have to pay them more.

In the case of Customs Officers, the point is that at some small Border Ports Customs Officers act as Immigration Officers as well, and receive a small extra allowance for the extra service given. Where the Customs Officer is under the Superannuation Act as such, we would urge that the amount received for Immigration services be treated as salary for Superannuation purposes. The extra amount received is certainly payment for extra services, but is not an abnormal condition, such as overtime, as the situation obtains constantly over a period of years. Hence we feel that Superannuation should be rated on entire earnings—and that contributions should be made on the same basis.

In this case it is clearly a matter of wages or salary; it is not cost of living allowance.

Mr. Wood: You are taking a broad field, because there are several other services that get house allowances. They actually get it in cash and in many other things in view of perquisites. You are taking a rather broad field.

Hon. Mr. DUNNING: They do not count now.

Mr. Wood: They would under this recommendation.

Hon. Mr. DUNNING: The wording of the Act is, "salary of a contributor means the regular salary paid in respect of his service together with the value of living and residential allowances, but does not include allowance or payment for overtime or other extra allowance or pay or any gratuity." That is the present law.

The WITNESS:

Interest on Arrears:

- (12) The law requires payment of 4 per cent simple interest on payments for non-contributory service—a provision inserted at the instance of the Senate in 1924. Might we ask the Committee, when considering financial aspects of the case, to consider this point as well, to see whether, even at this date, some mitigation be not possible where persons have been, or are, called on to pay for non-contributory service.

[Mr. V. C. Phelan.]

Charwomen:

That some retirement provision be made for retiring of charwomen employed by the Department of Public Works.

In view of the nature of their services we would not ask that the charwomen be brought within the terms of the Civil Service Superannuation Act. Nevertheless, in the interests alike of the employees and of efficiency in the Service we would request that some equitable retiring allowance be provided for charwomen when required to retire because of age or ill health. Such allowances have been made on occasions to other employees of a similar status.

* * *

All of which is respectfully submitted by the Civil Service Federation of Canada.

CIVIL SERVICE FEDERATION OF CANADA

V. C. PHELAN, *President.*

(Miss) E. L. INGLIS, *1st Vice-President,*

V. L. LAWSON, *Secretary.*

The CHAIRMAN: As there are no other witnesses to-day from the federation and we have not notified any other organizations to be present, I have no doubt that members of the committee desire to question the witness. Shall we start at the first of the brief and take the clauses in rotation so that nothing will be overlooked?

Mr. BLANCHETTE: Mr. Chairman, I think Mr. Phelan is to be complimented on the very able manner in which he has presented his report. I think the suggestion of the chairman that we take this report and discuss its sections is a very good suggestion.

The CHAIRMAN: Take clause 1 and ask any question you like. Clause 1 is "Extension of the Act."

By Mr. McCann:

Q. In those fifty-two affiliated organizations what are the ones which come under the superannuation fund at the present time?—A. Well, the members of all of them do except those who are paid at prevailing rates. They are not eligible. And, of course, there were a number who failed to elect to come under the Act previously when they had the right to elect.

Q. In round figures can you give us the numbers?—A. You mean contributors to the fund?

Q. Yes.—A. Oh, between twenty-three and twenty-four thousand.

By Mr. Heaps:

Q. If all the recommendations which were made here this morning were carried out, how many additional persons would come under the provision of the superannuation fund?—A. I am sorry I missed the point.

Q. How many additional persons would come under the provisions of the Superannuation Act if all the recommendations you made this morning were put into effect?—A. Well, there are about 4,000 contributing to the retirement fund, most of whom would be eligible to come under if the Act were reopened for election. There would be a few hundred others—it is pretty hard to say how many—who do not contribute to the retirement fund and who failed to elect previously to come under the Act. Then of prevailing rates employees there are upwards of 6,000 in the public service, though the number who would in any circumstances be thought eligible to come under the superannuation scheme would be somewhat less than that. Some of them are temporary or work for short periods of the year or something of that kind and would not be regular employees. At a guess, taking the two classes combined, I suppose there would

be a matter of 7,500 or 8,000 employees made eligible to come under the Act if those suggestions were carried out. There are at the present time nearly 24,000 contributors, which would be an increase of approximately one-third of the present figure.

Q. Have you ever thought about what effect this would have upon the soundness of the existing superannuation fund?—A. Well, frankly, I do not know what the soundness of the present fund is and, therefore, it is difficult to give thought to what effect it will have. It is true—there is no doubt about it—that it would be increasing the liabilities of the fund proportionately to bring more under the Act. That seems obvious.

By Mr. Baker:

Q. Have all accounts under the fund been paid up to the present time?—A. Yes, they have, except, however, that there were several millions of dollars transferred from the retirement fund—that is to say paid into the retirement fund by civil servants and transferred to the superannuation fund No. 5 which were not duplicated by the government. At the time the Act was passed the then Minister of Finance said that calculations would be made in due course to see how the fund stood and then the government would do something about making it sound or paying in whatever might be required.

Q. I mean that all obligations on the fund in the case of retirement or death have been met?—A. Oh, yes.

By the Chairman:

Q. Those millions transferred from the retirement fund to the superannuation fund have not been duplicated by governments in the old retirement fund?—A. Neither in the retirement fund nor in the superannuation fund. I just mention that now. I do not want to be misunderstood.

Mr. GULLOCK: It is about \$11,000,000.

Hon. Mr. DUNNING: \$10,900,000 were transferred from the old retirement fund to this fund when this fund became operative.

By Mr. Heaps:

Q. At the present time any person entering the government service and eligible for the superannuation fund pays in a flat rate irrespective of the age that the person enters the service, is that so?—A. Yes, 5 per cent.

Q. Have you ever thought of the question of grading that according to the age at which a person enters the service?—A. As I mentioned, Mr. Heaps, we are in the dark—the civil service organizations—as to how the fund does stand, and, therefore, we have not felt called upon to give thought to any possible changes in that regard.

Q. We are in the dark here too.

By Mr. Pottier:

Q. In clause 2 you say that there are some thousands of prevailing rates employees. Approximately how many thousand are there?—A. There are about 6,000 prevailing rates employees in the Dominion employ; but as I mentioned some of them will be purely temporary while others are engaged intermittently and others have short seasons and so on. That would be considerably more than the number who might be considered as regular employees or permanent employees.

Q. I understand the scheme would be to make the employment annual and that then they would automatically come under the Superannuation Act. I am a little bit confused about what that “automatically” would mean. Could you tell us what automatically coming under superannuation would mean?—A. Well, if a changeover were made as was made in the case of one particular class not

[Mr. V. C. Phelan.]

so long ago, if those employees were paid so many dollars a year instead of at an hourly rate or a daily rate and then were made permanent under the Civil Service Act they would be eligible for superannuation automatically. That is the fact if they were brought under the Civil Service Act.

By Hon. Mr. Dunning:

Q. Have you taken account of the fact that the prevailing rate employees rates are very largely based upon trade union rates for a particular class of work they are doing and that there are complications as to relations with the unions with respect to adopting the principle of an annual payment for what the union by its agreements with all employers insists on being an hourly or daily rate? You merely want it computed as an annual rate without it being an annual rate, is that it?—A. Not necessarily, no. When you speak of complications with the trade unions may I ask what you have in mind?

Q. I have this in mind, that one of the great difficulties, in some trades at all events, not with the government, but with other employers, is that employers desire to establish some sort of an annual rate, or a monthly rate, but the employees' organizations are very strong for retaining their hourly rate. That is a matter of common discussion. It is not a difficulty that affects the government directly, but naturally rates are set by the Department of Labour in conformity with union schedules whatever those union schedules may be for a particular trade.

Mr. LOCKHART: They vary from 15 to 20 cents an hour in many centres.

Hon. Mr. DUNNING: Exactly. I think what you are after is a computation for superannuation on an annual basis but without affecting the contract with the employee on a prevailing rate basis.

The WITNESS: There have been a number of cases where the idea of a prevailing rate was more an idea in theory than a fact.

By Hon. Mr. Dunning:

Q. What you are dealing with here is the manner of computing the wage received for superannuation purposes, are you not?—A. Not necessarily, no.

Q. Tell us what you do mean?—A. What we do mean is that there would be one or two ways—suppose it were decided to recommend favourably on the subject, the matter comes up, and you are going to deal with these people, I suggest there are two ways it could be dealt with: they could be considered, as the situation exists at the moment, paid on an hourly rate and some adjustment of the terms of the Act made in their particular case to fit it, or the alternative procedure would be to make them regular civil servants at a stated annual salary under the Civil Service Act, and it would be a matter of working out their hourly rate to see what it would amount to in a year and fixing a rate of so many dollars a year just as is done for the clerical classes.

The CHAIRMAN: Does any hon. member wish to ask any questions about the first clause?

Mr. LOCKHART: I notice that at the top of page 2, Mr. Phelan in his brief submits the fact that certain terms and conditions of the Act were not clearly understood, particularly outside the city of Ottawa. May I say that it has been my opportunity to observe many instances of that kind within the city of Ottawa, and I can give some concrete examples where people were definitely misinformed. I have run across so many cases in the city of Ottawa that it is easy to comprehend that outside of the city of Ottawa the percentage would be much greater. However, I do feel that this is a very important matter, and I could give many concrete examples where the information was definitely given to these people in an improper light. It is my opinion that if these recommendations are carried through by the committee it will be highly advisable to make sure that there is some means provided where this matter can be properly explained to these employees.

The CHAIRMAN: Mr. Lockhart, would you say that they were misinformed by responsible officials of the government authorized to give that information?

Mr. LOCKHART: That is the point. Delegate someone so that these people will know where they are at.

Hon. Mr. DUNNING: They had that before.

Mr. LOCKHART: I can give you the dates and everything. I can give you something very concrete.

Hon. Mr. DUNNING: The truth of the matter is that I was in parliament at the time before this period expired—they had three years to come in—and the real trouble was that the misinformation emanated from among those in their own ranks who agitated and said, “here, now, you are going to be gypped by this Act”, and in spite of the attempt of the officials to explain it they would not believe.

Mr. LOCKHART: I can recall a very specific instance in Ottawa where some of these people accepted the word of someone within their own department; and it might be definitely pointed out to them to go to such an individual or department to get official information and not to accept this bogey which is spread around.

By the Chairman:

Q. I would like to ask a question of Mr. Phelan. On page 2 I see the words, “the retirement fund, which in 1927 carried compound interest on contributions at the rate of 5 per cent per annum: subsequently, this interest rate was decreased to 4 per cent”. What is the point, that the 4 per cent was about the fair return of money at that time and that an added burden would be added to the fund?—A. No, the point was that there people who were contributing to the old retirement fund who had failed to elect to come under superannuation obviously chose to remain under the retirement fund for their own purposes, and in so doing had in mind the fact that the interest rate was then and had been for several years 5 per cent, but when it came along to 1933 the interest rate was cut to 4 per cent which upset the calculations.

Q. Now, I see the words, “we would suggest that the Act be reopened for a period of one year.” If the committee recommended and the House agreed would a year’s time be necessary to enable them to make up their minds?—A. It would not be necessary; six months would be plenty.

Mr. MUTCH: Probably one broadcast would bring most of them in.

By Hon. Mr. Dunning:

Q. There is one point on the general question of principle which I hesitate to ask you about as perhaps it is unfair to expect you to answer the question—but I will put the question anyway and you can tell us whether you feel you can answer it or not. The principle of the Superannuation Act as it now exists is that the cost of superannuation should be paid for one-half by the employees and one-half by the state. Now, is your organization prepared to advocate that principle even although the extension of the benefits which you ask together with those already existing would involve a higher charge to be divided between the two parties contributing, the state on the one hand and the employee on the other?—A. Well, might I ask a question in reply? When the Act was first started certain services were allowed without contribution, for example, and the then Minister of Finance, speaking in the House of Commons, you will recall, made a statement to the effect that once it was possible to have a valuation made of the fund the government would pay up whatever deficiency there might be. In effect, that was about what he said. He even went further and suggested that the deficiency in the fund would be amortized over a period of forty or fifty years.

[Mr. V. C. Phelan.]

Now, in putting your question, Mr. Dunning, did you have in mind all the costs or the current costs disregarding the amount to get the fund properly started?

Q. I have not in mind any qualifications whatsoever. What I have in mind is that this business is going to cost over a long period of years—it would have to be long—is going to cost so much. In fact, one of our difficulties in talking about an actuarial basis is to know how much, because of the fact that it is a young fund, and it did involve in 1924 taking in a lot of people, blanketing them in. That complicates any kind of an actuarial computation. But there is going to be some period—I do not believe it will be for another fifteen or twenty years—before you will be able to say actuarially what is involved in this fund. It will take that long to eliminate the hang-over of those who were blanketed in in 1924. It will be that long before we can get at the matter really. However, that is not the point. The point is that whatever it does cost, does your organization recognize the principle of paying half of it themselves and the state paying the other half of that cost—not on the basis of soaking you something but as a principle?—A. It probably sounds like side-stepping, but the only answer I can give you at the moment is this, that certainly we recognize the principle of each paying half, but so far we have it fixed definitely in our minds that that represented 5 per cent from the government and 5 per cent from the civil service. I do not think the thought had occurred to us seriously that it might represent a larger amount of money.

Q. That is not side-stepping, but that is very much in everybody's mind—that is, that 10 per cent would be the contribution?—A. Yes, of course we can be excused for thinking that because, in the first instance, if you will recall, that was the figure suggested by the technical advisers of the government.

Q. There is no doubt about it that if we had been starting a superannuation fund de nova in 1924, or if you were starting one new to-day, with everybody coming in to-day with no previous service credited, there is no doubt that 10 per cent would carry it. I think any actuary would confirm that—unless you extend the benefits, and it depends upon how widely you extend the benefits—perhaps I had better qualify it that much; because if there is anything uncertain in this question it is an actuarial computation of a fund as complex as this one; but so far as I can see it a 10 per cent basis as a start in 1924 would likely have carried. However, there were all those who were in the service in 1924 who came in, who were allowed to come in by the terms of the law and did, with varying periods of service running back as much as thirty years I suppose—and free service too—all of which became a charge on the fund. In my judgment it will probably take another twenty years before we get a clean actuarial look at this affair.—A. Mr. Chairman, may I ask the hon. minister a question.

Hon. Mr. DUNNING: Surely.

The WITNESS: It is this: as I understand the remarks made by the minister, 10 per cent would presumably or apparently about carry what might be considered as these obligations which are accruing from day to day now.

Hon. Mr. DUNNING: That is a personal opinion. I do not make it as an actuarial statement.

The WITNESS: No, no. If the fund is deficient at the present time that deficiency would result because of the liability which was assumed in the first place. That is correct, is it not?

Hon. Mr. DUNNING: Well, I would not say so altogether; but you can proceed on that basis.

The WITNESS: Yes. Now, our point on it is this, that the government of the day when the Act was passed gave a very definite undertaking that they would take care of those initial costs; subsequent to that it was a fifty-fifty arrangement.

Hon. Mr. DUNNING: Well, I cannot go that length with you.

The WITNESS: Well, it was a pretty definite committal, because, as I mentioned, the then Minister of Finance even went into details; he said, "we will amortize the amount we should pay in; we will pay it up over a period of thirty-five or forty"—I think he mentioned fifty years—in order to get the thing started and to take care of this matter.

Hon. Mr. DUNNING: Please do not misunderstand me as inferring that there is likely to be any increase in the matter of rates. I am talking of the principle not of immediate likelihood. But I do want the service associations to base their requests on some sort of fundamental principle, and if you are basing those requests upon the fundamental that the fifty-fifty contribution is basic you see that there may come a point in your requests where by reason of granting them it would add to the cost and more money would be required. As the law stands at present the government can match the employees' contributions and no more. That may not be sufficient. If we keep on granting requests and widening the scope you might reach a point where the amount would not be sufficient.

Mr. WOOD: Would not the basis of benefits be made in proportion to the salary because their contribution has been according to their salary? Why should not the benefit be made in accordance to the salaries?

Hon. Mr. DUNNING: They are.

Mr. WOOD: Yes, they are now. Why should not the fund take care of it?

Hon. Mr. DUNNING: It is a question whether the amount you deduct in the first place is sufficient to take care of the obligation in the last case.

The CHAIRMAN: If you increase the obligation.

Mr. WOOD: Yes; but I suggest the obligation be not increased beyond the contributions which might be put in. There is a scheme in the United States which has not come into force, recommended by a gentleman by the name of Smith, where a social security plan is based upon benefits in proportion to the contribution that is made and to the gross salary over the whole period of a lifetime during which contributions have been made. The benefit is derived from a certain percentage of that gratuity—maybe those in the higher class salaries help to contribute towards those in the lower class. It is a semi-socialistic matter.

Hon. Mr. DUNNING: That is the case in our fund now. Those with the higher salaries do in fact contribute toward the lower salaries. There is no doubt about that.

The WITNESS: I might say with regard to clauses 1 and 2 that any increase of cost to the fund is of a somewhat different order from the increases that would be involved in the subsequent requests inasmuch as 1 and 2 would, of course, bring further contributions into the fund as well as putting further charges against the fund, and would be a proportionate increase according to the relationship, roughly, I suppose, between the number now brought in and the number previously contributing.

By Mr. Pottier:

Q. Would the officials of the Department of Marine, for example, come under that clause?—A. Yes; the mechanics in the old marine department.

Q. The captains and mates?—A. The ships' officers are covered by the term "prevailing rates."

Q. I know of some men who have been employed fifteen or twenty years—I know of a particular captain who was employed, I think, thirty years and was thrown out. He was told he was over age, and no provision was made and he is now receiving old age pension. Yet he was an official of the department.

[Mr. V. C. Phelan.]

The CHAIRMAN: Are there any more questions on No. 3? Take No. 4. Are there any questions on that point? Let us take No. 5 then. Service Overseas.

By Hon. Mr. Dunning:

Q. Can you give us any information, Mr. Phelan, of the number of those in the service who not having been civil servants went overseas but having entered the service would become entitled to four years' service under this clause if it were granted?—A. We tried to get some figures on it but we could not get them any place, Mr. Dunning.

Q. We will get that in the census.—A. You say four years' service?

Q. I am assuming four years.—A. I had a chat with some officers of the Department of Pensions and National Health and they ventured the guess that the service would not average more than about two years. It would not be a matter of four years. The heavy enlistments came along later in the war.

Mr. MUTCH: Two full years would be a high figure.

Mr. BAKER: If a man had four years' service, it would be four years if you are going to consider that clause at all.

The WITNESS: I suggest that the service would average about two years in the average case.

Mr. MUTCH: Is there any representation made as to whether this should apply, as in the case of the Department of Pensions, to service in a theatre of actual war?

Hon. Mr. DUNNING: That is not made a condition.

The WITNESS: We say active service overseas.

Mr. MUTCH: That is how you understand service in a theatre of actual war?

The WITNESS: Quite right.

The CHAIRMAN: We have a brief here from the Canadian Legion which will be dealt with later. Now what about clause 6: Age of Retirement?

Mr. BRADETTE: Everyone will agree with that. Some people should be out of the service on account of age. However, I believe this section is contradicted by section 7. There are those who want to retire before sixty who will not get more than they pay in. However, there is a danger of opening the way for some abuses. I believe section 7 contradicts section 6. If we adopt the first part we should make it iron-bound.

The WITNESS: There are two different suggestions. The first is for compulsory retirement and the second is optional.

Hon. Mr. DUNNING: Mr. Chairman, you will get the poor chairman of the Treasury Board out of considerable trouble if you did adopt that suggestion of an iron-bound 65. I do recognize, nevertheless, that you cannot easily dismiss the human side. To make the thing iron-bound would be very nice for me but very nasty for a lot of people. Nothing causes much more difficulty than that extension of service after 65.

Mr. McCANN: The many exemptions have caused the abuse of it.

Hon. Mr. DUNNING: Yes. In this city almost daily Members of Parliament come to me with respect to somebody with whom they have become acquainted in the city during their living here and who say to the members, "will you please help me; I want to stay on just another year." There is hardly a day passes but that some member comes to me. You have all got kind hearts and you want to help people, and I am supposed to be the hard-boiled fellow who turns them down.

Mr. BRADETTE: Section 6 will protect you. If it is 65 it is 65, and you wash your hands of the whole thing.

Hon. Mr. DUNNING: If parliament wants to do it .

Mr. HILL: It says in clause 7 that a man can have the option of retiring after sixty. Suppose a man is doing some other work?

Hon. Mr. DUNNING: A man who retires at sixty would get less superannuation than at sixty-five but he would get it much longer. Actuarially the lower you make the retirement age the greater the burden on the fund.

The CHAIRMAN: Is there any question on No. 8?

Mr. WOOD: There is one matter. Of course, the widows come under these benefits, do they not? Now, in case the husband died leaving a widow, she gets half the superannuation, is that not so?

The WITNESS: Yes, that is right.

Mr. WOOD: But supposing that something happened and she died prior to him and, therefore, that his contribution had been absorbed, will that balance go to his estate providing there are children? It seems to me there is something there that ought to be looked into.

Hon. Mr. DUNNING: The benefits of his contributions pass to the widow for life when he dies, and in a case where there is no wife but other dependents they get the benefits.

The WITNESS: If he has dependent children below 18 years of age.

Mr. WOOD: Let us suppose that the wife was the beneficiary and had children even over 18 years of age and there was a certain portion of the contribution which had not been absorbed?

Hon. Mr. DUNNING: What do you mean by "absorbed"?

Mr. WOOD: I am speaking of the contribution he had made—his original contribution. That is actually the father's money; should not that go to his beneficiary? It seems to me there is a point to be considered there.

Mr. MUTCH: Are we going to consider this fund as a savings deposit? Is it the policy to provide for this man's old age and then carry it from that to the mutual benefit idea?

Hon. Mr. DUNNING: It gets back to the point of principle I urged before when Mr. Phelan was reading this section. This proposal eliminates any mutual benefit aspects except in so far as that mutual benefit is created by the interest value in the money so long as it remains in.

The WITNESS: And the government contribution.

Hon. Mr. DUNNING: It means "heads I win tails you lose." That is, the person who remains in the fund and draws superannuation will get more than he pays in, and this is an attempt to make sure that nobody shall get less than he pays in. Up to the present those who get less than they paid in help pay towards the payments of those who get more; and this would eliminate that feature.

Mr. MUTCH: It interferes with the insurance clause that you get more back if you live longer.

The CHAIRMAN: That leads to the question asked by Mr. Dunning as to whether or not the contributors would be willing to increase their contributions if it became necessary to keep the fund solvent. What about clause 9? We can pass clause 10, and clause 11 is "special allowances."

Mr. MUTCH: The second clause merits consideration.

The CHAIRMAN: Clause 12 "Interest on Arrears."

The WITNESS: Mr. Chairman, might I add one other word, and it is this: one of the members of the committee referred to ships' officers. Ships' officers would, I presume, be covered were it decided to admit to the fund all those paid at daily rates. Were our suggestion of an amendment to cover prevailing rates

[Mr. V. C. Phelan.]

employees agreed to, it has been presumed that the ships' officers would be brought under the Superannuation Act. I should like to observe, however, that it is our opinion that the ships' officers ought really and could really be admitted to the Act as it stands at the moment. It is a matter of interpretation. They are working a long season or a full year. They are, apparently, permanent—at least, if not legally they are in a practical way—and it is our suggestion that they could be brought under the Act as the Act stands right now, and we think they are entitled to that treatment.

By Mr. Pottier:

Q. It has been interpreted the other way, has it?—A. There never was any ruling of the Justice Department on it as far as I was ever able to find out. I made enquiries to that effect, and I never could find any ruling of the Justice Department which did exclude them, though the officers administering the Act presumably thought they were not eligible to come under it. I am not suggesting that those officers acted other than most conscientiously on the subject, but we do think there are exceptions and that the ships' officers should now be entitled to come under the Act.

Q. Who are the officers administering the Act?—A. The officers of the Finance Department who are responsible for administering the Act.

Hon. Mr. DUNNING: You can talk to Mr. Gullock about that later.

The CHAIRMAN: I am glad to note that every member of the committee has been present to-day and has taken an interest in the work of this committee. I think that is worth noting. Now, we will have to consider the question of witnesses. Every civil servant in Canada knows that this inquiry is going on, and the press has been giving a generous measure of publicity to our work. How would it be if we notify through the press in the ordinary way that representations will be received here from any organization wishing to make itself heard by way of a brief to the secretary of the committee and arrangements will be made for them to come at a later date if they wish to come. I think that notice will be sufficient in these days of press, radio and other publicity.

Mr. BAKER: I suggest that they submit their brief and come if they are sent for; otherwise the number of those wishing to appear before the committee might be so great as to keep us here for a year.

The CHAIRMAN: It will not be unless we pay their expenses.

Mr. BAKER: We want to hear all the necessary evidence.

The CHAIRMAN: If we undertook to send for witnesses from Vancouver or Halifax many organizations would want to come and that would add greatly to the burden of expense and require a lot of time.

Mr. BAKER: Let them send in their briefs. That is your suggestion.

The CHAIRMAN: Yes; if they wish to be heard they must tell us. We will try to set dates and they can come on their own responsibility. Is that satisfactory?

(Agreed)

Hon. Mr. DUNNING: I suggest that we leave it to the chair to arrange with those people who desire to be heard, and we can leave the calling of the next meeting to the chair also.

Mr. MURCH: Is it not usual to have a sub-committee to deal with individual cases and to decide what matters shall be brought before the committee? In that case the sub-committee would have before it all the available data and information and would not be wasting any time. I suggest that a sub-committee be set up. The task of looking after all the individual files that accumulate would be too great a one for the chairman.

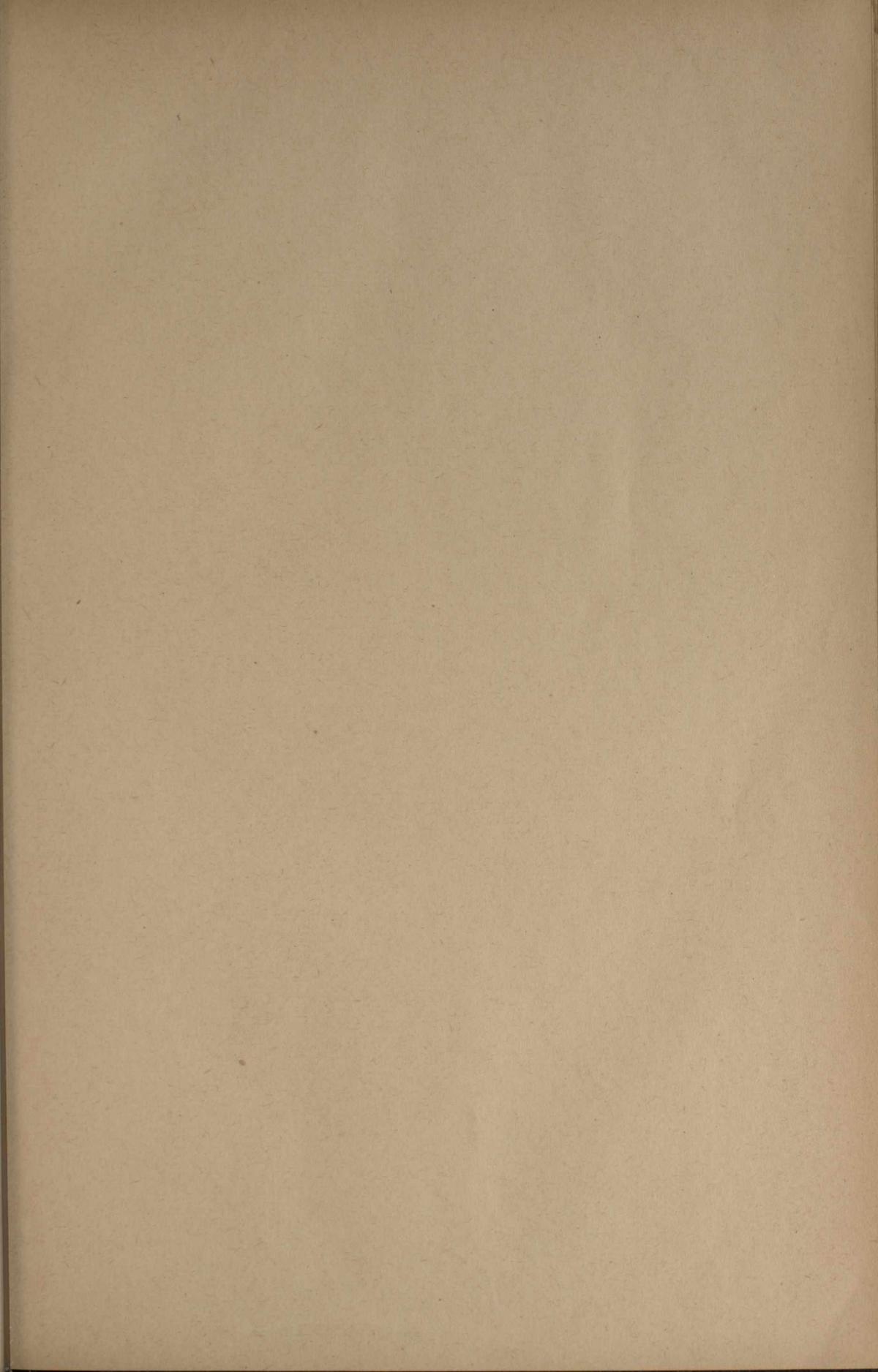
The CHAIRMAN: Mr. Mutch suggests that after the recess a sub-committee be appointed to deal with individual cases.

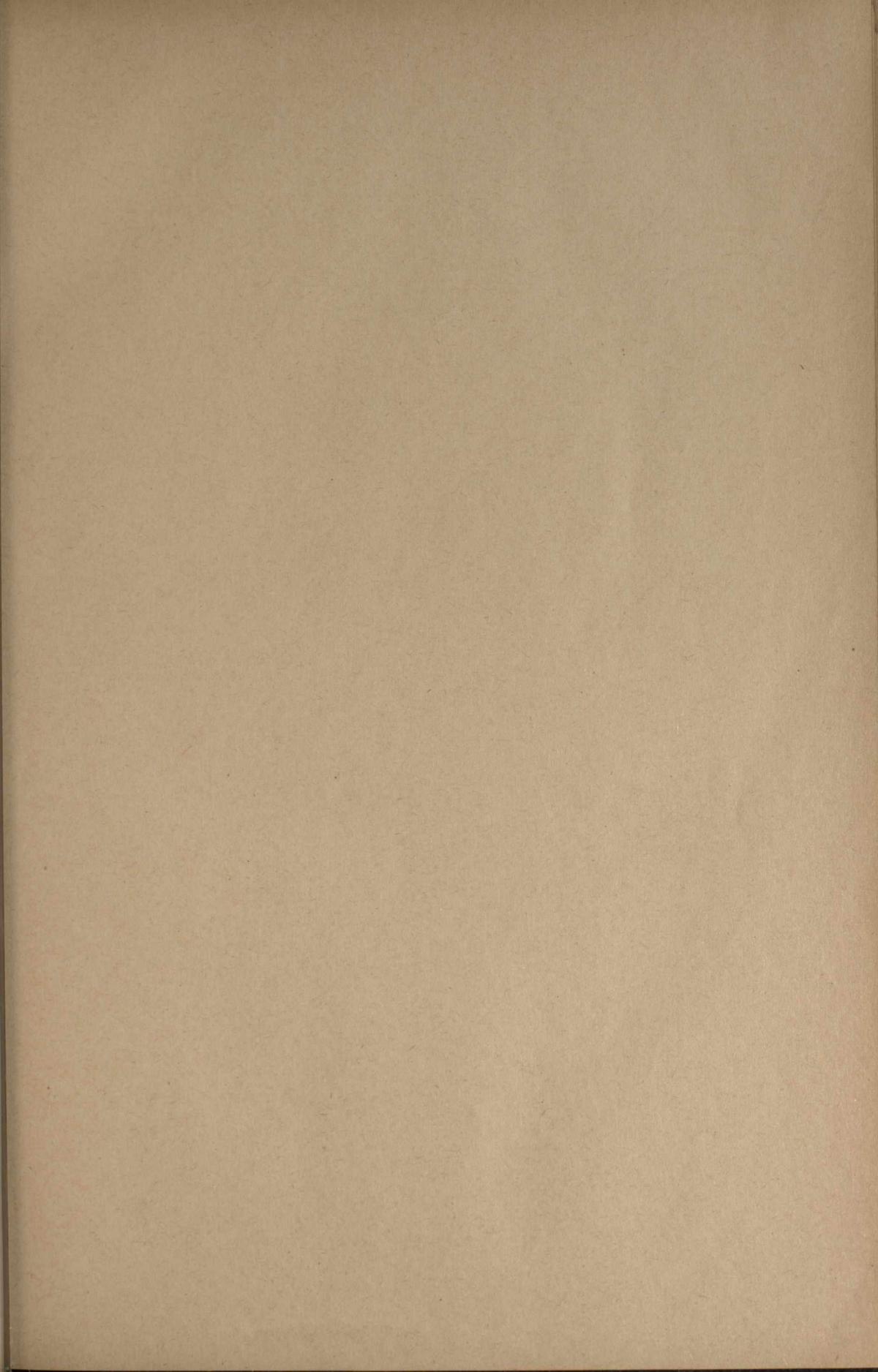
Hon. Mr. DUNNING: Mr. Chairman, may I suggest that the dissemination of any sort of information that this committee is prepared to consider individual cases will probably operate to keep you here for two years. As Mr. Phelan knows, many views prevail on this subject, and if we get all that information we will be swamped. I would suggest that we allow these individual communications to accumulate a little while, but when they are dealt with it should be by a sub-committee.

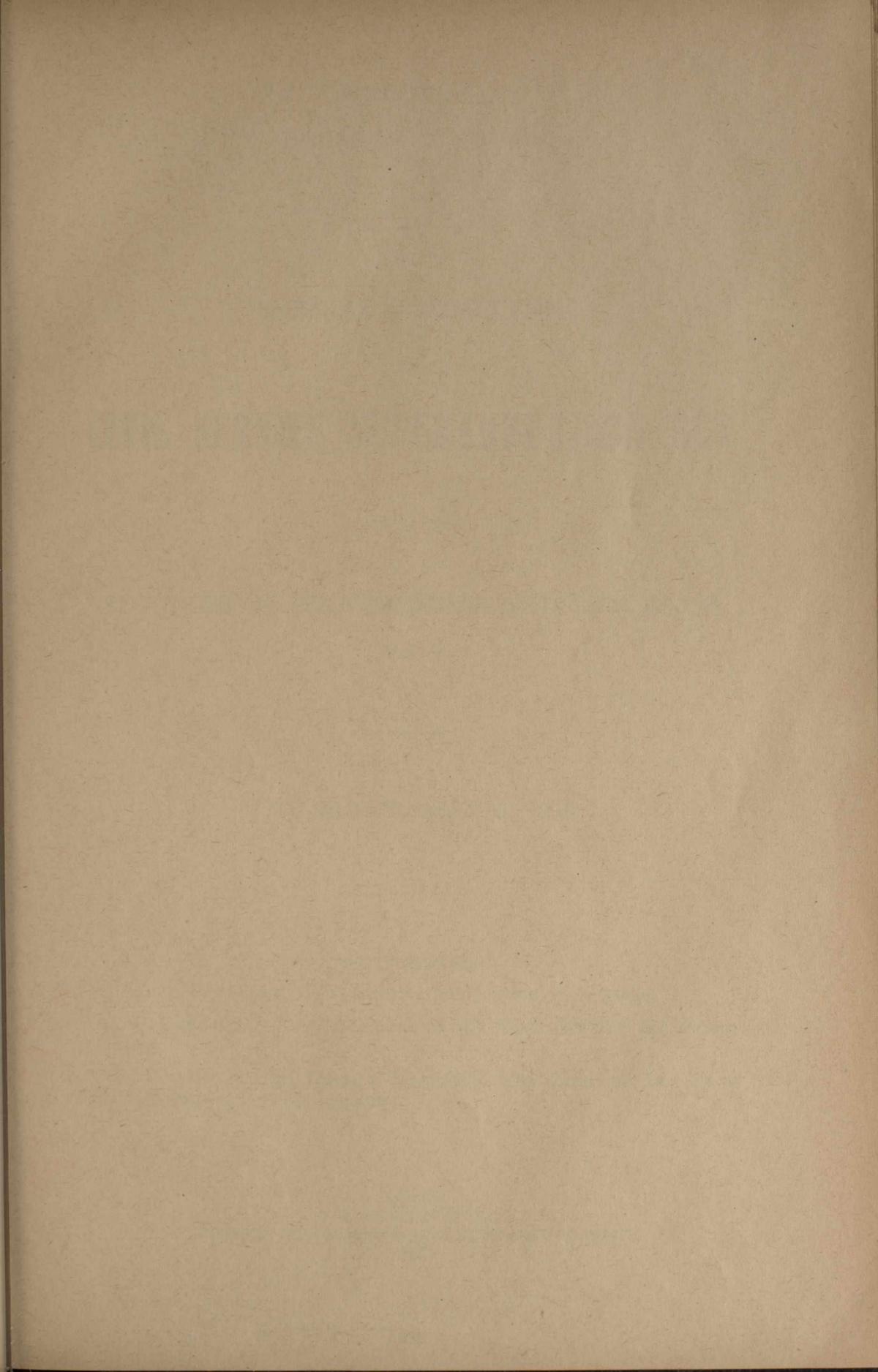
Mr. MUTCH: I suggest that the individual cases do show better than anything as to rightness or wrongness of certain policies—even borderline cases.

Mr. MALLETT: I second the motion for the sub-committee.

The committee adjourned to the call of the Chair.







SESSION 1938
HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

CIVIL SERVICE SUPERANNUATION ACT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

THURSDAY, MAY 5, 1938

WITNESSES:

V. C. Phelan, President, Civil Service Federation of Canada.

Miss E. L. Inglis, 1st Vice-President of the Civil Service Association of Ottawa.

Mr. J. R. Bowler, M.B.E., General Secretary, The Canadian Legion of the British Empire Service League.

OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1938

MINUTES OF PROCEEDINGS

THURSDAY, May 5, 1938.

The Special Committee appointed to enquire into the terms and operation of the Civil Service Superannuation Act met this day at 11 a.m.

Mr. McLean (*Melfort*), the Chairman, presided.

Members present: Messrs. Blanchette, Davidson, Francoeur, Hansell, Heaps, Hill, McCann, McLean (*Melfort*), Mallette, Mutch, Pottier, Wood.

In attendance: Mr. W. C. Ronson, Assistant Deputy Minister of Finance; Mr. G. L. Gullock, Chief of the Superannuation Branch, Department of Finance; Mr. V. C. Phelan, President of the Civil Service Federation of Canada, Miss E. L. Inglis, 1st Vice-President of the Civil Service Federation of Canada and of the Civil Service Association of Ottawa; Mr. J. A. MacIsaac, President of the Civil Service Association of Ottawa; Mr. J. W. Bowler, M.B.E., General Secretary of the Canadian Legion of the British Empire Service League; Mr. J. C. G. Herwig, Assistant General Secretary of the Canadian Legion, B.E.S.L.; Mr. J. C. Beauchamp, President of the Professional Institute of the Civil Service of Canada; R. D. Whitmore, Chairman of the Standing Committee on Superannuation of the Professional Institute of the Civil Service of Canada; Mr. Fred Knowles, National Secretary of the Amalgamated Civil Servants of Canada.

Mr. V. C. Phelan, President of the Civil Service Federation of Canada, was recalled and examined.

Mr. Phelan retired.

Miss Edna L. Inglis, 1st Vice-President of the Civil Service Association of Ottawa, was called, sworn and examined.

Mr. Mutch, on behalf of the Committee, thanked the witness for her able presentation and Miss Inglis retired.

Mr. J. R. Bowler, General Secretary of the Canadian Legion of the British Empire Service League, was called, sworn and examined.

The Chairman thanked Mr. Bowler for his valuable submission and the witness retired.

On motion of Mr. Mutch, the Committee adjourned at 12.45 p.m. to meet again at the call of the Chair.

ANTOINE CHASSÉ

Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 297,

May 5, 1938.

The Special Committee to inquire into the terms and operation of the Superannuation Act met at 11 a.m. Mr. Malcolm McLean, the Chairman, presided.

The CHAIRMAN: Gentlemen, will you please come to order. The committee will recall that Mr. Phelan was giving evidence before this committee the last time we met, and he wishes to conclude his remarks this morning. I do not think he has very much more evidence to give us. When Mr. Phelan has finished he will be followed by Miss Inglis as she will deal with matters on which Mr. Phelan is touching.

Now, you will recall that the last time we met, the witness, Mr. Phelan, was sworn in the usual way. It may be considered that making representations is hardly the same as giving evidence under oath, but as I am not a member of the learned profession of law I will leave the distinction to be decided by the members of the committee. What do you think about swearing witnesses before this committee?

Mr. McCANN: Mr. Phelan does not need to be sworn; he has already been sworn.

The CHAIRMAN: I was not referring to Mr. Phelan; I was referring to others who will follow him. Does the committee wish to have all witnesses sworn?

Mr. MUTCH: Are they giving opinions or facts?

The CHAIRMAN: I suppose something of both is involved.

Mr. MALLETT: What is the custom?

The CHAIRMAN: In committees of this sort it is usual to swear witnesses.

Mr. MALLETT: This is a very important matter, and I think the witnesses should be sworn.

The CHAIRMAN: Is it desirable that all witnesses should be sworn—those making representations designed to affect our opinion and others?

Mr. POTTIER: We started swearing them, why not continue?

The CHAIRMAN: Yes.

Mr. POTTIER: I do not think we should differentiate.

The CHAIRMAN: I take it that it is the concensus of the committee that witnesses should be sworn. I will ask Mr. Phelan, who has already been sworn, to resume. It might be well, Mr. Phelan, if you went on from where you stopped at our last meeting.

The WITNESS: Mr. Chairman and gentlemen, on the occasion of the last meeting, as reported at page 32 of the evidence, the hon. the Minister of Finance (Mr. Dunning), putting a question to me when I was giving evidence for the federation, stated in the last paragraph on page 32 as follows:—

By Hon. Mr. Dunning:

Q. There is one point on the general question of principle which I hesitate to ask you about as perhaps it is unfair to expect you to answer the question—but I will put the question anyway and you can tell us

whether you feel you can answer it or not. The principle of the Superannuation Act as it now exists is that the cost of superannuation should be paid for one-half by the employees and one-half by the state. Now, is your organization prepared to advocate that principle even although the extension of the benefits which you ask together with those already existing would involve a higher charge to be divided between the two parties contributing, the state on the one hand and the employee on the other?

At the last meeting I did reply very briefly to Mr. Dunning's question, and without taking up much of the time of the committee now I should like to deal with it a bit further this morning. As stated by myself on that occasion, when the Superannuation Act was passed the costs were considered as falling into two categories, namely the costs for accrued liabilities which were accepted at the time the Act came into force and, secondly, those costs pertaining to the period of time subsequent to the coming into force of the Act. The first class of costs may be called initial costs and the second class the current costs. Now, in looking through Hansard of December 1924 when the Act was passed it does appear—and that certainly was our understanding at the time and has been since—that as far as the initial costs were concerned each individual civil servant would make those contributions required of him by law and that any further amounts necessary to start the Act off would be paid by the government. In as far as the current expenses were concerned—the expenses subsequent to 1924—the idea was that they would be divided half and half between the government and the employes, and at the inception it was 5 per cent to the employees and 5 per cent to the government. Up to the 31st March, 1937, the last date for which figures were published, there had been paid into the fund a total of \$72,925,240.47 of which \$37,689,755.05 had been paid by the civil service and \$20,758,724.13 by the government. The reason why the civil service had already paid some \$17,000,000 more than the government was because there is a lag in the government contributions. In each fiscal year the government pays in its abatements in respect of the preceding year, not in respect of the current year; and secondly because the civil servants had contributed nearly \$11,000,000 out of the old retirement fund which had not been duplicated by the government. Thirdly, because the civil servants had paid in nearly \$4,000,000 in respect of service prior to 1924 at the rate called for by the Act, 5 per cent plus 4 per cent simple interest, and that sum had not been duplicated by the government. Now, in addition to that the fund would have a liability for certain service which was allowed without contribution. It will be recalled that where a person had had service for which no payments were made prior to the time they elected to come under the Act, if they did not choose to pay up their contributions in respect of that service they were given half of the time without charge; and it is our suggestion and submission that it was the original intention that the government would set the fund right, so to speak, as at its inception and that subsequent to that point the costs would be shared in equal portions by the government and by the employees.

I would like to file with the committee a statement made by Mr. James Malcolm, later the Hon. James Malcolm, who was chairman of the special committee of the House of Commons in 1924 to which committee the Superannuation Act was handed over for consideration during its progress through the House of Commons. On that occasion, Mr. Malcolm said:—

It is believed that the cost of the benefits proposed by the bill will be equally borne by the contributor and the government: that is that the government's share of the cost will be 5 per cent of the salaries. There will be in addition an initial liability created in respect of the past

[Mr. V. C. Phelan.]

service of persons now in the service who elect to come under the provisions of the Act. The amount of this liability will depend upon the numbers transferring, their length of service and their dependents. On being ascertained, the amount of this initial liability can be extinguished by an annual charge extending over the probable period of service remaining to those contributors.

That amount can be spread over a period of twenty-five or thirty years. In the case of the British local government scheme it extends over forty years.

So we come to my first point which is that it would appear to have been the intention—and that was our understanding at the time and has been since—that each individual civil servant would pay up the amount required to be paid up by the Act in respect of previous non-contributory service and then that the government would set the fund right as of the time of its inception and that the costs would be divided equally in respect of service had after the time the Act really came into force.

By the Chairman:

Q. I do not think, Mr. Phelan, that that touches the question asked by Mr. Dunning. The question was whether in the future, if additional benefits are given, the service that you represent is prepared to pay their share of future benefits. It is a matter of principle. It cannot be answered for a long time.

—A. I think he had in mind, Mr. Chairman, all costs. That was my understanding of his question and of his subsequent remarks—not only costs in respect of amendments which are now asked. I may have misunderstood him, but that certainly was what I thought he had in mind.

Q. I did not gather that there was any question as to the arrangement made in the past; I took it that Mr. Dunning and everyone else was satisfied with the agreement that was made in the past, and the point was with regard to future benefits—“Now, is your organization prepared to advocate that principle even although the extension of the benefits which you ask together with those already existing would involve a higher charge to be divided between the two parties contributing, the state on the one hand and the employee on the other.”—A. He inserts the words “those already existing.”

Q. Oh, yes; if you are going to add plus those existing and anticipate the higher charge; but there is no suggestion of those already existing by themselves even if they entailed something for the past. He is not making any suggestion about them. But if you added higher cost—A. Well, as far as the second part of the question—or more properly as far as the question as you interpret it is concerned, I would like to say this: we are asking for certain amendments to the Act on the assumption that those amendments would not carry the general cost of the Act above the amount of money now being paid into the fund. If, upon a financial examination, it were found, however, that the amendments which we are asking for would increase the cost of the Act beyond what was originally contemplated then we would appreciate it very much if we could at the proper time be informed of that fact and be given a chance then to reconsider our submission on the proposed amendments with a view to seeing which of them we might drop and which of them we might still ask for, on the understanding that we would be willing to suggest that civil servants bear half the increased cost of those which were granted.

Q. Yes. In other words, you are not disputing the fundamental principle involved in this that the civil service should pay half?—A. We are not disputing that,—with the reservation, however, which I have mentioned with regard to initiatory costs. There is that reservation; but with that reservation we are not disputing it.

Q. You make the further reservation that even while you ask for certain extensions now you would like to consider them again if the figures of cost indicate that they were going to cause any increase?—A. Exactly.

Q. And you might be inclined to ditch some of the recommendations now if it was shown that they were going to cost more than was anticipated?—

A. Yes. On the one subject which I dealt with last time, namely, the subject of the computation of benefits for permanent seasonal employees, I have a confession to make there and it is this that our submission—item 10 on page 26 of the minutes of the last day—our submission there is founded on a misconception which I can only explain by saying that though I have discussed the matter several times with officers of the Finance department I wound up with the wrong impression, not through any fault of theirs but through my own fault; and I would like to ask the indulgence of the committee to withdraw section 10. It is only a minor point, and it reads as follows:—

That superannuation allowances to permanent seasonal employees be placed on a more equitable footing.

The chief point dealt with, as I admit, is in error, and I will ask permission to withdraw that.

There is a point with respect to permanent seasonal employees which we would like to ask the committee to look into if they will be good enough to do so, and it is this, that seasonal employees before they qualify for pension are required to have actually worked the equivalent of ten years. That is to say, to have worked 120 months; and we suggest that in equity they should qualify to receive a pension rather than a gratuity once they have been on the staff for ten seasons, rather than on the basis of 120 months of actual work.

By Mr. McCann:

Q. What would constitute a season?—A. That is fixed by conditions in each particular department. In the case of the canal service the season runs about eight and one-half months, I think.

Mr. GULLOCK: Anywhere from seven to eight months on the canals.

The WITNESS: In case of the grain commission the season sometimes is twelve months and sometimes it is shorter depending upon the wheat crop.

By Mr. Mallette:

Q. You would not recognize seasons by spring, summer, fall and winter, would you?—A. A season might in one case be the fall and winter and something else in another case. In another class of service it might be the summer, or the spring, summer and fall, as in the canal service.

Q. It has a different meaning from that which is given in the dictionary. That is all I wanted to establish?—A. Yes. It is not the dictionary definition. It is fixed by the conditions of work in the departments.

Q. We learned these meanings at school, and we come to Ottawa and we find that those things mean different things.—A. That Mr. Chairman, completes my submission.

The CHAIRMAN: That request, Mr. Phelan, would be on the basis of the time actually worked and of the money earned to be calculated.

The WITNESS: On the time worked and the money actually earned. It is only a matter of whether the employee has worked ten successive seasons and whether or not in the event of his then being retired he draws a small pension—it would be small in the bulk of these cases—or whether these men are given a lump sum for payment as provided for under the Act for the time they have actually worked, 120 months. That is the difference.

[Mr. V. C. Phelan.]

By Mr. Potter:

Q. At the present time with regard to the seasonal employee—the canal employee—how is he treated?—A. Well, he gets a pension; he is eligible to draw a pension once he has worked 120 months. Suppose he worked eight months for a given year or for each year, after fifteen years he is entitled to draw a pension if necessary to retire, if his health gives out or if he reaches the age for retirement.

Q. That might take twenty years.—A. If he only worked a six-month season it would take exactly twenty years. On the other hand, the fact that he does not work the full year there is taken into account by reason of the fact that it is only actual earnings that go into the computation. If he gets \$100 a month for six months he is rated as being at a salary of \$600 for the year. The fact that he works a short time is already taken into account in that way. We are not suggesting any exception that can be taken to it. In drawing a distinction as to whether he gets a pension or a gratuity we are suggesting the fact that he has worked ten seasons and he should be eligible for a pension in the event he has to retire.

I thank you Mr. Chairman and gentlemen for this opportunity.

The CHAIRMAN: Gentlemen, Miss Edna Inglis represents the Civil Service Association of Ottawa, and she is present to present her case.

EDNA L. INGLIS, sworn.

By the Chairman:

Q. You represent the Civil Service Association of Ottawa?—A. Yes.

Q. Have you a statement prepared?—A. I have a prepared memorandum, and I think, perhaps, it would be just as well if I read it to the committee.

CIVIL SERVICE ASSOCIATION OF OTTAWA

*To the Chairman and Members of the Special Parliamentary Committee
on the Civil Service Superannuation Act.*

GENTLEMEN:

In availing itself of this opportunity of presenting to your Committee certain aspects of the Superannuation Act now in effect, the Civil Service Association desires it to be understood that it is in entire agreement with the presentation of the Civil Service Federation, with which it is affiliated, as made by Mr. Phelan, on April 7th. The amendments suggested therein, while not exhaustive in endeavouring to bring the Act to perfection, are those deemed to be most important from the standpoint of the State as well as for the individuals comprising the Civil Service.

The Civil Service Association to a large degree, represent the Civil Service at headquarters at Ottawa, having a membership of almost five thousand persons drawn from all ranks and grades in the Service. Organized in 1907 for the purpose of presenting a composite view of conditions in the Service, from the servants' standpoint, to a Royal Commission dealing that year with Civil Service affairs, it developed the idea of federation of civil service organizations throughout the Dominion. The present Civil Service Federation of Canada was the outcome. The immediate objective was to secure some form of superannuation since the ill-advised and inadequate Retirement Act of 1898—a scheme of compulsory saving only—had been in effect long enough to demonstrate its futility as a means of protecting the servants of the State from an indigent old age, and the country from an overmanned Civil Service.

In order to estimate the importance of a superannuation system in government administration it is necessary to sketch the events leading up to the enactment in 1924 of our present Superannuation Act. Dr. Clark in giving a review of federal retirement legislation pointed out the notable fact that the Fathers of Confederation were seized of the importance of making provision for retiring public service employees, almost directly after Confederation got going. This found expression in the Act of 1870. Making provision for the old age of employees had its origin in the Anglo-Saxon feudal system when not only did the King provide for his retainers, but the master for his man. This idea continues in Great Britain where the retirement system is non-contributory, but in Canada from 1870, civil servants have contributed a portion of their salaries towards superannuation, the part of the Treasury being to implement these amounts when necessary. From 1898 to July 1924, permanent appointees were required to save five per cent of their salaries in the retirement fund—a good thing in its way—but in no sense superannuation. The late Hon. Mr. Fielding, the Finance Minister who was responsible for the change from a pension system in 1898, stated in Parliament years later, that the change had been unfortunate, had not met the needs of the situation, and he advocated a return to a measure of superannuation.

It will be recalled that during this interval without superannuation so greatly had the service become overmanned, and cluttered by the retention in office of outworn, old and inefficient persons—an expensive burden to carry—that the government in 1920 found it necessary to pass the Public Service Retirement Act (Calder Act) whereby the Service was cleared of 2,284 persons. These were given allowances for which they had contributed nothing, yet the government considered it good business both economically and administratively to deal with them in this manner. Thus the field was prepared for the legislation now in effect.

This brings us to stress the effect of the imponderable human element in all these affairs.

There were among the 2,284 people retired at that time several over eighty, many over seventy, and 1,716 over sixty.

It would have been ideal had the Superannuation Act of 1924 applied to all public servants in work of a permanent nature. In any event it would have been well if all persons entitled to elect to come under the new Act had done so. The fact that some four or five thousand now remain out through their own foolishness, or because of bad advice or ignorance tends to create a situation throughout departments that the Act was to have cured definitely. All the arguments advanced in support of a superannuation measure in the first instance can be urged in support of our plea that these remaining few thousands should be given another opportunity of transferring to the new Fund.

The reasons these persons failed to elect have been outlined in the Federation's memorandum and do not need to be repeated here, but the Association suggests that their admission to the scheme now would result in improved administration and morale throughout the service. A situation where employees are working together but under different conditions does not make for efficient administration. To make the present system of classification operate satisfactorily in an effective administration, requires a *comprehensive* measure of superannuation. Therefore it is respectfully submitted that the re-opening of the Act to these misguided persons would result in more efficient service to the State.

EQUALIZING BENEFITS

A large portion of the membership of the Association is interested in what may be termed an equalizing of benefits. It is conceded that in any co-operative scheme of superannuation, particularly in which insurance benefits are included, all cannot secure equal benefits. Yet the Association respectfully suggests that so far as possible contributors to the fund should stand to gain some return if they do not live to enjoy superannuation. As the Act operates at present, if a contributor, without widow, children or dependents, as defined in the Act, dies before superannuation, his contributions are forfeit to the fund. The experience of the past thirteen years has shown the hardship wrought in individual cases. For example, if a contributor resigns after having had ten years' service he receives his contribution to the Fund without interest, on the other hand should he remain in the service for a longer time but dies before going on superannuation, his contributions remain in the Fund. Thus the person who gives comparatively short service receives consideration not vouchsafed to the employee who may have given almost a lifetime of service. In view of the appreciable amount of the individual contribution (five per cent of salary) it is requested that in the event of death the individual's estate should receive the amount of contributions without interest.

As it may be claimed that an amendment to this effect would increase the cost of the scheme, it is pertinent to refer to the debate in Parliament in 1924 when the Act was under consideration. The late Hon. Mr. Robb, then Minister of Finance, gave it as his opinion that ten per cent of the salary pay-roll would carry the scheme for those appointed to the service subsequent to July, 1924, who were required automatically to contribute to superannuation—each party to the contract—the Treasury and the individual—paying one half. However, it was recognized that the government would be to some expense in getting the scheme started because of the conditions of service of those persons who would elect to transfer to the New Fund. Both the Minister and Hon. Mr. Malcolm, Chairman of the Committees in 1923 and 1924, which recommended superannuation and were directly responsible for the Bill, stated that the initial liability, that is, that relating to those in the service who transferred to the New Fund, should be extinguished by an annual charge to the government over a period of twenty-five or thirty years, the probable period of service remaining to those contributors. No contribution of this nature to the Fund has yet been made by the Treasury. The Government having only matched the current payments made by Civil Servants—and these a year later. (The attached statement makes this clear).

SUPERANNUATION FUND No. 5

RECEIPTS

Year Ending	Number of Contributors	Service Contributions	Government Contributions	Transfers from Retirement Fund	Recovered from Retired Employees	Interest	Total Receipts
		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
31-3 '25	8,421	486,376 02	282,996 58	4,801,430 92	36 63	47,380 81	5,335,224 38
31-3 '26	14,093	1,430,815 27	1,099,673 23	3,473,003 22	4,090 77	315,157 47	5,506,063 31
31-3 '27	17,782	1,700,100 03	1,402,210 32	2,258,872 82	88,892 22	479,443 08	5,546,981 38
31-3 '28	20,115	2,015,737 78	1,681,700 44	421,718 69	12,582 58	666,960 67	4,519,210 04
31-3 '29	21,447	2,214,723 32	1,892,590 02	18,673 67	18,200 22	824,702 48	4,758,000 13
31-3 '30	25,088	2,388,896 72	2,067,466 18		17,893 93	984,843 93	5,284,225 50
31-3 '31	26,291	2,532,837 13	2,228,625 53		21,038 33	1,160,475 23	5,781,816 87
31-3 '32	26,005	2,530,190 26	2,269,986 15		36,545 64	1,335,056 21	6,130,417 64
31-3 '33	25,629	2,216,711 49	1,985,563 89		52,825 30	1,493,957 23	6,033,480 17
31-3 '34	23,532	2,179,093 65	1,947,495 48*	386 60	58,095 14	1,635,094 65	5,857,847 33
31-3 '35	23,337	2,072,175 32	1,874,963 87*	6,311 04	67,847 46	1,745,197 23	5,833,102 09
31-3 '36	24,378	2,246,002 03	2,018,753 90		57,313 69	1,844,981 95	6,029,572 58
31-3 '37	23,736	2,293,476 13			53,558 67	1,943,510 35	6,309,299 05
		26,307,135 15	20,752,026 49	10,973,699 32	408,920 58	14,476,771 29	72,925,240 47

*Contributions by the Bank of Canada.

DISBURSEMENTS

Year Ending	Number of Annuitants	Amount of Annuities	Gratuities	Withdrawal Allowances	Total Disbursement
		\$ cts.	\$ cts.	\$ cts.	\$ cts.
31-3 '25	16	6,305 48	1,677 50	32 56	8,015 54
31-3 '26	194	127,251 25	27,855 79	25,373 22	180,480 26
31-3 '27	395	249,302 42	34,464 49	61,151 72	344,918 63
31-3 '28	636	386,135 15	44,850 26	61,377 31	492,362 72
31-3 '29	952	552,709 96	50,430 95	89,579 38	692,720 29
31-3 '30	1,222	751,657 76	32,950 48	113,675 66	898,283 90
31-3 '31	1,530*	967,294 71	121,601 81	84,655 56	1,173,552 08
31-3 '32	2,442*	1,539,015 88	95,274 10	91,213 78	1,725,503 76
31-3 '33	2,852	2,112,961 15	156,002 74	70,034 43	2,338,998 32
31-3 '34	2,729*	2,559,505 96	112,039 21	78,319 48	2,749,864 65
31-3 '35	4,026	3,178,715 11	69,055 62	79,792 88	3,327,563 61
31-3 '36	4,311	3,348,972 25	47,013 35	80,516 14	3,476,501 74
31-3 '37	4,736	3,583,996 00	66,938 07	103,859 14	3,754,793 21
		19,363,823 08	860,154 37	939,581 26	21,163,558 71

Balance March 31st, 1937..... \$ 51,761,681 76

*Approximately.

In suggesting that these contributions be paid to the estate it is pertinent to point out that the interest on the amount would remain in the fund as well as the government's equal contribution and interest thereon. Statistics readily available from the Department of Finance will show the number of cases of this kind occurring in thirteen years. Furthermore, if this suggestion were adopted it would do away with the difficulty of administering fairly the dependency clause of the Act as it obtains at present.

It will be recalled that in 1930 the Sir Edward Beatty Royal Commission reported as follows on Contributions under the Civil Service Superannuation Act:—

Since outside the service it has come to be generally recognized that the provision made for pension funds is essentially a part of

[Miss E. L. Inglis.]

the remuneration for work done, we believe that it would be well to amend the Civil Service Superannuation Act (1924), so as to entitle the civil servant, at withdrawal from the service for any cause (except dismissal for misconduct), or his estate in the event of his death, to a payment from the pension fund of not less than his accumulated contributions to the fund, without interest.

RETIREMENT AGE

The most modern and advanced thought on efficient public service administration accentuates the necessity for superannuation systems which embody a definite retirement age. Early Canadian Acts made no provision for a specific retiring age and the Retirement Act of 1898 failed in this respect. The present Act makes retirement compulsory at seventy with some exceptions—and voluntary at sixty-five. The Association is of the opinion that if sixty-five were definitely set for retirement, administration throughout the departments would be greatly improved. If a "dead line" were set departmental heads would be absolved from the problem evidenced in the number over sixty-five now in the service, despite the Orders in Council of 1933 purporting to retire all of that age, as it was reached.

I might say that the number remaining in the civil service at the present time, in accordance with the report brought down recently in the House, who would ordinarily have been retired under that order in council amounts to 550 of the age of sixty-five or over.

There is another point I would like to refer to there, Mr. Chairman, and that is that in the earlier Superannuation Acts provision was made for adding ten years to the service of an employee who was being retired in order to increase his superannuation benefits. That was in the old Superannuation Acts. Some members here may recall that sometimes that clause in the Act was resorted to in order to get employees out of the service. That, of course, applied, I may say, to people who occupied the more important positions in the service; but I simply emphasize that to round my point on the desirability of having a definite retirement age.

While not suggesting that all persons of sixty-five cannot perform efficient service, it will be admitted that many lose their efficiency with advancing age, especially those on routine and monotonous work, or because of changed methods in office practice. The Association believes that a continual turnover at sixty-five will result in improved morale and efficiency throughout the service. Such an amendment would enable the retirement of officers who had outlived their usefulness; a proper flow of promotions would be created; the service would be rendered more mobile; reorganization would be simplified and business administration improved with greater efficiency and economy.

With sixty the age of retirement in the British system, many Canadian civil servants desire to be permitted to retire voluntarily at that age. That is, there are some Canadians who look forward to retirement, as the Britisher does, rather than dread it as most of us do. Also some of our members think they should be allowed to retire after thirty-five years' service, even although the age of sixty had not been reached.

There are various reasons for that Mr. Chairman. Sometimes certain conditions develop in the service. I think that people who are handling large administrations and people who are handling large business offices of any kind realize that this will occur over a long period of service, that conditions become intolerable, and under circumstances like that employees are willing to retire after thirty-five years service.

CONTRIBUTIONS ON EARLY SERVICE

The attention of the Committee is directed to those persons under the Act who did not elect to pay for their non-contributory service, accepting half this service without contribution. Their decision was affected largely by the action of the Senate in amending the original Superannuation Bill by the addition of a charge of four per cent interest on arrears of contributions. This made the payments prohibitive for many who are now in a better financial status, or at least would be ready to make the additional payments if permitted to do so. It is respectfully suggested that they should be given an opportunity to pay for this early service or some portion of it. The attention of the Committee is thus directed to the hardship the payment of this four per cent interest on arrears of contributions entailed. As permanencies are effected it continues to be operative, and as it was not contemplated when the Act was passed by the House of Commons, it is hoped that some way may be found to mitigate its effect.

THE RETURNED SOLDIERS

The Civil Service Act provides certain preferences in the matter of appointment to those persons who had active service overseas in the military and naval forces of His Majesty during the Great War. These persons are employable at any age provided they are physically fit at the time to perform the duties required of them. Or they may be expected to perform them for a reasonable length of time.

Consequently, many are entering the service considerably over thirty-five years of age. When they reach sixty-five or require to be retired at an earlier age because of physical disability or incapacity, their retiring allowances will be comparatively small due to the shortness of their service. The Association respectfully suggests that service during the Great War should be credited to them for the purpose of increasing their annuities. As this would amount to from two to five years at most, the increased cost should not amount to a great deal in comparison with the gain to individuals to whom the country owes so much.

There are other prior services of various kinds had with Dominion Government departments, bureaus, commissions, etc., since abolished which are not now included in calculating service for retirement. As this service was civil service under the Crown we suggest that it be allowed under the Act. Also that early service under the misnomer of "labourer" be allowed on the usual conditions.

In this memorandum we have endeavoured to sketch as briefly as possible certain defects in the Superannuation Act from the standpoint of the employees at headquarters at Ottawa, with some amendments for their improvement. In doing so we have been not unmindful of the benefits accruing to the State in the event of our suggested amendments being adopted. Civil Servants are more anxious to improve public administration than they are usually given credit for.

All of which is respectfully submitted to your Committee's earnest and sympathetic consideration on behalf of the Civil Service Association of Ottawa.

J. A. MacISAAC,
President.

EDNA L. INGLIS,
*1st Vice-President and Chairman
of Superannuation.*

APRIL 22nd, 1938.

[Miss E. L. Inglis.]

The CHAIRMAN: Does any member of the committee wish to ask any questions of Miss Inglis?

By Mr. Wood:

Q. There is one question regarding the returned soldiers which I would like to ask. Many who are in the civil service who are returned soldiers have to-day a pension from the pension board. Now, that pension is given in view of the fact of impairment of physical health. Would you recommend that they be retired ten years earlier in consequence of the fact that they are given that pension because of impairment of health, or should they continue to go on to age sixty-five the same as the ordinary civilian, because they would have a reasonably generous gratuity in view of the fact they had their pension along with the superannuation fund?—A. May I say, Mr. Chairman, that, of course, the pension a man draws as the result of his war service undoubtedly is as a result of his services in the war.

Q. Is it for service in the war or impairment of body physically?—A. Well, shall I say that that is a distinction without a difference.

The CHAIRMAN: I suggest that there is not much point in questioning Miss Inglis along that line. The legion representatives are here. If anyone wishes to take that matter up with them I am sure they will be glad to discuss it.

Mr. MUTCH: We might thank Miss Inglis for her presentation and excuse her.

The CHAIRMAN: Before we do that. Miss Inglis your specific recommendations are reconsideration of those who did not elect to pay up their arrears originally; voluntary retirement at an earlier age than is now compulsory and the crediting of war service years to ex-service men. Are there any other specific recommendations?

The WITNESS: The return of contributions to persons who die in the service; the dead-line of sixty-five and voluntary at sixty. The reopening of the Act was the first point.

Mr. MALLETT: May I suggest that the statement of figures which are annexed to the statement be also included in the record?

The CHAIRMAN: That is understood.

The WITNESS: That is part of the submission.

The witness retired.

The CHAIRMAN: Now, Miss Inglis has presented her case. We have with us to-day the representatives of the Canadian Legion, and Major Bowler is prepared to give his evidence.

Mr. POTTIER: With regard to the figures, are they for all civil servants or only the civil service in Ottawa?

Mr. GULLOCK: That is everything. It covers the entire fund—1924 to 1937.

The CHAIRMAN: I think all members of the committee are aware that Major Bowler is the National Secretary of the Canadian Legion of the British Empire Service League. He will make representations I presume on behalf of all ex-soldier bodies—

Mr. BOWLER: On behalf of the Canadian Legion, sir.

Major J. R. BOWLER, M.B.E., sworn.

The WITNESS: Through your courtesy, Mr. Chairman, I have the privilege of appearing before this committee on behalf of the Dominion Council of the Canadian Legion of the British Empire Service League, and the purpose of our appearance is to submit for your consideration a resolution passed by successive Dominion conventions since the formation of the legion and con-

firmed at the Dominion convention in Fort William in January and February last, asking that ex-service men in the civil service be permitted to count overseas service for the purpose of computing superannuation.

The text of the resolution, which is brief, is as follows:—

That this convention of the Canadian Legion reaffirm the stand taken that returned men and women in the civil service be allowed to count overseas service for the purpose of computing superannuation.

May I say at the outset that as has been intimated by Miss Inglis this morning, and earlier in the proceedings, I think, by Mr. Phelan, in submitting that resolution the legion has the entire unqualified support of all the recognized organizations representing the civil service in Canada. May I say, Mr. Chairman, that a memorandum on the subject was submitted in the fall of last year to the Hon. the Minister of Finance by General Ross at that time president of the Canadian Legion, and I think, perhaps, with your permission, I might read his submission which is not lengthy, into the record. It is as follows:—

To the Hon. the Minister of Finance in regard to superannuation of members of the Civil Service of Canada who served in the Great War.

The Canadian Legion of the British Empire Service League desires to submit for consideration by The Honourable the Minister of Finance the proposal that the Civil Service Superannuation Act, being Chapter 24 of the Revised Statutes of Canada, should be so amended as to provide that the time spent on active service by Members of the Civil Service of Canada who saw service in the Armed Forces of the Country during the Great War of 1914-18 may be counted for the purposes of Superannuation.

In submitting this proposal it should be clearly understood that the former Members of His Majesty's Forces in the Great War, now in the Public Service, do not ask for any preference, and that, if provision is made as requested, they are prepared to make such contributions to the Superannuation Fund as may be necessary to place them on an equal footing with other members of the Civil Service.

By the Provisions of Subsection (2) of Section 6 of the Civil Service Superannuation Act, it is already provided that absence on Active Service, either with or without leave of absence, shall not be deemed a discontinuance of service and, consequently, any Member of the Civil Service who proceeded on Active Service is now entitled to count such service for the purpose of superannuation. By a ruling of the Department of Justice, members of the Public Service who resigned in order to proceed Overseas are excluded from the benefits of this Section. This, however, affects only a small portion of the whole number and what is now desired is that, in addition to this small class, all those who have since been absorbed into the Public Service should receive the same consideration as is now accorded to members of the Public Service who left such Service to proceed upon Active Service.

The principal argument in support of this contention is that the principle involved is already recognized in the Civil Service Superannuation Act. By Subsection (3) of Section 6, it is provided that if a contributor has, prior to becoming a contributor, served in the Civil Service, whether in a temporary or permanent capacity, such prior service shall be counted. It is submitted that, under the provisions of this Section, the principle is established that service, at any time, shall be considered for the purpose of determining Superannuation Allowances.

[Mr. J. R. Bowler, M.B.E.]

It is submitted that although service in the Armed Forces of His Majesty is not service in the Public Service which any individual can afford to the State and, consequently, that men who, in this emergency, voluntarily offered their services, are entitled to even greater consideration than those who, many years ago, rendered some temporary service and who subsequently entered the Permanent Service and can now utilize their former temporary service for the purpose of superannuation, while the soldier or sailor—who rendered a much more valuable form of service—cannot do so.

In addition to this, the Parliament of Canada has, in two other Branches of the Service, accorded this privilege. For instance:—

- (1) By the Militia Pension Act—Chapter 133 of the Revised Statutes of Canada, the Officers of the Permanent Active Militia (who are also on a contributory basis) have always been entitled to include previous service in a military capacity for the purpose of computing the period of service for superannuation purposes; and following the Great War it was expressly provided that service in the Great War should be taken into consideration in computing the period of service required for superannuation.

By Mr. Mutch:

Q. Are you satisfied that chapter 133 is being interpreted in that way? I have a particular case in mind of a man with nine years service in the permanent force and he is complaining before this committee that he is not getting credit for those nine years although he contributed 5 per cent of his pension during the whole time?—A. This part of General Ross' brief I am reading has reference, I think, to persons now in the permanent force and by a provision of the Militia Pension Act are permitted to count their previous C.E.F. service towards military pension.

Q. It is not a switch-over from the army to the civil service?—A. No. I think the case you have in mind is of a man now in civilian occupation in the civil service. I intend to touch upon that later with the permission of the committee.

- (2) In this Act the principle of previous public service is also recognized by Section 6 as amended by Section 2 of Chapter 35 of the Statutes of 1928.
- (3) In the same Act provision is made for pensions to non-Commissioned Officers and men who are on a non-contributory basis and the same principles are incorporated.
- (4) A direct recognition of the principle involved is contained in the Amendment to the Act respecting the Royal Canadian Mounted Police, and being Section 48 of Chapter 160 of the Revised Statutes of Canada, as amended by Section 12 of Chapter 37 of the Statutes of 1934, wherein it was expressly provided that time served on Active Service during the War between Great Britain and Germany, which commenced on the 4th day of August, 1914, may be included in the term of service for the purpose of pension. This privilege was accorded without any restrictions whatever.

Having regard to the foregoing, it is respectfully submitted that the principle of the proposal suggested has been repeatedly recognized by the Parliament of Canada and, therefore, should be definitely extended for the benefit of those members of the Public Service who saw service during the Great War.

In all applications of this character the question of cost is, of course, a factor. In respect to this, we are unable to submit any observations as we have no definite information as to the status of the Superannuation Fund. It is submitted, however, that, if the Fund is not at present self-supporting, this factor should not enter into consideration, as any provision to make up any deficiency should be applicable to the Service generally and not to this class. In other words, in determining the costs, it is submitted that such costs should be determined only on the basis of the extra cost which would be involved by the inclusion of this class, excluding any cost which is applicable to the Service as a whole, and it is again stated that those who have asked us to make these representations are quite definitely prepared to make all reasonable contributions to place them on a parity with other members of the Service.

All of which is respectfully submitted.

ALEX. ROSS,
Dominion President.

Ottawa, Ontario, September 1st, 1937.

That memorandum, sir, was received and acknowledged by the Hon. the Minister of Finance, and we were advised of the appointment of this committee and that the matter would be considered by you at this time. With your permission, sir, may I offer one or two observations and comments in regard to General Ross' brief. The first point I would like to emphasize is that there is no suggestion here that ex-service men are asking for something for nothing, or that they are asking for something merely because they served. They are prepared to pay for their superannuation rights on precisely the same basis as any non-soldier member of the civil service. The legion, sir, at the moment is not prepared to suggest to you just what the basis of contribution made should be; but we have, by our inquiries, so far found that this subject may be difficult and will certainly require expert technical advice. We are prepared to leave it on this basis, that whatever is decided to be an equitable contribution, should the principle of our proposal be adopted, those we represent are quite willing to pay, and that we suggest might best be ascertained by calling experts on both sides—those representing the civil service—both civilian and soldier—and those in charge of the fund itself.

By Mr. Pottier:

Q. Could you tell us, approximately, what number would be involved, roughly?—A. We have an idea; but I rather think that Mr. Ronson, as the result of a survey made last year, would be able to give you the exact number concerned. Anything we could give you to-day would be purely guesswork, and you might as well have the exact figures. Mr. Ronson very kindly advised us a few days ago that he has that information and would be quite willing to produce it to the committee.

By Mr. Wood:

Q. Have the legion considered service in the South African war as well? There are many retired civil servants to-day who have made appeal to me in that regard?—A. It has not formed a specific part of any resolution, but I am quite sure—I am quite safe in saying that the principle would be entirely acceptable to the Canadian Legion.

Q. There would not be a great number in that case; but I happen to have in my possession a letter which I will present to the chairman in that regard from one who has retired at the present time who had a short service in the service and also is asking that we consider your suggestions along with that service in the South African war?—A. That principle, sir, as no doubt you know, has recently been incorporated into the War Veterans Allowance Act

[Mr. J. R. Bowler, M.B.E.]

which provides for Canadians who served in South Africa with the Canadian contingent; and also provides for others domiciled in Canada at the outbreak of the war and who served with the British forces in the same war and subsequently returned to Canada. I am quite sure if the committee could see fit to recommend the inclusion of that class the legion would be very grateful. On that point, may I say, although it does not appear in the brief, that we have in mind too the inclusion of those domiciled in Canada prior to the great war, and who proceeded overseas to serve with the Imperial forces and later returned to Canada. In the general scheme of legislation for Canadian pensions and everything else that particular class of Imperials have been regarded as being our own people.

In illustration a case might be valuable. There are instances of native born Canadians whose permanent home was in Canada—no thought of it being anywhere else—and yet who in response to an appeal which was especially directed to Canadians because of their ability as flyers, enlisted in the Royal Air Force, an Imperial unit. They did that at that time for the reason that we had no air force of our own, and following the conclusion of their service they returned to Canada and have been here ever since; but just because of that enlistment they became Imperials, and we think that in any provision that is being made for Canadians care should be taken not to exclude that class, because it was through no fault of their own and what they did was in response to a direct appeal.

By Mr. Pottier:

Q. You mean active service. You refer to the time spent on active service. Do you mean the theatre of war or active service in England?—A. No, sir, active service is regarded as the period, as far as the C.E.F. is concerned—the period between the date of enlistment and the date of discharge, regardless of where the service was.

Q. Even if the man did not get overseas at all?—A. Yes.

By Mr. Mutch:

Q. That is a special interpretation for this particular purpose, is it not?—A. No, sir, that is the official interpretation of active service.

By the Chairman:

Q. Before leaving that, Major Bowler, do you attach any importance to the question of whether or not he entered the service immediately after his war service or five or ten or twenty years later? Are you suggesting that a dead-line should be set for receiving those benefits on entering the service after the war?—A. We have not contemplated that, and it would be inconsistent with the general principle we are advocating that military service is to be regarded or should be regarded as public service regardless of the length of time.

By Mr. Mutch:

Q. Major Bowler, could you tell us on the average whether this service would mean a matter of more than two years? Have you determined the length of time credited to the average civil servant?—A. Not recently; but my understanding is that the average length of service in the C.E.F. was between two and three years.

Q. The average would be less than three?—A. It is less than three.

Q. I think so. I was asking for confirmation of that idea.—A. That is my recollection. I have not checked it recently, but I believe it would be between two and three years.

In his brief, General Ross emphasizes the contention that active service is to be regarded for all purposes as public service, and I think we can fairly and safely say that it was just as useful and just as meritorious as service in any other branch of the government services; and in support of the contention may I draw the attention of the committee to an order-in-council, P.C. 2102 dated the 11th of August, 1914, a few days after the outbreak of war, in which in its preamble reference is made to the large number of enlistments that had already taken place in the government service and the large number of applications for leave for that purpose. And then it goes on to say, after laying down certain conditions of enlistment:—

...all persons in the employment of the government of Canada who, during the present war, have been or may be called out for active service as members of the militia, and all persons who, with the consent of the head of the department in which they are engaged enlist in any expeditionary force raised in Canada for service abroad during the war, shall be entitled to receive their regular salary during such period of service subject to such regulations and conditions as to the payment of such salary to the families or dependents of such persons or otherwise as may be prescribed by order-in-council or by the head of the department in each case.

I bring that to your attention, sir, because I submit that it does show that in the eyes of the government at that time service in the expeditionary force was regarded as public service to the point that they were prepared to and did in many cases actually pay the salaries of the individual during the period of his service. And subsequently they went further—again placing the seal of recognition on those enlistments:—

Any person in the civil employment of the government absent from service with the forces of His Majesty, or of any of His Majesty's allies, shall be entitled, upon the conclusion of the latter service, to be restored to his position in the civil employment of the government if he remains qualified to discharge the duties appertaining to that position.

In reading that order-in-council I would like to make it clear that I am not presenting any claims for salary or anything like that, but I merely read it to show that the general attitude of the government toward service was to regard it as being public service, and it is on that basis that our present application is being made. Although it is true that later on the order-in-council I have read was substantially modified and discontinued altogether in 1918, nevertheless, I think it will be found that the reason for the modification was to limit enlistments so that the efficiency of the essential services in Canada should not be impaired in any way, and it was not because of any distinction between one who might be a permanent civil servant or a temporary civil servant or any other kind of employee of the government. There are two classes of ex-service men who will be affected by our recommendation: the first is those who were in the service of the government at the outbreak of the war; the second is those who have entered the service subsequent to the war and now wish to include for superannuation purposes the period of their service. May I deal with the first class first, and I shall endeavour to be as brief as I possibly can.

In regard to the first class, pre-war civil servants, the intention of the government generally to which I have previously referred is borne out by the passing of section 6, sub-section 2 of the Civil Service Superannuation Act of 1924 which reads as follows:—

If the service of the contributor has not been continuous, the period or periods during which such service has been discontinued, shall not be counted in computing the allowance, providing. . . .

[Mr. J. R. Bowler, M.B.E.]

This is what we are interested in—

. . . providing that absence on active service in the war declared by His Majesty on the 4th day of August, 1914, against the empire of Germany and subsequently against other powers, whether with or without leave of absence, shall not be deemed a discontinuance of service.

Generally speaking, one would think that covered the point, but it was found that in making representations from the point of view of the ex-service men anyway it was insufficient. And may I refer now, sir, to an opinion on that section given by Mr. W. Stuart Edwards, Deputy Minister of Justice, of May 22, 1930, copy of which is attached to the submission which has been distributed to the members of the committee.

(Opinion W. Stuart Edwards appears as Appendix A.)

May I say that the first point that Mr. Edwards made is that up to that time the section I have read excluded temporary employees of all kinds and descriptions. No temporary employee was construed to be entitled to the benefit of that section. He designates temporary employees, and he says:—

(1) continuing temporaries or employees occupying positions of a permanent nature but who were technically temporary, and, (2) temporary employees under six months' certificates of the Civil Service Commission or occupying positions seasonal in nature.

None of those were considered at that time to come within the scope of the section. And again in the course of the ruling it is made clear that up to that time a permanent civil servant was only entitled providing he had not resigned for the purpose of going overseas. If he resigned, then he was out. And the basis of the ruling in both instances—both as to the temporaries and permanents who resigned—is that in both instances the service with the civil service was deemed to have ceased. In other words, the man was no longer a servant of the crown and, therefore, none of the legislation applying to servants of the crown could apply to him. So that generally speaking the effect of that section in accordance with the initial procedure was that it applied only to permanents who had not resigned for the purpose of enlisting, and I take it, sir, that all within that class, if they wished to do so, have taken advantage of the section. In 1930, the matter being again under inquiry, Mr. Edwards deals with the same subject and brings the opinions of the Justice department up to date; and briefly the effect of what he says is this: That contributors who resign—I presume by contributors he means permanent civil servants—for the purpose of enlistment could be brought in by regulations under the same Act. That is under the provisions of section 11 1(a) or 2(a). The governor in council on the recommendation of the Treasury Board may make regulations determining whether and to what extent and under what conditions a certain number of things could be done, and one of them was the counting of previous service. So that in Mr. Edwards' opinion one object of the revised ruling of 1930 was that contributors, that is permanents even though they had resigned for the purpose of enlistment, nevertheless they could be brought within the section by regulation. Then he goes on further and makes it clear that continuing temporaries, as they are called, were really in fact only temporaries technically, but actually they could be considered as permanent, and in his ruling he states that continuing temporaries who did not resign are within the Act. That is, they are entitled to take advantage of the superannuation provision.

Now, that opinion, sir, for reasons of which I am not aware, has never been given effect to, and the persons affected by it are still without remedy; and in that regard may I direct your attention to the chart which is attached to the brief, showing the position of a number of Dominion land surveyors who at the time of enlistment were in the class known as continuing temporaries. That is

proven by the fact, I think, that several years later they were actually brought in as permanents, and in any case the chart does show the extent to which these men are at a disadvantage as compared with the civilian employees who stayed with the service all the way through. (Chart appears as Appendix "B.")

And notwithstanding, as I say, in 1930, that Mr. Edwards definitely said that those continuing temporaries should be within the provision of the Act, so far their situation has not been remedied. In the same ruling Mr. Edwards makes it clear that temporaries of other categories such as seasonals and such as those holding six months' certificates from the Civil Service Commission should also be brought in by regulation of the Governor General. And it would appear that the only class not covered by his opinion is the class of temporaries who have resigned for the purpose of enlisting. There is nothing to show that Mr. Edwards has said what disposal should be made of them, but I suppose that if the principle is adopted they could be brought in as well as anybody else.

In reaching a conclusion, sir, may I refer briefly to other legislation such as General Ross has referred to. We find that under the Royal Canadian Mounted Police Act not only prior war service but service in the great war may be counted and also prior civilian service at any time rendered. We find that the same thing applies in the Militia Pensions Act. Not only may previous war service be counted but also prior civilian service can be brought in; and we find too that in both Acts those concerned can get the benefit of their service in the great war even though they joined the militia or the R.C.M.P. as the case may be subsequent to such service in the great war. That, I suggest, is a valuable precedent upon which to base a claim bringing in class 2 of which we are now speaking. The references, if I may give them to you, are: Royal Canadian Mounted Police Act, 1937, sections 3-8; section 12 of the Act of 1932, the amendment of 1932, an Act respecting the Royal Canadian Mounted Police; section 48 of the original Act—perhaps I could give you that reference later—but the effect of that is this: In both cases they are permitted to count both prior military and civilian service for the purposes of superannuation, and the civilian aspect of it is important to us because it does seem reasonable that if one now in the military service is entitled to count previous civilian service then, similarly, a civilian, even though he may be an ex-service man, who now performs civilian duties should as a matter of equity be permitted to count his previous war service. (References to Militia Pension Act and R.C.M.P. Act appear as Appendix "C.")

Generally speaking, in regard to group 2 I would say that our claim is based on the general equity of the case and also on the precedents contained in the legislation to which I have referred.

In conclusion, there is one more point I wish to refer to, and it is, perhaps, based on an unwarrantable optimistic outlook, but should it so happen that those representations receive approval, then the question may arise as to whether the 4 per cent interest which is chargeable in other instances when people elect to count previous service for the purpose of superannuation—whether it should be applied in this case. May I suggest to you, sir, and to the committee that it should not, the reason being that it is through no fault of their own that those concerned have not had an opportunity of paying their contributions in full long ago and, in fact, representations have been continually made ever since the end of the war; and I suggest it would not be right or proper to charge interest on a debt which the individuals concerned had had no previous opportunity of satisfying. That is quite apart from the fact that, as Mr. Mutch has said, the service involved is not likely to be more than two or three years, and the imposition of interest would do much to neutralize the effect of all we are asking for.

The CHAIRMAN: Does any member wish to ask questions of Major Bowler now? I may say that the committee thank him particularly for the very short

[Mr. J. R. Bowler, M.B.E.]

and well prepared brief he has delivered. The Professional Institute of Civil Servants of Canada, represented by Mr. Beauchamp, are here to-day. I do not know how long their evidence will take, but should we start with them now or wait until our next meeting?

Mr. BEAUCHAMP: I question whether we would be in a position to complete our evidence in a short time.

Mr. MUTCH: I move that the Committee do now adjourn to the call of the Chair.

The Committee adjourned at 12.45 p.m. to the call of the Chair.

APPENDIX "A"

May 22nd, 1930.

DEAR SIR,—I have the honour to refer to your letter of the 4th April last requesting my opinion upon the question set out in the accompanying report from the Advisory Committee on the Civil Service Superannuation Act relative to the counting, for purposes of superannuation, of the periods of active service in the war of contributors who, at the time of enlistment, were employed in the Civil Service in a temporary capacity.

It appears that in the administration of the Act such service has not been counted where the contributor at the time of enlistment was a temporary civil servant, on the ground that when he enlisted he ceased to be a civil servant; and that two classes of temporary employees are affected by this practice, viz., (1) continuing temporaries or employees occupying positions of a permanent nature but who were technically temporary, and (2) temporary employees under six months certificates of the Civil Service Commission or occupying positions seasonal in nature. The question submitted for my opinion is whether the period of military service in question can be counted, and also whether, in the event of my ruling that such service cannot be counted in one or both of the classes of cases referred to above, it would be competent to the Governor in Council by regulation to authorize the counting of such service.

In my letter of October 9th, 1924, in reply to letter of the 2nd idem from the late Deputy Minister of Finance, I dealt with the questions submitted for ruling as follows:—

1. Where an employee of the Civil Service *resigned* in order to enlist for active service during the Great War, would the fact of his resignation debar him from counting his overseas service under section 6 (2)?

Answer: Yes.

2. We are informed that there have been numerous cases throughout the Service where some time had elapsed between the date when an employee ceased to be on active service and the date when he was again placed in a public position. In such a case, may the time spent on active service be counted (a) if the employee resigned in order to enlist, (b) if the employee did not resign in order to enlist?

As to (a): No.

As to (b): Yes, provided he retained his position in the Civil Service while he was on active service.

My answers to those questions proceeded upon the view that by the terms of sub-s. 2 of sec. 6 of the Civil Service Superannuation Act, the beneficial application of the proviso thereto depended upon the existence of two conditions, viz., (1) service on the part of the contributor in the Civil Service which was broken or interrupted by his absence on active service in the War, and (2) the retention by the contributor of his position in the service during the period of his absence on active service in the War. Further consideration of the subsection confirms me in the opinion that the first mentioned of these conditions is clearly sanctioned by the language employed, for it seems to me to be manifest that there cannot be, in any proper use of the term, a "discontinuance" of something which had no previous continuance, much less of something which never had any beginning at all. The second of the conditions above-mentioned does not, however, appear to me, on further consideration, to be founded upon an interpretation of the subsection which I can regard as free from doubt. While the language of the subsection perhaps affords some basis for it, there is, I think, on the other hand, much to be said for the view that the phrase "discontinuance of service" in the proviso, having regard to the sense in which the

term "discontinued" in the principal clause of the subsection seems clearly to be used, is intended to be employed in the sense of severance from the Civil Service and not merely absence from the active performance of duties in the Civil Service without severance. In other words, the period of a contributor's absence on active service in the war would have constituted a "discontinuance of service" in the sense of severance from the service, which, but for this proviso, could not have been counted.

On the whole, I think it is within the power of the Governor in Council, under the authority conferred by section 11 (1) (d) of the Act, to pass a regulation giving effect to the more beneficial interpretation by authorizing the counting, for purposes of superannuation, of the periods of absence on active service in the war of any contributor who, being a civil servant, resigned his position or left his position in the Civil Service with or without leave of absence for the purpose of proceeding on active service in the war.

It remains to deal with the two classes of temporary employees in reference to whom the question submitted arises.

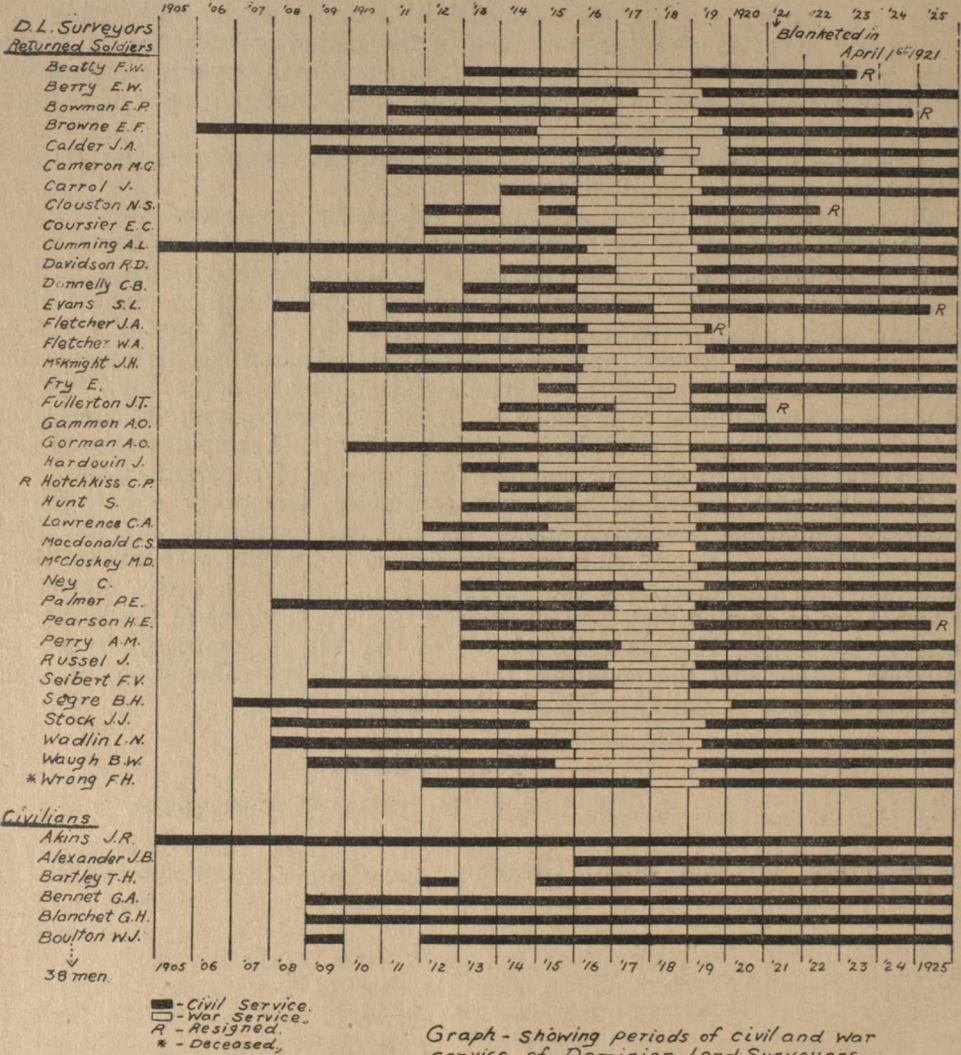
First, with regard to the continuing temporary employees, if I rightly appreciate the character of their employment, they were treated as being to all intents and purposes permanent employees in the Civil Service though they were, in point of status, technically temporary; and I am of opinion that where any such employee did not resign his position for the purpose of enlisting for active service in the war and was treated, notwithstanding his absence on such service, as still retaining his status as an employee in the Civil Service and at his option returned to his position in the Civil Service at the conclusion of his period of military service, he is entitled, under the Act, to have the period of his active service in the war counted for purposes of superannuation.

Secondly, with regard to any such continuing temporary employees or temporary employees employed under six months certificates of the Civil Service Commission or occupying positions seasonal in nature, who severed their connection with the service for the purpose of proceeding on active service in the war, I am of opinion that the Governor in Council in virtue of the authority conferred by section 11, sub-section 1 (d) of the Act, is competent to pass a regulation authorizing the counting, for purposes of superannuation, of their periods of absence on active service in the war.

Yours faithfully,

(Sgd.) W. STUART EDWARDS, D.M.J.

The Secretary, Treasury Board, Ottawa.



Graph - showing periods of civil and war service of Dominion Land Surveyors. Civil service applicable to Superannuation. War service not applicable to Superannuation.

THE CANADIAN LEGION OF THE BRITISH EMPIRE SERVICE
LEAGUEDOMINION COMMAND SERVICE BUREAU
OTTAWA, CANADA,

May 5th, 1938.

Captain ANTOINE CHASSÉ, M.C.,
Clerk,
Special Committee on Civil Service Superannuation Act,
House of Commons,
Ottawa, Ontario.

DEAR SIR,—Pursuant to the undertaking given during the course of my evidence this morning, I now beg to enclose a Memorandum setting out extracts from the Militia Pension Act and the Royal Canadian Mounted Police Act, relevant to my argument.

With reference to a question asked during the proceedings by Mr. L. A. Mutch, M.A., Member for Winnipeg South, may I say that The Canadian Legion has knowledge of cases wherein it appears that Government servants with previous service in the Permanent Force are not entitled to count the latter service for purposes of superannuation. Apparently there is no enabling legislation for this purpose.

Such cases would appear to be in line with the general principles advocated by The Legion, and should a levelling up of Civilian and Military Services be contemplated for superannuation purposes, cases in this class might be taken under consideration by the Committee.

In my evidence this morning I omitted to state that The Legion's contention is further supported by a Recommendation of the Veterans' Assistance Commission. The matter is referred to on pages 50 and 51 of the Final Report of the Commission, and the Recommendation is shown on page 67 of the Report and is as follows:—

SUPERANNUATION OR PENSION OF FEDERAL CIVIL SERVANTS AND SERVICE
IN THE GREAT WAR

The Commission recommends:—

That the Civil Service Superannuation Act, being Chapter 24 of the Revised Statutes of Canada, should be so amended as to provide that the time spent on active service by members of the Civil Service of Canada, who saw service in the armed forces of the country during the Great War, 1914-1918, may be counted for the purposes of superannuation.

Yours faithfully,

J. R. BOWLER,
General Secretary.

Particulars of Enactments Referred to by Mr. J. R. Bowler, M.B.E., General Secretary of the Canadian Legion in His Evidence presented on Thursday May 5th, 1938, to the Special Committee Enquiring into the Operation of the Civil Service Superannuation Act.

Militia Pension Act, Chapter 133, Revised Statutes of Canada, 1927:

Section 8:

The following times may also be included in the term of service of an officer for the purposes of this Act.....

- (f) The time served as an officer, non-commissioned officer or man on active service during the War between Great Britain and Germany, which commenced on the fourth day of August, one thousand nine hundred and fourteen.

Section 14, 3:

The following times may also be included in the term of service of a militiaman for the purposes of this Act,.....

- (f) The time served when on Active Service during the war between Great Britain and Germany which commenced on the fourth day of August, one thousand nine hundred and fourteen.

Militia Pension Act, Chapter 35, of the Statutes of 1928:

Section 2:

Subsection one of Section six of the said Act is repealed and the following substituted therefor:—

6. (1) Time served in the public service of Canada, which under Part I of the Civil Service Superannuation Act, Revised Statutes of Canada, 1927, chapter twenty-four, would be reckoned in computing the period of service for the purpose of a superannuation allowance under the said Act, or time served in the public service of Canada which was of such a nature as could be reckoned in computing the period of service for purposes of a superannuation allowance under the said Act had the officer remained in the public service and had elected to become a contributor under any part of the said Act, may be included in the term of service of an officer for the purposes of this Act.

An Act to amend the Royal Canadian Mounted Police Act, being Chapter 37 of the Statutes of 1932:

Section 12:

Section forty-eight of the said Act is amended by adding thereto the following subsections:—

- (5) Time served on active service during the war between Great Britain and Germany which commenced on the fourth day of August, one thousand nine hundred and fourteen, may be included in the term of service for the purpose of pension under this Part.
- (6) Time served in the Civil Service of Canada which counted towards superannuation and retirement under the various Civil Service Superannuation and Retirement Acts, and time served in the Customs-Excise Preventive Service of the Department of National Revenue may be included in the term of service for the purpose of pension under this Part.

An Act to amend the Royal Canadian Mounted Police Act, being Chapter 38, of the Statutes of 1937:

Section 3:

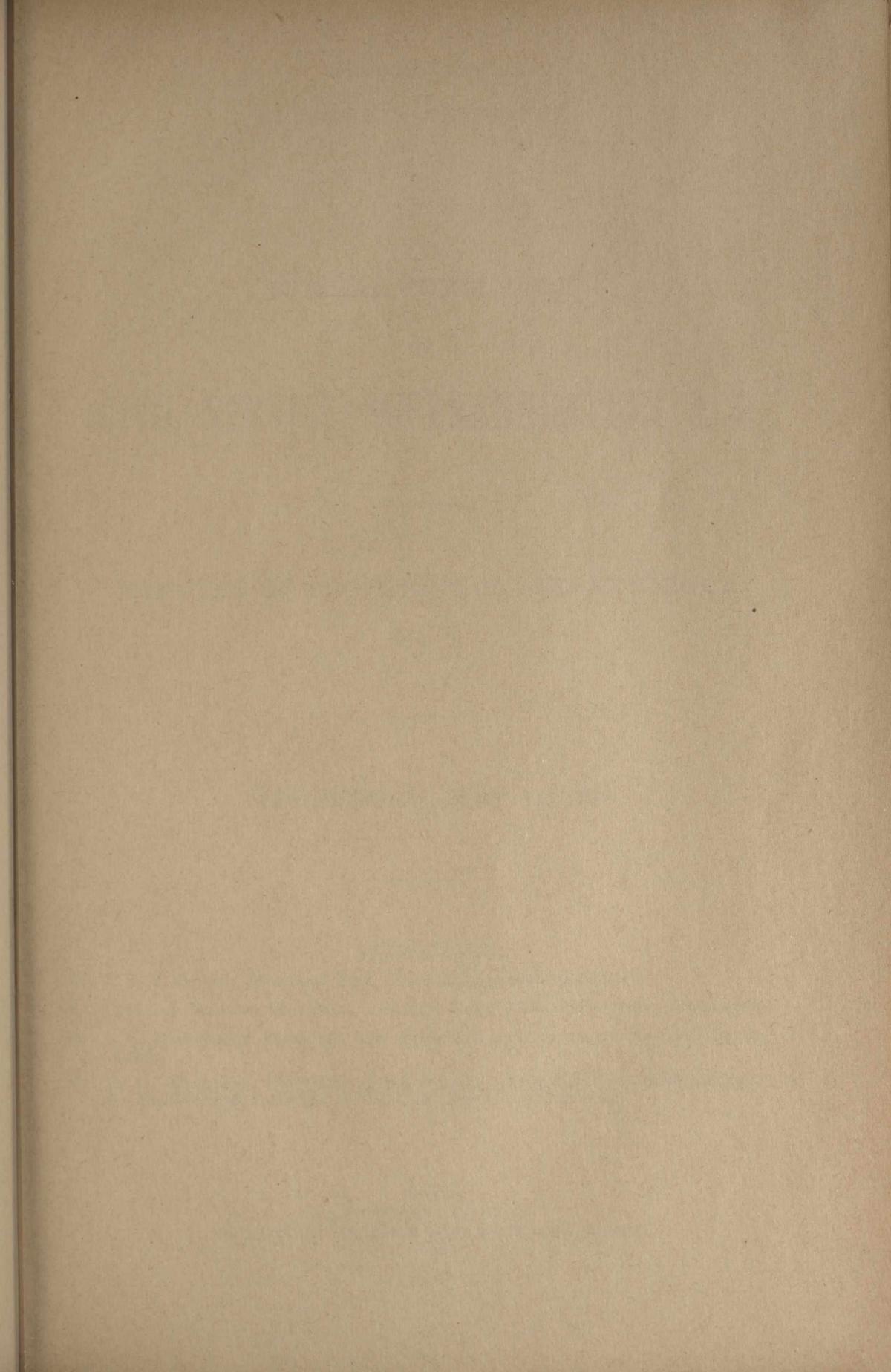
Section forty-eight of the said Act, as amended by Section twelve of chapter thirty-seven of the Statutes of 1932 and by Section eight of chapter eight of the Statutes of 1934, is further amended by adding thereto the following subsection:—

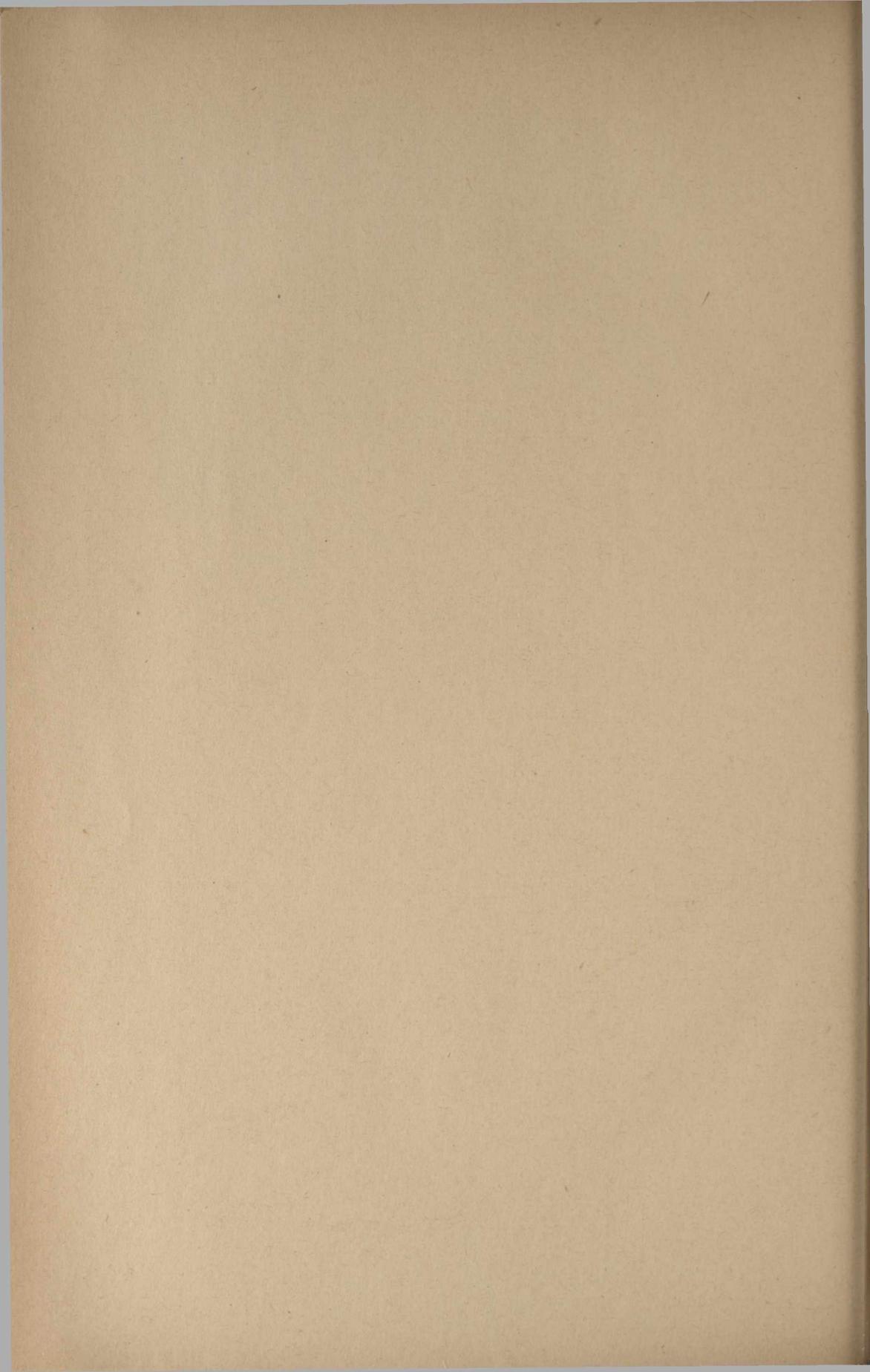
- (8) (a) Time served in the permanent forces of Canada may also be included in the term of service of an officer for the purposes of pension under this Part.
- (b) In such cases the yearly deduction of five per cent upon average pay under this Act from any pension shall be reduced by the average yearly deduction from the officer's salary or pay as a member of the Permanent Forces made under the Militia Pensions Act.

Section 4:

Section sixty-seven of the said Act as amended by Section fourteen of Chapter thirty-seven of the Statutes of 1932 and by Section twelve of Chapter eight of the Statutes of 1934, is amended by adding thereto the following subsection:—

- (5) Time served in the permanent forces of Canada may also be included in the term of service of a constable for the purposes of pension under this Part.





SESSION 1938
HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

CIVIL SERVICE SUPERANNUATION ACT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

WEDNESDAY, MAY 11, 1938

WITNESSES:

- Mr. J. E. S. Gauvin, Montreal Post Office Employees Association.
- Mr. Cléophas Dubeau, President, Montreal Post Office Employees Association.
- Mr. J. C. Beauchamp, President, The Professional Institute of the Civil Service of Canada.
- Mr. R. D. Whitmore, Chairman of the Standing Committee on Superannuation of the Professional Institute of the Civil Service of Canada.

OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1938

CIVIL SERVICE SUPERANNUATION ACT

MINUTES OF PROCEEDINGS AND BUSINESS

WEDNESDAY MAY 11, 1904

WITNESSES

The Hon. W. H. Woodrow, Chairman of the Civil Service Commission, presided at the meeting of the Board of Civil Service Commissioners, held at the Department of the Interior, Washington, D. C., on Wednesday, May 11, 1904.

PRINTED BY THE GOVERNMENT PRINTING OFFICE

MINUTES OF PROCEEDINGS

WEDNESDAY, May 11, 1938.

The Special Committee appointed to enquire into the terms and operation of the Civil Service Superannuation Act, met this day at 11 a.m.

Mr. McLean (*Melfort*), the Chairman, presided.

Members present: Messrs. Anderson, Blanchette, Francœur, Hansell, Heaps, Hill, Lockhart, McCann, McLean (*Melfort*), Mallette, Pottier.

In attendance: Mr. W. C. Ronson, Assistant Deputy Minister of Finance; Mr. G. L. Gullock, Chief of the Superannuation Branch, Department of Finance; Mr. J. C. Beauchamp, President of the Professional Institute of the Civil Service of Canada; Mr. R. D. Whitmore, Chairman of the Standing Committee on Superannuation of the Professional Institute of the Civil Service of Canada; Mr. Fred Knowles, National Secretary of the Amalgamated Civil Servants of Canada; Miss E. L. Inglis, 1st Vice-President of the Civil Service Federation of Canada and of the Civil Service Association of Ottawa; Mr. J. E. S. Gauvin of the Montreal Post Office Employees Association and Mr. Cléophas Dubeau, President of the Montreal Post Office Employees Association.

Mr. J. E. S. Gauvin of the Montreal Post Office Employees Association was called, sworn and examined.

Mr. Cléophas Dubeau, President of the Montreal Post Office Employees Association was called, sworn and examined.

The Chairman, on behalf of the committee, thanked the former witnesses for their presentation and Messrs. Gauvin and Dubeau retired.

Mr. J. C. Beauchamp, President of the Professional Institute of the Civil Service of Canada and Mr. R. D. Whitmore, Chairman of the Standing Committee on Superannuation of the Professional Institute of the Civil Service of Canada, were called, sworn and examined jointly.

Mr. Mallette, on behalf of the committee, complimented the officers of the Institute on the very clear and efficient way in which their submission had been prepared and Messrs. Beauchamp and Whitmore retired.

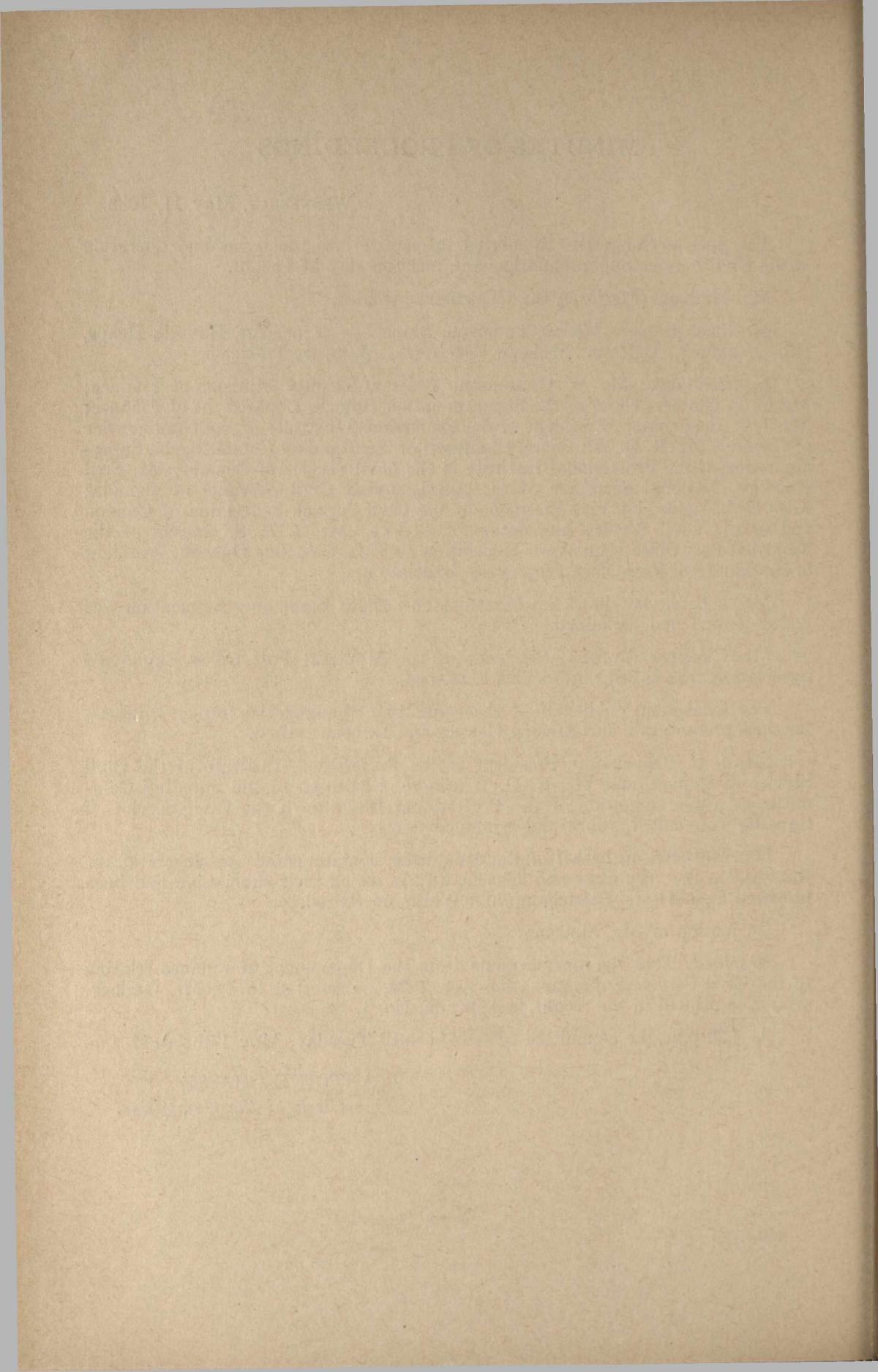
On motion of Mr. McCann:

Resolved: That the memorandum from the Department of Finance relating to the Civil Service Superannuation Act, 1924, as referred to by Mr. Gullock, should be printed in the record as Appendix No. 1.

At 1.20 p.m. the committee adjourned until Tuesday, May 17th, at 11 a.m.

ANTOINE CHASSE

Clerk of the Committee.



MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 497,

May 11, 1938.

The Special Committee to inquire into the terms and operation of the Superannuation Act met at 11 a.m. Mr. Malcolm McLean, the Chairman, presided.

The CHAIRMAN: Gentlemen, I think we have a quorum now and we shall not waste any time getting down to business. We are going to hear from the Professional Institute of the Civil Service of Canada this morning. Mr. Beauchamp and Mr. Whitmore are here; but before they speak I should like to suggest that the Montreal Post Office Employees' Association Incorporated are represented by Mr. Gauvin and Mr. Dubeau. I understand they are not likely to take more than half an hour, and if it is satisfactory or if there is no objection on the part of anyone I think we might call on them first in order that they will be sure to get through. The representatives of the Professional Institute are in the city anyhow. Have you any objection, Mr. Beauchamp?

Mr. BEAUCHAMP: We are in the hands of the committee. I think that can be worked out satisfactorily.

The CHAIRMAN: Then, we will call Mr. Gauvin, who is going to speak first.

Mr. POTTIER: Mr. Chairman, I am accustomed to get two copies of the report of the committee, one in English and one in French. I have only received the English reports of the committee so far. I am wondering if there has been any French translation put out.

The CHAIRMAN: I understand the French version has not come from the Printing Bureau yet. An order was passed for French copies. I shall now call Mr. Gauvin.

Mr. J. E. S. GAUVIN called and sworn.

The WITNESS: Mr. Chairman, gentlemen of the committee, on behalf of my colleagues in the Montreal postal service, I am pleased to say that we are most appreciative of the opportunity afforded us to be heard before this special committee.

By Mr. McCann:

Q. How many are in this organization?—A. We are between 800 and 900, but there are about 900 employees in Montreal.

Q. How many belong to the organization; how many do you represent?—A. Between 800 and 900.

I will endeavour to be as concise and brief as possible. I do not propose to deal with the origin of the Retirement Fund, nor with the Superannuation Act, as I understand that you are already well versed on the subject, let me however, pray for your indulgence.

Needless to add gentlemen, that we favour this Act and are grateful to those who contributed to its enactment as a law. Our present attitude is a direct approval of this beneficial and social achievement. We may have our own feelings towards some of the proposed amendments, but speaking generally, they are of minor importance compared with the advantages already accruing.

Extension Requirement

1. What is wanted is first, an extension of this Act to allow a further opportunity to those who have failed to exercise their right to elect prior to July 19, 1927.

The reasons offered for the failure to elect to come under the Act are of different quality, but the one generally accepted is that all the employees were not made aware of the exact terms and import of the Superannuation Act. There is, undoubtedly, some truth in that inasmuch as they were influenced by a few who having already committed themselves in the negative pretended to possess intimate knowledge of a proposition of which they did not understand the particulars and benefits.

There are also those who amongst the postal had realized some economies, a rare thing indeed, but it apparently existed then, and others who, hoping in some reasonable share of inheritance had decided not to run the risk of investing in what, to them, appeared an uncertain or obscure plan. We were at the time in a period of excessive prosperity never enjoyed before and nobody thought or very few seemed to visualize a great reaction and much less a severe depression as that which has since afflicted the world.

These hopes and economies have since vanished and the picture is much different now and so is the viewpoint due to the extensive experience acquired.

I do not think that we shall pass judgment on these unfortunate fellow colleagues. There are many in the business life who were much more qualified and posted on financial and economic matters and they did not fare any better.

Although we must admit that the economic situation in our country is much improved, it does not mean that those who have suffered losses during the crisis will recuperate.

Abundance will certainly come again, new wealth and the newly rich will crop up again but it is no certain thing that the same individuals will own them, hence our sympathy for those who were affected.

Furthermore, the Finance Department, up to 1933, paid the interest on the money invested at the rate of 5 per cent which was reduced to 4 per cent from that year.

This discrepancy in the interest rate would amount to an important sum and it is reasonable to think that it should be given consideration when perusing the anticipated added cost to the government, should it decide to comply with our request.

Age Limit for Retirement

2. As to the fixing of the age limit for retirement of an employee, it is generally agreed upon that 65 should be the age limit and it should apply in all cases without exception.

The practice of allowing an extension over 65 and sometimes over 70 which has been done on different occasions in the past, is objectionable on the grounds that another employee who is being refused the same privilege leaves the service under the impression that he is being discriminated against, especially so if he is physically fit.

On the other hand, it is in the interest of the service that there be no exceptions to this rule. For example, there are certain divisions of the Post Office Department where physical fitness is indispensable and, if we make exceptions we lower the average yield or production and are, therefore, compelled to hire additional help to cover the consequent deficiency.

The possibility of permitting an employee to retire after he has been in the service 35 years or over, providing he has attained 60 years of age should also be examined. Personally, I believe it should be granted as it will create vacancies and provide promotions and, as a logical sequence, will emulate and give more encouragement to the younger members of a staff.

[Mr. J. E. S. Gauvin.]

Guarantee or Compensation

3. In addition to the above, the present members of the Superannuation Act would wish for a guarantee of some kind in regard to payment of an allowance or compensation to heirs of participants who die without having benefited from the pension.

The guarantee in cash could be calculated according to the number of years of membership under the Superannuation Act, on some basis similar to that compounded by insurance companies in like circumstances.

I am told that a little over 4,000 employees come under the Retirement Fund and would be eligible to come under the Superannuation Act.

I admit that it is rather difficult to argue with some kind certainty on the financial aspect of the project, owing to the lack of definite actuary figures for computation. But, as far as allowing the election of those who are under the Retirement Fund, we may suppose that the financial burden would not be any heavier now than if they had already elected to come under the Act, admitting that all who are now concerned would willingly surrender the cash and accrued interest accumulated in the Retirement Fund since 1924.

"Day Labourers"

4. Some years ago a number of employees were appointed as "day labourers," although they performed clerical work from the moment of their arrival in the service and have since continued doing this same clerical work. For instance, some lady stenographers come under this category, but were denied the privilege of retroactivity as regards their election to the Act. They were even willing to pay the full arrears for the period elapsing between the date of their entry into the service and the date of their permanent appointment. These employees deserve our full support and we would gladly hear of any steps which would be taken to give them some satisfaction in that respect.

The above is respectfully submitted for your kind consideration and attention, by the Post Office Employees' Association of Montreal.

The CHAIRMAN: Does any one desire to ask Mr. Gauvin a question?

By Mr. Lockhart:

Q. On the first page of the brief under the heading of "extension requirement" you give certain reasons, and I was wondering if you would be good enough to enlarge a little on those reasons. I have certain conceptions, but I should like to hear from you.—A. Well, as a matter of fact, when the Act was passed by parliament we must state that nobody particularly familiar with insurance companies or insurance business or with the Act itself was delegated to explain the matter to the employees in the Montreal post office. I think it was the same elsewhere, and therefore this part of the explanation which should have been given to our confreres was given by some officers of the department; although they were quite conversant and familiar with their post office work, they were not familiar enough with that particular Act to give the necessary explanation; and beside that, you know, as a matter of fact, in the regular nature of things sometimes persons say such a thing is so-and-so, I know it and I can guarantee it, and, of course, some of the employees by reason of that situation influenced the others and so on. That gives you an idea of the exact situation at the time. Of course, there might be some particular instances of personal influence, but that is the main objection.

By Mr. Mallette:

Q. To complete Mr. Lockhart's question, would you tell us how you were told about this new Act in Montreal?—A. Well, just as I told you a few minutes ago. Some officers of the department in Montreal were delegated or were instructed to give us the necessary explanation.

Q. Were there no circular letters received by the employees, or no employees' meetings?—A. As far as I am concerned I can tell you I never received any circular letters. It may possibly be that some circular letters may have been posted; but generally we are advised by letters or circulars. It does not mean that they are personal circulars or letters addressed individually to all employees.

By Mr. Heaps:

Q. I notice that the organization that the witness represents is the Montreal Post Office Employees' Association Incorporated. Is that a recent incorporation?—A. No, sir. It dates back to quite a few years ago. I cannot give you the exact number of years.

Q. The number that you represent here is not quite one-half, Mr. Dubeau.—A. I beg your pardon for a moment. I am not Mr. Dubeau. I am Mr. Gauvin. I used to be the former president of the association. My friend is now.

Q. All right, Mr. Gauvin. Pardon me for the mistake I made. But you represent less than one-half of the total number of employees in the Montreal post office?—A. No; a little over one-half.

Q. A little over the half?—A. Yes.

Q. Is the other half organized at all?—A. Well, of course, some of them belong to the Letter Carriers Association.

Q. Yes?—A. And a small part to the association called the Canadian Postal Clerks Association which is from Toronto; and a few belong to the Amalgamated.

Q. We will have different representations, I suppose, made to this committee by the members of the various organizations?—A. Not from Montreal, I do not believe; because they are already represented, if I am well posted.

Q. Will there not be someone representing the national organization of these postal employees here?—A. Yes. I think they have been already listed there.

Q. Your organization is a purely Montreal organization?—A. A purely local organization.

Q. Representing the Montreal employees only?—A. Exactly.

Q. That is what I wanted to find out.

Mr. LOCKHART: May we return to the point we were discussing. I think the gentleman here on our left was going to make some statement; and I am still anxious and I think Mr. Mallette is anxious to get further information.

THE CHAIRMAN: Yes. I did not know but what Mr. Heaps was going to speak along the same line, or I would have asked him to wait.

Mr. HEAPS: I was under the impression that they had concluded their questioning along that line or I would not have interrupted.

Mr. MALLETT: I can see that Mr. Lockhart and myself have the same idea. We are so much surprised to hear that no notification was given to a group of about 1,800 employees. We find that rather surprising. I think it would be interesting to the committee to be well posted on that point, that no notification was given of a change of importance in the old Retirement Act. That is a surprise. Surely there are notices posted in the post offices at Montreal giving instructions. It seems to me I have seen them myself at times. Do you mean to say, Mr. Gauvin, that in this case no notice was given to the employees?

WITNESS: No. Mr. Chairman, if you will pardon me, I would not like to leave you under the impression that no notification was given to the employees. But I must say that no personal circulars or notices were sent to the employees individually. Of course, as is the case in ordinary circumstances, many employees do not peruse the instructions, even the ordinary instructions; and sometimes some of their own colleagues have to call their attention to them. So in this case it is probable, and I should say that it is certain, that the ordinary notification was sent. But this is not the main point. The ordinary circular with regard to the regulations of the department is somewhat diffuse under certain

[Mr. J. E. S. Gauvin.]

circumstances—is not readily comprehensible or understandable by the employees themselves; and consequently they must have somebody to interpret the exact signification of this circular or these instructions. In this particular case it was quite evident that some necessary explanations were needed, because the employees themselves and the officials who were instructed to give the necessary instructions did not know themselves, you see, the Act as they should have known it. I think really we have some ground for complaint in that regard.

Mr. MALLETTE: Anyway, Mr. Chairman, if we asked for that, it was just for the equivalent; because it is not worse than the request of the other employees who are asking for the same thing, in the other departments of the government. We have, I understand, hundreds of employees who want to switch from one fund to another, and their case and that of the Montreal officials is the same.

WITNESS: They are about similar.

THE CHAIRMAN: Yes.

Mr. MALLETTE: We took it up because it was mentioned in the second paragraph; otherwise we would never have spoken of it ourselves, probably.

THE CHAIRMAN: Then I would ask Mr. Gullock to tell us about the circulars that were sent out.

Mr. HEAPS: Before you come to that, just to pursue the matter further, in the statement which is submitted to us by the witness he says,—

There is, undoubtedly, some truth in that in as much as they were influenced by a few who having already committed themselves in the negative pretended to possess intimate knowledge of a proposition. . . .

and so on. Evidently the postal employees represented by the witness were influenced by someone who misrepresented the probable effects of the situation to them.

THE CHAIRMAN: I think that is quite clear—fellow employees who had their own opinion as to the wisdom of the switch.

Mr. HEAPS: What I am getting at is the statement made that they were not apprised of the true facts of the situation. Evidently some members of the organization had the facts or pretended to have the facts and they persuaded the members of the organization to take a line which today, of course, a great many of them evidently regret taking.

THE CHAIRMAN: Of course, that is quite natural; that is human nature, to have different opinions.

Mr. POTTIER: I suppose, Mr. Chairman, that they thought they had a pretty good thing, most of them; and they hated to switch into a new proposition which they knew nothing about. Is that about right, Mr. Gauvin?

WITNESS: That is correct. That is exactly the truth.

Mr. McCANN: What difference does it make now? The fact remains that they want to come into the fund. That is clear. It is not a matter of being affected individually. It is not a regulation. It is a law.

The WITNESS: It is a law.

Mr. McCANN: It is an Act.

The WITNESS: It is an Act.

Mr. McCANN: And where do we get knowledge of Acts that are passed by parliament? Usually through newspapers; or, if you are especially interested, you make it your business to find out; and the fact that these people were not given notice individually is no argument against them not joining.

The WITNESS: That is right. I should let you know that as far as I am concerned I really think that I am not here to excuse them. I am here because I have sympathy for them. Probably they have made a mistake or an error; but we are all liable to make errors. I will even go further than that. I think

that, financially speaking, the Finance Department is still making a good bargain. Because suppose, for instance—of course, we are taking the matter just now from the financial angle or the practical angle—that a man gets, we will say, an average sum of \$5,000 in retirement fund. He often has dependents at the time. Well, you may imagine that this man will be able to carry on for about, say, at the most three or four years—make it five years if you like. Then he will be not really a pauper, but he will come under the old age pension, which means that the Finance Department of our country is going to contribute 75 per cent of the funds which he is going to drop from this source; and, therefore, if you take that into consideration the amount that he is compensated, suppose we were aware, actuarially speaking, of the exact computation necessary to have this scheme plainly put before us. If we take up that difference that the department is supposed to take, and the other difference necessary to complete the amount necessary to support the fund in accordance with the wish expressed by these employees who did not elect, I think still the department or the government of our country is making a good bargain.

By Mr. Heaps:

Q. How many of those you represent here this morning would be affected by it?—A. I think I was told that approximately in Montreal there are about 97 clerks, over 150 letter carriers and porters or labourers, if you prefer—not exactly labourers, because we have not got that title any more.

Q. About 230 people?—A. No—more than that; 97 clerks.

Q. Yes?—A. And a little over one hundred and fifty letter carriers and porters.

Q. That is what I said—less than 250 people would be affected by your proposed change.—A. In Montreal exclusively.

Q. Yes, in Montreal alone.—A. Yes.

By Mr. Pottier:

Q. Just to be clear on this word "few"—you mean by a few, a few among your own ranks?—A. Yes. I do not mean the organization here. I mean among the colleagues working between themselves.

Q. A few among yourselves?—A. Yes.

Mr. LOCKHART: This is a point that is going to come up in different representations; may we have that explanation that was suggested? That will give us probably a better understanding of the situation.

The CHAIRMAN: Yes. I do not think it is very important. The fact is that certain employees made what they now consider to be a poor decision. For the sake of keeping the record straight, I think we should ask Mr. Gullock how the employees were notified of the change of the Act at that time. Mr. Gullock has the information, I know.

Mr. GULLOCK: Mr. Chairman, after the Act was passed in 1924, steps were taken by the Department of Finance to prepare a memorandum. This memorandum was drafted very carefully; it was printed in both French and English and it was broadcast or it was sent to all the departments for distribution amongst their employees. If the employees of the various departments did not receive a copy of this memorandum, I do not think any blame can be attached to the Department of Finance. We had a plentiful supply and they were distributed to the departments for distribution amongst the employees concerned. I can obtain a copy of that memorandum if it is the desire of the committee that it be filed.

Mr. LOCKHART: That would be the usual mimeographed copy of the statement?

Mr. GULLOCK: No. It was a printed memorandum.

[Mr. J. E. S. Gauvin.]

Mr. LOCKHART: It was a printed copy, but not addressed to them individually?

Mr. GULLOCK: No.

Mr. LOCKHART: Just in a general way?

Mr. GULLOCK: In a general way, yes.

The WITNESS: Mr. Chairman, if you will permit me to say so—if you will recollect my previous remarks, I did not deny what has been said in regard to the Department of Finance. It is evidently true. But still you must bear in mind the fact that in all these cases the employees, if they have not personal explanation in regard to the details and particulars of some circulars, orders, or instructions, are not in a position to understand them thoroughly, and that is why I insist. I do not mean that there was some culpability or some blame on the Finance Department or even the post office officers in our office; but you must acknowledge with me that a man who is well-versed in post office matters may not know as well, or may even be a very poor man in regard to the insurance business or something of the like. So this is what I wish particularly to insist upon.

Mr. MALLETTE: In justification to the Department of Finance, I think that the proof that the circular was sent is in the fact that such a large number of the Montreal post office employees did accept the new law. I think that is justification for the Finance Department.

The CHAIRMAN: To complete the record, I think we should ask—

Mr. POTTIER: Even those that admit having that knowledge did not come under the plan.

The CHAIRMAN: I think we should ask Mr. Gullock to file copies of the circular, in order that the committee may be able to see it. It would not be necessary to print it, but we could have a copy filed with the committee.

Mr. McCANN: How lengthy a circular was it?

Mr. GULLOCK: It was probably an 8 by 10 sheet, printed on both sides.

Mr. McCANN: Could we not have it printed in the record?

The CHAIRMAN: Yes, if the committee wishes it.

Mr. McCANN: I would suggest that.

The CHAIRMAN: That will be fine.

Mr. McCANN: I would suggest that we have it in the printed report of the proceedings.

Mr. LOCKHART: I was going to say in that connection, or rather was going to ask the last speaker whether in that circular there would be any particular direction; there were not in that any individual instructions, were there?

Mr. GULLOCK: No, sir.

Mr. LOCKHART: Just a general statement?

Mr. GULLOCK: Yes.

Mr. LOCKHART: Thank you.

The CHAIRMAN: Are there any other questions to be asked of Mr. Gauvin before he retires? If not, we will call on Mr. Dubeau. Mr. Dubeau, I understand, is going to make a short address in French, but it is very, very short.

The WITNESS: Mr. Chairman, I wish to thank you gentlemen who have been so kind to me in a language with which I am not familiar.

CLÉOPHAS DUBEAU, commis senior, station postale "T", à Montréal, est appelé et assermenté.

Le TÉMOIN: Monsieur le président, messieurs les membres du comité, je me bornerai simplement à vous entendre poser des questions. J'ai à faire le même exposé en français que celui que M. Gauvin vient de faire en anglais. Si les membres du comité veulent me poser des questions, je suis prêt à répondre. Si vous voulez que je lise le mémoire en français, je puis le lire; c'est le même que celui qui a été lu en anglais.

M. MALLETTE: Dans la traduction de la déposition de M. Gauvin, nous aurons le mémoire qu'il a déposé en anglais. Ce mémoire sera traduit en français. Si le vôtre est exactement le même, ce serait du temps perdu; nous aurons une traduction, ce sera la même chose.

Le TÉMOIN: Oui, mais si vous avez des questions à me poser...

M. MALLETTE: Des questions, c'est autre chose.

Le TÉMOIN: Le mémoire est exactement la même chose, traduit de l'anglais au français et du français à l'anglais.

M. BLANCHETTE: Vous pourriez peut-être nous donner un résumé de vos opinions, au cas où M. Gauvin aurait pu oublier quelque chose.

Le TÉMOIN: Cela me fait plaisir de le faire, monsieur le président.

Quant à l'ouverture de la pension, de 1924 à 1937, les gens qui n'y ont pas pris part à ce moment-là, c'est parce qu'ils ont été mal informés et que la publicité n'a pas été assez intense pour qu'ils saisissent bien les points de la loi et l'importance de prendre part à la pension. Dans ce temps-là, ces gens étaient encore jeunes; aujourd'hui, ils sont plus vieux, ils raisonnent mieux, ils étudient mieux leur cas parce qu'ils sont plus près de la tombe.

M. MALLETTE: Au lieu de dire "de la tombe", dites donc "du ciel".

Le TÉMOIN: Du ciel, si vous aimez mieux. Nous demandons en leur nom, —et nous croyons que c'est juste,—que la loi soit réouverte, si l'on peut s'exprimer ainsi, pour qu'ils puissent devenir pensionnaires de l'Etat au lieu de retirer simplement 5 p. 100 de leur salaire. C'est là la première question, et je crois que c'est à peu près ce que M. Gauvin vient de vous expliquer en anglais.

Ensuite, nous demandons que la pension soit calculée de la date de l'entrée dans le service, au lieu de la date de la permanence. Je vais vous citer un exemple: Je suppose que je sois entré en 1910 dans le service et que je n'aie été nommé permanent qu'en 1912. Dans ce cas, la pension commence du moment où j'ai reçu ma permanence, parce que j'ai commencé à contribuer mon 5 p. 100 seulement quand j'ai été nommé permanent. D'après la loi, on nous paye seulement la moitié de la différence, c'est-à-dire que nous perdons une année.

M. MALLETTE: Ceci demande une autre explication: Vous parlez d'un homme qui est entré au service en 1910 et qui a été nommé permanent en 1912?—R. Oui; cela fait deux ans de différence.

M. MALLETTE: Même s'il n'a commencé à contribuer qu'en 1912, il aurait sa pension depuis 1910?—R. Nous demandons sa pension de la date d'entrée.

D. Est-ce qu'il contribuerait pour les deux premières années?—R. Il serait prêt à contribuer pour les deux années qui manquent.

D. C'est très important.—R. C'est très important. Il serait prêt à contribuer pour les deux années qui manquent afin d'avoir sa pension à partir de la date d'entrée, pour compléter tout son temps de service au gouvernement.

Que la pension soit facultative après trente-cinq ans de service, sans considération d'âge. C'est-à-dire que quand un homme aurait ses trente-cinq ans à l'emploi du gouvernement, qu'il ait seulement cinquante-cinq ans, soixante ans, soixante-deux ou soixante-trois ans, après trente-cinq ans de service qu'il puisse sortir du département avec la pension maximum.

[Mr. Cléophas Dubeau.]

M. BLANCHETTE: Vous mentionnez trente-cinq ans au lieu de trente ans?—
R. Est-ce que c'est trente ans?

D. C'est trente ans sur le premier mémoire.—R. C'est trente ans sur le premier mémoire, oui, mais sur le dernier mémoire, c'est trente-cinq, nous avons fait une correction.

M. MALLETTE: C'est cela que vous désirez, trente-cinq ans.—R. Trente-cinq ans. Après avoir calculé l'affaire, nous considérons que c'est plus juste de demander trente-cinq ans, parce que cela fait une limite d'âge plus raisonnable. Lorsqu'un homme aura rendu service à son pays durant trente-cinq ans, il serait raisonnable qu'il puisse jouir de sa pension.

Nous nous basons sur le fait que, dans le service, les gens ne vivent pas très vieux. Je crois qu'on pourrait obtenir du département une liste des mortalités. Je ne suis pas très bien renseigné là-dessus mais je crois que la moyenne de la mortalité varie de quarante-cinq à cinquante ans, en général. Alors, il n'y a qu'un petit nombre d'employés qui retirent leur pension. Depuis vingt-huit ans que je suis dans le service, j'ai eu connaissance du cas de plusieurs employés qui ont pris leur pension et qui sont morts six mois ou un an après. Ils ont donc retiré, approximativement, une somme de \$1,000, \$1,200, ou même \$800,—cela dépend du montant de leur pension,—et la mort les a enlevés et il ne reste rien de tout ce qu'ils ont payé.

Dans le cas d'un veuf sans enfants ou d'un célibataire, ils contribuent 5 p. 100 au département et, s'ils partent avant d'avoir leur pension, leur argent est perdu. Les héritiers légaux ne retirent rien des versements qu'ils ont faits.

Je prends mon cas personnel: Je suppose que ma femme meure cette année et que je meure l'année prochaine. Actuellement, j'aurais droit à une pension approximative de \$1,100. Si ma femme ne meurt pas, elle a droit à la moitié de ma pension, lors de ma mort. Mais si je meurs dans un an, sans avoir commencé à retirer ma pension, et que ma femme est morte avant moi, alors, c'est fini. J'ai versé approximativement \$4,000 au gouvernement et ce \$4,000 reste dans le fonds de retraite. Mes enfants ne peuvent pas en bénéficier s'ils sont plus âgés que 18 ans.

Nous demandons donc qu'il y ait quelque chose qui revienne aux héritiers légaux des célibataires ou des veufs sans enfants, sur les \$3,000 ou \$4,000 qu'ils ont déposés.

D. Cela, c'est pour ceux qui meurent avant d'avoir commencé à toucher leur pension.—R. C'est pour ceux qui meurent avant d'avoir commencé à toucher leur pension, oui.

Et je suppose que j'aie reçu ma pension pendant un an seulement. Je suis à ma pension depuis un an, ma femme est morte dans l'intervalle. Alors, il n'y a plus personne qui en bénéficie. J'ai retiré l'argent pendant un an seulement. C'est comme une question d'assurance. Le risque de la pension n'est bon qu'en autant qu'on vive mieux. Si on meurt avant d'avoir sa pension, ou un an après, elle n'a pas été profitable, comparée au montant qui a été versé. Alors, je dis que le département, dans le cas des fonctionnaires qui sont veufs, sans enfants de moins de dix-huit ans, et des célibataires, quand ils meurent sans avoir commencé à toucher leur pension, je dis qu'une certaine proportion du 5 p. 100 qu'ils ont versé au gouvernement devrait être payé à leurs héritiers légaux.

D. Qu'ils ont versé au gouvernement?—R. Qu'ils ont versé au gouvernement; et le gouvernement a tout gardé.

D. Ce n'est pas précisément le gouvernement, c'est le fonds de pension.—
R. Le fonds de pension. C'est consolidé, je crois, avec le gouvernement, le fonds de pension.

D. Mais, c'est pour les pensions.—R. C'est pour les pensions. Ce n'est pas limité.

Dans le cas d'un employé qui abandonne son emploi avant qu'il ait complété dix années de service, nous demandons que son 5 p. 100 lui soit remis. Cela fait trois, quatre ou cinq ans qu'il travaille; il a contribué son 5 p. 100 tous les ans: Qu'on lui remette son 5 p. 100, au départ. S'il a travaillé neuf ans et qu'il décide de laisser le service, il perd tout, il perd son 5 p. 100, il ne retire rien.

M. BLANCHETTE: Est-ce que cela s'appliquerait dans le cas d'une personne qui est obligée de laisser le service à cause de sa mauvaise conduite?—R. Dans le cas de mauvaise conduite, je crois qu'il perd le 5 p. 100 qu'il a versé. Par exemple, s'il y a vol ou autre chose de semblable, le gouvernement se trouve à avoir une certaine garantie là-dessus. Mais si je me suis toujours bien conduit et que je quitte le service afin d'obtenir une meilleure position, je perds mon 5 p. 100. J'ai contribué et payé au département 5 p. 100 de mon salaire et, si je démissionne pour avoir une meilleure position, je perds le 5 p. 100.

M. MALLETTE: Je crois que ce cas a déjà été soumis au comité par une autre organisation. Ce point sera considéré avec le reste.

Le TÉMOIN: En résumé, ce sont les demandes que nous avons faites.

M. MALLETTE: Vous demandez aussi de mettre les employés à leur retraite à soixante-cinq ans, sans exception.

R. Oui. Nous demandons, dans la partie anglaise de notre mémoire, de mettre les employés à leur pension à soixante-cinq, sans exception. Les raisons pourquoi nous demandons cela, c'est qu'un homme, à soixante-cinq ans, commence un peu à perdre de sa valeur.

M. MALLETTE: Vous pourrez dire cela à M. King et à M. Bennett.

Le TÉMOIN: Je ne parle pas d'un travail intellectuel; cela dépend bien du travail. Quand un homme est rendu à soixante-cinq ans, qu'il travaille dans le service de nuit ou le soir...

D. Au point de vue physique?—R. Au point de vue physique. Alors, la vie l'a usé, il est plus fatigué qu'un jeune homme de 25 ou 30 ans.

M. MALLETTE: Malheureusement.

Le TÉMOIN: Malheureusement, oui, je vous approuve. Je parle avec connaissance de cause, au point de vue physique. J'ai l'expérience et la pratique mais je ne puis plus faire le même travail que lorsque j'avais trente ans, alors qu'on me demandait de travailler le soir ou la nuit. Aujourd'hui que j'ai 50 ou 52 ans, je serais plus fatigué que je l'aurais été à ce temps-là. Je parle au point de vue physique,—pour dire que je serais plus fatigué,—non au point de vue de l'expérience et du jugement ou de l'efficacité,—les jeunes sont peut-être inférieurs.

M. MALLETTE: Vous mettez cela à 65 ans sans exception?—R. Oui, parce que, dans la majorité des cas, les employés qui ont atteint l'âge de 65 ans ont déjà trente ou trente-cinq ans de service. Si un employé est entré dans le service à 19 ou 20 ans, quand il arrive à 60 ans cela lui fait 40 ans de service et quand il aura atteint l'âge de 65 ans, cela lui donnera 45 ans de service. Alors, voyez-vous, il aurait fait un stage raisonnable, il pourrait vivre avec sa pension et cela donnerait l'avantage à un jeune d'avancer.

D. Sans différer d'opinion avec vous, vous demandez, dans une autre suggestion, de donner le droit à ceux qui ont 35 ans de service de se retirer parce que cela fait leur affaire?—R. Oui.

D. Parmi les employés qui ont atteint l'âge de 65 ans, il y en a qui pourraient être dans une position financière difficile, soit à cause de la maladie, de la mort ou pour toute autre raison; si vous fermez la porte complètement, le gouvernement ne pourra plus rien faire pour eux.—R. Pour moi, personnellement, cela pourrait être laissé facultatif. Nous parlons ici au nom de notre association. A l'assemblée délibérante nous avons discuté ces choses et la majorité des membres se sont prononcés en faveur de cette dernière proposition; alors,

[Mr. Cléophas Dubeau.]

nous vous la soumettons. Si vous me demandez mon opinion personnelle, — car je parle toujours ici au nom des employés qui composent notre association, — je crois que la chose devrait être facultative, que la décision en devrait être laissée au gouvernement, comme nous demandons qu'il soit facultatif de prendre sa pension à 35 ans.

D. Mes collègues, surtout ceux de Montréal, vous diront que nous recevons des fois des demandes pour qu'un employé soit gardé dans le service après l'âge de 65 ans; si vous demandez que la loi soit inflexible à ce sujet, cela pourrait faire de la misère à quelques-uns.—R. Nous vous soumettons ces suggestions humblement comme étant les idées exprimées par les membres de notre association; vous pourrez juger si nos demandes sont justifiées de part et d'autre.

M. BLANCHETTE: En somme ce n'est pas une question importante.—R. La question la plus importante est d'avoir la pension à 60 ou 65 ans.

M. MALLETT: C'est important parce que cela concerne ceux qui sont mal pris.—R. Vous me permettrez de suggérer que, depuis que je suis président de notre association, j'ai reçu plusieurs demandes pour pouvoir retirer la pension immédiatement; j'ai eu cette expérience depuis ce temps-là.

D. Je pense aux cas isolés, non pas aux cas généraux, mais à ceux à qui cela pourrait causer des inconvénients, parfois.—R. Il faudrait que les autorités se gardent une porte de sortie pour les cas isolés méritants, mais d'une manière générale, à mon sens, il faudrait, autant que possible, les obliger à se retirer à 65 ans. S'il arrive des cas exceptionnels, le département pourrait juger s'il est dans l'intérêt du service de garder un employé plus longtemps. Cela devrait être facultatif.

D. Je ne vous parle que des cas exceptionnels et je dis qu'on ne devrait pas considérer toutes les demandes d'une manière générale.—R. Oui. Vous pouvez, à mon sens,—c'est une suggestion que je fais,—mettre la limite à 65 ans, avec certaines réserves pour des cas spéciaux, qui seraient laissés à la discrétion du département.

The CHAIRMAN: Mr. Dubeau, you said that the employees that you represent would be willing to pay five per cent and all costs of arrears. Would that include interest on the sum also?

Mr. GAUVIN: Yes, Mr. Chairman, they are willing to do that.

M. BLANCHETTE: Seulement une autre question, M. Dubeau. Votre premier mémoire mentionnait la pension facultative après 30 ans de services et, aujourd'hui, vous mentionnez 35 ans. Voulez-vous nous donner la raison de ce changement dans votre mémoire?—R. C'est parce que la chose a été discutée de nouveau depuis le premier mémoire que nous avons envoyé. Notre premier mémoire vous fut envoyé il y a un couple de mois et, depuis ce temps, nous avons discuté ces choses et nous avons cru bon d'amender un peu le premier mémoire. Celui que nous vous avons présenté ce matin contient les dernières résolutions de notre association.

The CHAIRMAN: Just before we pass on to the next witness, I think that Mr. Gullock has some copies of a notice headed "Department of Finance, Canada. *The Civil Service Superannuation Act, 1924.*" This gives an explanation of the important parts of the Act. I think it should be printed in the evidence as an appendix, if it is the desire of the committee.

Mr. ANDERSON: That is the circular that was sent out in 1924?

The CHAIRMAN: Yes.

Mr. ANDERSON: We had better have it before us so we shall know what it is.

The CHAIRMAN: It will be printed in the record as appendix No 1.

Mr. GAUVIN: I should like to thank you again for your very kind attitude towards us, and I should also like to express my appreciation to the Professional Institute for having permitted us to be heard before they made their presentation.

The CHAIRMAN: That is fine, Mr. Gauvin. I think the committee appreciates the manner in which you and Mr. Dubeau have presented your evidence. Your argument is quite clear. We shall now call Mr. Beauchamp to give evidence on behalf of the Professional Institute of the civil service.

J. CLEMENT BEAUCHAMP called and sworn.

The CHAIRMAN: Mr. Beauchamp will deal with the brief down to the end of the third paragraph on page 5, and I understand Mr. Whitmore will succeed him then.

The WITNESS: Mr. Chairman and gentlemen of the select special committee, I know that the time is getting on, but as this is our first opportunity to have a full and fair hearing on superannuation matters before any public body since the inception of the Act I think the committee will be agreeable to giving us the necessary time to make a complete statement both written and orally. This is the preamble to our submission:—

SUBMISSION BY THE PROFESSIONAL INSTITUTE OF THE CIVIL
SERVICE OF CANADA TO THE SELECT SPECIAL COMMITTEE
APPOINTED BY THE HOUSE OF COMMONS TO ENQUIRE
INTO THE TERMS AND OPERATION OF THE CIVIL
SERVICE SUPERANNUATION ACT, AND ALL
MATTERS PERTAINING THERETO,
SESSION 1938

The Professional Institute of the Civil Service of Canada, formed in 1920, is now some 1300 strong and represents the majority of the professional ranks of the government service. (Appendix A). Its aims are "to enhance the usefulness of the Service to the public, to maintain high professional standards and to promote the welfare of its members." It is one of the organizations which has representation on the Advisory Committee on the Superannuation Act.

We wish to record our conviction that the Civil Service Superannuation Act, 1924, is on the whole an excellent piece of legislation, intended without any doubt to secure the welfare of the permanent employee upon retirement by requiring him to contribute part of his salary to protect him and his dependents against destitution in their last years. Though in our opinion the Act falls short of the ideal, or of what have been intended, no criticism is directed against its fundamental provisions.

We are conscious that some of our submissions may seem inadequate when the report on the actuarial valuation of the Superannuation Fund and the reports of the Advisory Committee on Superannuation are available. Without the guidance these reports would have given, we have sought from time to time during the past twelve years to have certain amendments and additions made to the Act. Some of these submissions may properly be regarded as basic, for they were forthcoming as soon as the terms of the Act were known. They reflected almost all shades of opinion of contributors and, in some cases, were endorsed by those outside the government service. Other suggestions have resulted from experience of the working of the Act.

It is desired to deal in general terms with a very few points and then to offer certain concrete suggestions embodying these points and others. All of these may be amplified and explained as they are submitted.

In the first place the contributors are definitely dissatisfied with the wording of the Act which declares, in effect, "The Governor in Council MAY grant". The lack of definite direction and entitlement is too disturbing to be dismissed by saying that MAY usually works out as SHALL. The feeling is quite strong that if the contributor faithfully meets his obligations as such, affording both

[Mr. J. C. Beauchamp.]

money and service, he cannot be looked on as a suppliant for a charitable grant and there should remain no shadow of a doubt as to his entitlement. In fact we wish to stress the idea that he "shall be entitled to receive a pension for life". This last phrase, taken bodily from the Militia Pension Act and from the Royal Canadian Mounted Police Act, seems to express an adequate conception. If it is not adequate then it is submitted that this Committee of the House might consider how it can be made so.

This Act is closely bound up with the welfare of the contributor and with his provision for the future. No doubt this was in the mind of the Treasury Board when it recommended the establishment by Order in Council P.C. 2232, December 22, 1928, of an Advisory Committee on the Civil Service Superannuation Act. The preamble to this Order in Council, in giving the reasons for the creation of the Advisory Committee carried these significant words: "In the opinion of the Minister, an Advisory Committee would facilitate the administration of the Superannuation Act and would promote a better understanding of the provisions and administration of the Act among Civil Servants generally." The Advisory Committee, however, at the outset, decided it was bound to report only to the Treasury Board. The latter could not see its way clear to make any reports to the Civil Service and returned the responsibility to the Advisory Committee, which adhered to its first decision. In consequence nothing has been disclosed and there has inevitably been complete failure to realize the expressed purpose of the Order in Council, viz., "to promote a better understanding of the administration of the Act among Civil Servants generally."

It must regretfully be admitted that the administration of this Act is not at present carried out with due regard to informing those most vitally concerned, and it is not too much to say that there is more secrecy than would seem to be needed. This Act is in the category of modern social legislation and its particular circumstances warrant a substantially different mode of administration. The civil servant has a partnership interest in the Superannuation Fund to the extent of \$38,000,000 at the present time and is entitled to the fullest information. We propose the setting up of a Board of Administration composed of unpaid nominees of all parties concerned, in the expectation that a harmonious feeling would develop and that such apparent defects as are a matter of criticism by the Auditor General* might be remedied promptly. In contrast to the procedure now followed by the Advisory Committee, decisions would be made available to those entitled to them.

Bound up with the proposal for a Board of Administration is the recommendation that the Fund be reviewed at regular, predetermined intervals for the purpose of ensuring actuarial soundness. There is a comparable procedure to be found in the Royal Canadian Mounted Police (Dependents) Pension Fund.** An examination to determine the actuarial status of the Fund was called for and completed some few years ago and, for reasons not disclosed, no results of this valuation have been forthcoming to that vitally interested party, the contributor. It is necessary to point out that our submissions in the past have been hampered through inability to judge as to their possible effect on the structure of the Fund, and also through lack of knowledge as to the action taken upon them by the Advisory Committee.

Apart from the consideration set out in the foregoing, the adoption of which would tend to give wholesome publicity to the operations of the Act, there is another less tangible point, which, we think, needs to be stated. Unfortunately it is true that it is not recognized by the people of Canada, not even at times by honourable members perhaps, that the Superannuation provided under this Act is NOT a gift out of the public revenues to a more or less deserving applicant. Each year an amount of money has to be voted by Parliament for

* Pp. 251-253, Vol. 1, Report of the Auditor General for the year ended March 31, 1937.

** Royal Canadian Mounted Police Act, Sections 87 and 88.

purposes of superannuation and it is difficult, almost impossible it would seem for the people of Canada to think other than that Superannuation is paid by the Government alone.

The statistical charts and graphs which are submitted herewith (Appendix B) will show that the contributions of the civil service have been more than sufficient to meet all expenditures for many years. During the 13 years of the operation of the Act the total civil service contributions have greatly exceeded the disbursements.

The Act provides in a number of ways for allowances to be refused, scaled down or discontinued but there does not seem to be any equivalent provision for appeal. In many cases decisions in these respects rest upon the "opinion of the Treasury Board," the latter presumably being guided by its advisers. It is expected that one of the more valuable functions of a Board of Administration, such as has been proposed, would be to consider and settle disputed cases in a manner satisfactory to all concerned.

Now, Mr. Chairman, unless some members of the committee wish to put questions to me in connection with the preamble, I think it would expedite the work of the committee if the chairman of the Professional Institute standing committee on superannuation were allowed to proceed with the individual points in our brief, if that is acceptable to you.

Mr. POTTIER: I am just wondering if we should not go through one thing at a time. I think we should ask questions on this preamble, if it is in order.

The CHAIRMAN: I think it is in order, but there is just one thing to keep in mind. The chairman of the Institute, Mr. Whitmore, may give the information that is wanted as he proceeds with his section of the brief. However, I am in the hands of the committee.

Mr. POTTIER: All right, the committee seems to want to take the whole thing.

The CHAIRMAN: Then we shall call on Mr. Whitmore to give his evidence.

RICHARD D. WHITMORE, called and sworn.

The WITNESS: Mr. Chairman and gentlemen, following the president of the Institute, I wish to read from the brief.

THE PROFESSIONAL INSTITUTE BEGS TO SUBMIT THE FOLLOWING SPECIFIC RECOMMENDATIONS:

1. *Ten-Year Requirement*

That benefits in event of death, ill-health, voluntary retirement, or retirement on account of marriage be determined on the same principles for periods of service under ten years as for periods of service over ten years.

Section 7 of the Act allows a gratuity equivalent to one month's pay (about 8 per cent) for each year of service in the event of death, disablement or abolition of office before the completion of ten years of service, and in the event of retirement due to marriage an amount not exceeding the contributions. The pension principle should be applied in the cases of death, ill-health or abolition of office, but in the cases of marriage and of voluntary retirement a return of contributions should be sufficient.

The requirement of ten years' service deterred many from electing to come under the Act and it is unfair to enforce contributions from employees for which they may receive no benefits and is in effect confiscation of part of their salary.

Mr. Chairman, do you wish me to pause at each one or read right straight through?

The CHAIRMAN: Whatever the committee wishes. But I think it would be well to read right through, and then you can come back and take them up one by one.

[Mr. J. C. Beauchamp.]

The WITNESS:

2. *Benefits to Dependents*

That bona fide dependents should be made eligible and included for superannuation allowances on such terms as are equitable or that otherwise there should be a minimum return to dependents of not less than the contributions, without interest, of the contributor.

When a contributor dies in service and leaves no widow and no child under the age of eighteen years the Act provides, Section 7(3), that an amount not exceeding the amount of the contributions made by the contributor, without interest, may be granted to dependents as defined in Section 2(e). This is the only manner in which the needs of dependents are recognized. There is also provision in Section 5(a) (iii) for return of contributions, after ten years' service, upon voluntary retirement or resignation. As the principle of return of contributions has been incorporated into the Act there has arisen a quite insistent demand that there shall be a similar return as a minimum under all circumstances. The Act as it stands, in certain circumstances, puts a premium upon resigning in the face of death and does not consider the claims of dependents other than as mentioned. It is a fact that unmarried people may be the sole or partial support of certain close relations to whom they may be considered to owe a duty based on consanguinity. Married people may also be properly obligated in this respect. Such dependents are duly recognized under the rules governing the payment of Income Tax so that no new ground would be broken in recognizing the same classes under this Act and also in removing the discrepancy between the age of dependency of children, 18 years in one case and 21 years in the other. That is 18 years, of course, in the superannuation and 21 years in the Income Tax.

If reasonable provision is made in the Act for dependents so that they will receive some measure of protection if the contributor dies whilst in receipt of superannuation it is believed that difficulties regarding return of minimum contributions would disappear and the Act would be more attractive and equitable to unmarried employees in general. If such provision cannot be made, return of contribution seems reasonable to the contributors.

It is possible that theory would demand that no return of contributions be made upon voluntary retirement before 65 years of age but, if there were no return, such action would be labelled as confiscation of earned salary. Therefore as the interest compounded on a contribution together with the Government share, with its interest, would remain in the fund, it is concluded that no harm might result in permitting the return of contributions in cases of resignation.

3. *Retiring Age*

That voluntary retirement on the part of the contributor be allowed at the age of sixty years.

This would permit employees to retire while they have still a prospect of a few years' participation in the activities of life and at the same time would advance promotions in the service and save money to the country.

4. *Benefits a Right*

That the Act should precisely and definitely set out what is required of a contributor, and the contributor having complied with the requirements, the Acts should state precisely and definitely the benefits to be enjoyed as a matter of right.

This matter has already been touched on in the foreword. Under the Act as drawn there is nothing a contributor may enjoy as a right; indeed it is categorically stated in section 10 (1) that no person shall be considered as having a

right to superannuation allowance; section 5(a) (iii) would withhold benefits for "misconduct"; section 9 (1) brings in a stipulation that the Treasury Board, on the advice of the Civil Service Commission, must report that the allowance will be "in the public interest" if the age of 65 years has not been reached; in section 9 (2) it is mandatory, not permissive, that no allowance shall be granted to widow or child if "in the opinion of the Treasury Board" they are unworthy of it; section 9 (4) the allowance "shall" (not "may") be stopped if the widow or child becomes unworthy of it "in the opinion of the Treasury Board." Whatever the reasons prompting this series of penalties and restrictive clauses, they would seem to be strangely out of place when it is remembered that the contributor has earned a superannuation allowance, not by good behaviour, particularly, but by contribution and service over the prescribed period. It is true that his service may be terminated by misconduct but his prior good conduct must nevertheless receive its full credit.

The Treasury Board is not to be regarded as a judicial body and, it is submitted, is being placed in a false position in attempting to exercise the functions of the judiciary. Misconduct already carries with it the definite punishment of dismissal. If the unworthiness or misconduct consist of offences against society the courts of law are available to impose full penalties. Deprivation of superannuation allowances constitutes an additional punishment, a double punishment for one offence, which is traditionally against British justice and which is applied merely on the opinion of the Treasury Board.

5. *War Service*

That the inclusion of war service towards superannuation be allowed, on a contributory basis, irrespective of whether the civil servant concerned was or was not in the civil service prior to the war.

It has been ruled in effect that war service cannot count towards superannuation under the present Act unless the civil servant was employed in a permanent position prior to enlistment and returned to his position on or before demobilization. It is submitted that war service might justly be made to count as "service" within the meaning of the Act, as being very essentially Government service.

You will notice we made that submission particularly short, knowing that the Legion was going to present this brief. It happened that I was connected a great deal with the compilation of that Legion brief; and we thought that it would simplify matters if we made this short.

6. *Basis for Benefits*

That the average salary taken as a basis for calculating allowances be that of the last five years under all circumstances.

At present some classes of contributors are required to average the last ten years as the basis but this, in many cases, so reduces the allowance as to impede the effective operation of the superannuation scheme and even leads to a continuation of those very conditions which it is aimed to correct. Inadequate allowances inevitably cause the retention in office of many contributors who through age or infirmity have passed their time of usefulness and who would gladly receive superannuation if their maintenance were assured. Experience shows that any employer is loath to retire an old employee in circumstances involving hardship.

It may be objected that under a five year period salaries may, in certain cases, be increased for the express purpose of providing larger superannuation allowances. The Civil Service Act contains sufficient safeguards against such abuses. It might be pointed out that even on the five year basis a person would have to serve eight, nine, ten or more years at a certain salary range

[Mr. J. C. Beauchamp.]

before his superannuation allowance would be based on his maximum salary. Modern superannuation schemes of both public and private institutions adhere to a lesser average than ten years.

7. *Permission to Transfer from Retirement Fund to Superannuation*

That those who were eligible to come under the Act between July 19th, 1924, and July 19th, 1927, and who failed to do so be now given a further opportunity to elect to enter.

There are a great many who for various reasons failed to take advantage of the opportunity when it was offered in 1924-1927, who now would like to come under the Act.

Many at outside points were so situated that they did not see the Act or have it explained to them.

Just a couple of days ago I got word as to some of the trade commissioners in France and in China, that if they did receive notification it did not mean anything to them and they had no opportunity of having it explained.

By Mr. McCann:

Q. They had three years in which to make that change?—A. They had three years in which to make the change. Continuing:—

A number were unmarried at that time and did not appreciate the protection afforded to dependents or did not expect to remain in the Service long enough to qualify for the benefits.

A great many of these are comparatively young members of the Service with the expectation of a considerable number of years of contribution, and their credits now in the Retirement Fund would increase the Superannuation Fund.

It may be noted that the Government has reduced the interest on contributions to the Retirement Fund from five to four per cent, which may dispose those contributing to the Retirement Fund now to come under the Superannuation Act, also the cost of purchasing annuities is said to have increased as much as 15 per cent.

8. *Board of Administration*

That a board of administration consisting of representatives of the Government and of the Civil Service organizations be set up to deal with all matters pertaining to superannuation under this Act and that such board supersede the present Advisory Committee on the Civil Service Superannuation Act.

This proposal has already received mention in the introductory remarks. The contributor should have a voice in the determination of policies and interpretation in connection with the administration of this Act in which there exists a definite co-equal partnership. While it is not advocated that such a board should commonly disclose details of individual cases it is expected that it would allow the representatives of the civil service to discuss the determination of policies and the making of regulations with their respective organizations.

9. *Reclassification of Position*

That in the event of a contributor being transferred to a position with a lower salary or his position being reclassified to a lower salary grade, the contributor should be allowed the option of:—

- (a) Continuing to contribute at the rate of 5 per cent of his former salary with commensurate benefits, or,
- (b) contributing at the rate of his latest salary with the benefits pertaining thereto. (See section 6, subsection 4, of the Act.)

The superannuation benefits are now based on the average salary during the last five years' service in the case of those who transferred from the Retirement Fund, and the last ten years in the case of those who came under the Act after 1924.

That is not strictly true. There should be a slight amendment there. We can take that up when the questions are being asked.

By Mr. Mallette:

Q. We can make that later?—A. Yes.

The WITNESS: (Continuing): Therefore any reduction in salary reduces the superannuation benefits.

10. Actuarial Survey of Fund

That periodic examination be made of the actuarial status of the Superannuation Fund and that the results thereof be made available to the contributors.

A survey of the actuarial status of the Fund has already been made but the findings have, so far, been withheld from the contributors.

11. Dollar for Dollar Understanding

That the Government implement the expressed intention at the time the Superannuation Act was passed that it would contribute dollar for dollar with the contributors by crediting the Superannuation Fund No. 5 with principal and interest, equal to the contributions with interest of the Civil Servants, including moneys transferred from the Retirement Fund and back payments by those who had not contributed previously to coming under the Act.

This is considered most important from an actuarial viewpoint although the transfers of money involved are only book entries. Up to the close of the Fiscal Year ended March 31, 1937, the Civil Service has contributed \$37,696,452.69, while the contributions from the Government have totalled \$20,752,026.49 and disbursements have amounted to only \$21,163,558.71.

When the Superannuation Act was before the House of Commons in 1924, the Minister of Finance, the Honourable Mr. Robb, the Chairman of the Committee, Mr. Malcolm, and the leader of the Government in the Senate, the Honourable Mr. Robertson,* all made it plain that as soon as the amount to be transferred from the Retirement Fund was ascertained the Government would credit the Superannuation Fund with an equal amount, and it was suggested that, instead of doing so in one sum, the amount be amortized over thirty years. It was estimated that this would involve a book-keeping credit of about \$680,000 annually in addition to the contribution based on 5 per cent of the current salaries. (Appendix C).

12. Pre-Aging

That "pre-aging" of Veterans, to whom it may apply, be considered in amending the Superannuation Act.

Pre-aging will result in a shortening of the active and actual life of those concerned and should be dealt with specially by Government so as to impose no drain on the Superannuation Fund.

13. Service in Permanent Defence Forces

That service in the permanent defence forces of Canada (Navy, Army and Air Force) be allowed to count as contributory service under the Act.

By Order in Council P. C. 14/1268, June 16th, 1934, service in the Royal Canadian Mounted Police may count as contributory service. Reversing the situation it is found that service in the civil service counts as contributory service for pension purposes both under the Militia Pension Act and the Royal Canadian

[Mr. J. C. Beauchamp.]

Mounted Police Act. This is an anomalous situation affecting, it is believed, a comparatively small number, and could, we believe, be remedied by Order in Council.

14. *Prevailing Rates and Permanent Seasonal Employees*

That provision be made for prevailing rates employees to contribute under the Act and that superannuation allowances to permanent seasonal employees be placed on a more equitable footing.

In these respects we endorse the submissions of other Civil Service organizations whose members are more directly concerned.

Mr. Chairman, I propose to dispense with reading appendix A and these other appendices. I think it would only waste time. But I would invite your attention to the various charts. On page 10 is appendix B and following there are four charts which I think deserve your study, from the point of view that we have not had any information as to the progress of superannuation—that is as to the building up of the fund—except what is published in the public accounts and in parliament. But from those public documents we have constructed these charts, in order to give ourselves an idea of the trend of superannuation and to see if some of our submissions in this case would at least be within the confines of the financial structure of the Act. All these carry legends which will serve to explain them. I shall now be pleased to answer questions.

The appendices referred to are as follows:—

APPENDIX A

The following constitute the groups within the Professional Institute of the Civil Service of Canada, as at April 1, 1938:

PROFESSIONAL GROUPS

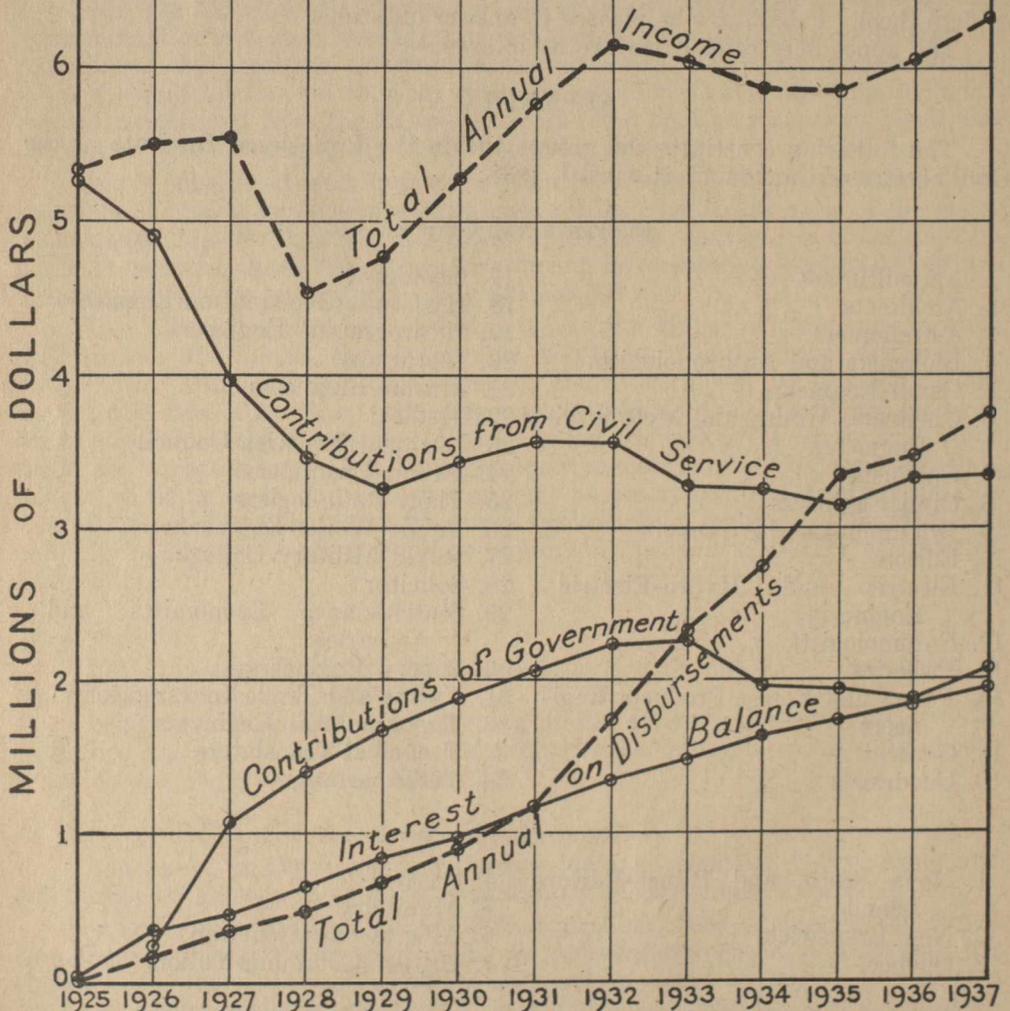
- | | |
|---|---|
| 1. Agriculturists | 17. Geologists |
| 2. Architects | 18. Hydraulic Reclamation Engineers |
| 3. Astronomers | 19. Hydrographic Engineers |
| 4. Biologists and Anthropologists | 20. Librarians |
| 5. Canal Engineers | 21. Marine Engineers |
| 6. Chemical, Mining and Metallurgical Engineers | 22. Medical |
| 7. Chemists | 23. National Research Council |
| 8. Civil Engineers | 24. Patent Examiners |
| 9. Dominion Land Surveyors | 25. Plant Pathologists |
| 10. Editors | 26. Public Works Engineers |
| 11. Electric and Hydro-Electric Engineers | 27. Royal Military College |
| 12. Entomologists | 28. Solicitor |
| 13. Fisheries | 29. Statisticians, Economists and Actuaries |
| 14. Forest and Forest Products Engineers | 30. Survey Engineers |
| 15. General | 31. Tariffs and Trade Investigators |
| 16. Geodesists | 32. Topographical Engineers |
| | 33. Technical Translators |
| | 34. Veterinarians. |

REGIONAL GROUPS

- | | |
|---|----------------------------|
| 1. Nova Scotia and Prince-Edward Island | 4. Ontario |
| 2. New Brunswick | 5. Manitoba |
| 3. Quebec | 6. Alberta-Saskatchewan |
| | 7. British Columbia-Yukon. |

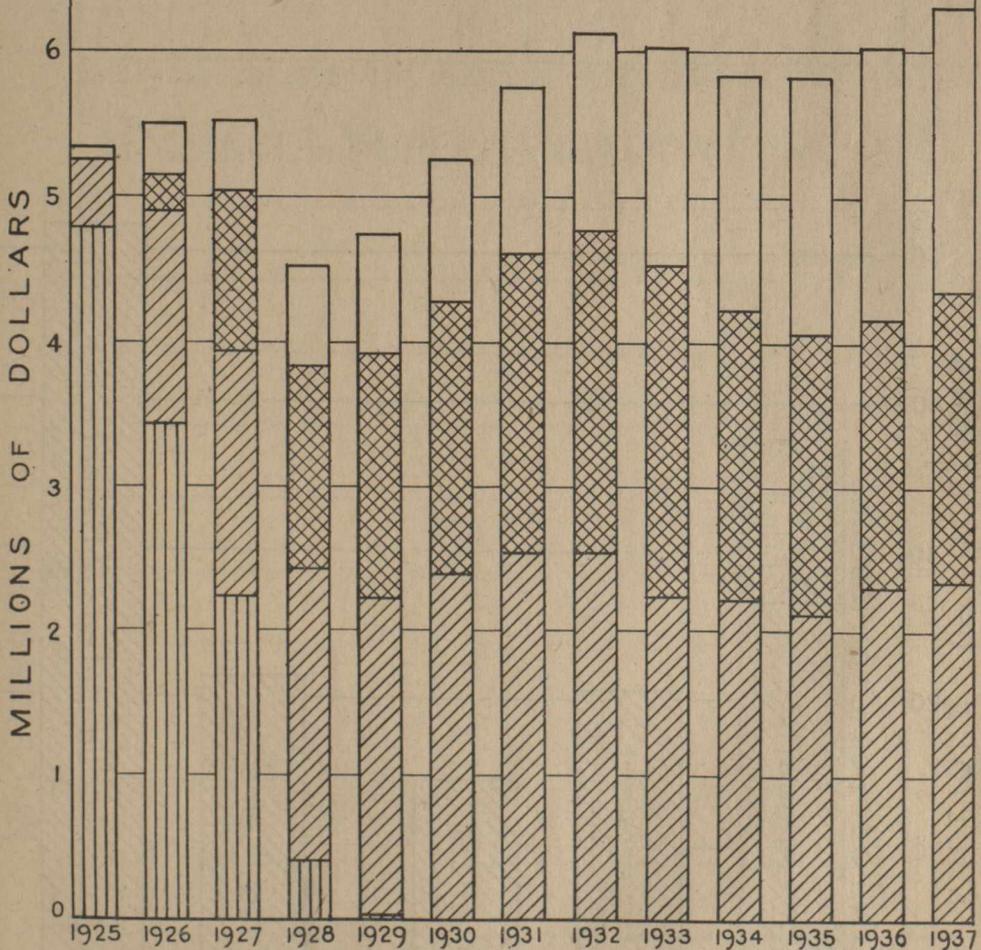
INCOME and DISBURSEMENTS of SUPERANNUATION FUND N^o 5

NOTE THE EFFECT OF THE SEPARATIONS FROM THE SERVICE DURING THE DEPRESSION YEARS. UP TO 1935 THE LINES REPRESENTING DISBURSEMENTS AND INCOME TENDED TO MEET AND CROSS. THE PRESENT TENDENCY IS TOWARDS PARALLELISM. NOTE ALSO THE DISPARITY BETWEEN THE CONTRIBUTIONS OF THE GOVERNMENT AND OF THE CIVIL SERVICE.



SOURCES of INCOME SUPERANNUATION FUND Nº 5

-  ...Civil Service Contributions From Retirement Fund
-  ...Civil Service Annual Contributions Including Arrears & Less Refunds
-  ...Government Contributions
-  ...Interest

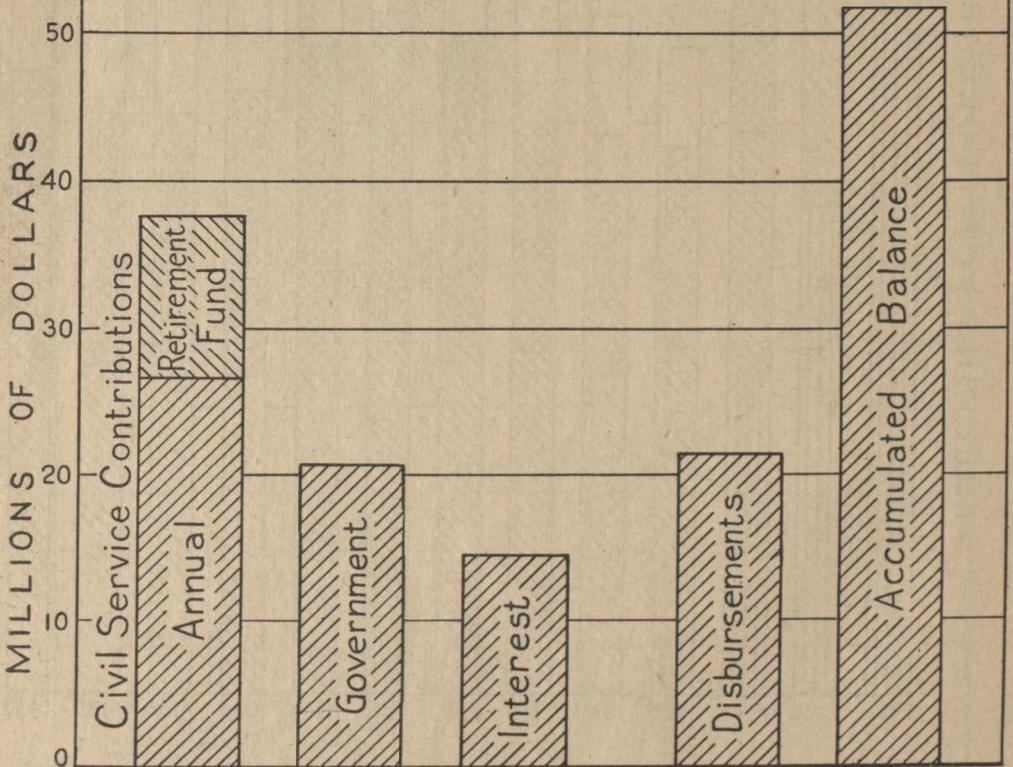


AFFORDS AN EASY COMPARISON OF SOURCES OF INCOME YEAR BY YEAR. THE DISMISSALS DURING THE DEPRESSION YEARS ACCOUNT FOR THE SAG FROM 1932 to 1935.

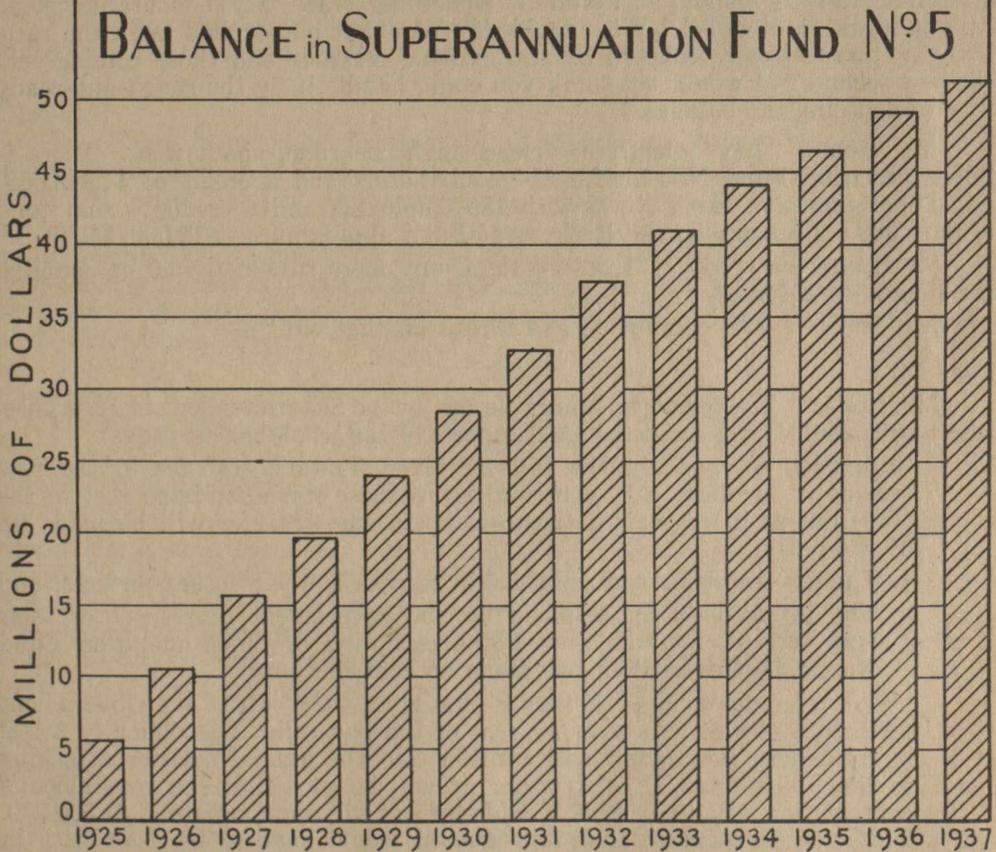
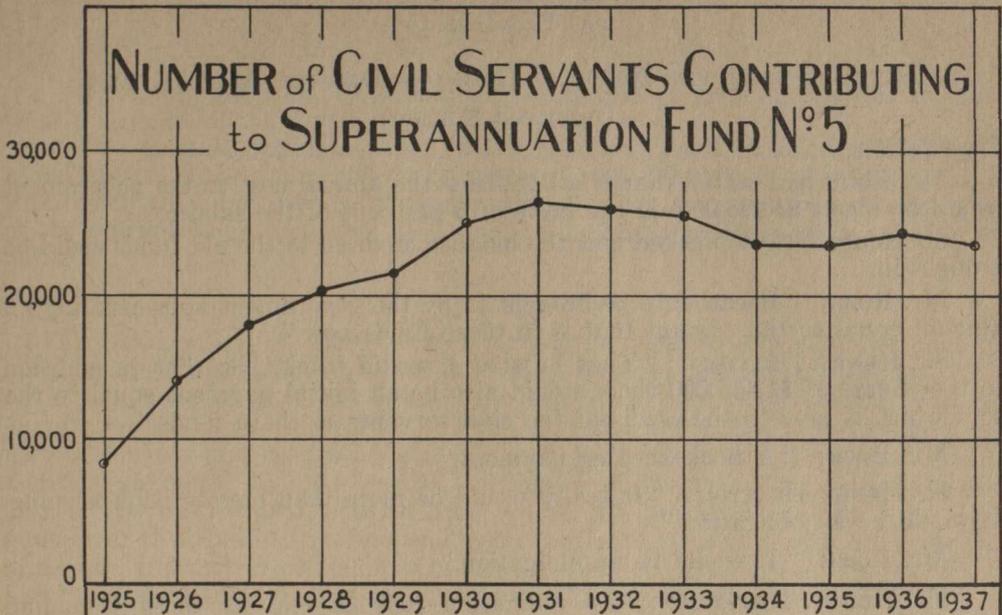
APPENDIX B. No 3

TOTAL INCOME, DISBURSEMENTS, and BALANCE 1925-1937

ENABLES A READY COMPARISON TO BE MADE OF THE COMPONENTS OF SUPERANNUATION. NOTE THAT CIVIL SERVICE CONTRIBUTIONS WITHOUT TRANSFER OF RETIREMENT FUND MONIES EXCEED TOTAL DISBURSEMENTS TO DATE.



APPENDIX B. N°4



SHOWS THE INCREMENT, YEAR BY YEAR, OF THE BALANCE IN THE FUND. THE TOTAL AT THE CLOSE OF THE FISCAL YEAR ENDED MARCH 31, 1937, IS \$51,761,682.

APPENDIX C

EXTRACTS FROM THE HOUSE OF COMMONS DEBATES, MAY 21, 1924
(Unrevised Edition)

Page 2473

Mr. Robb had stated that if all transfer the annual cost to the government would be about \$1,435,000 on the basis of 5 per cent of the salaries.

Sir Henry Drayton asked how the balance credited to the old funds could be brought in.

Mr. ROBB: "It can only be brought in by the government appropriating an amount equal to the amount that is in those funds now."

Sir HENRY DRAYTON: "That is what I would think. So that in addition to the charge of \$1,435,000 there would also be an initial payment equal to the sum which is now to the credit of the civil servants in those funds."

Mr. ROBB: "A book-keeping payment."

Sir HENRY DRAYTON: "It really would be more than merely book-keeping. It would be an obligation."

Mr. ROBB: "It would be an obligation."

Sir HENRY DRAYTON: "An obligation just as real as those Canadian National Railway bonds; it would be something real. My honourable friend says it would be doubled. Why doubled? Would it not depend upon the ratio between those already covered by the existing schemes and those coming into the new scheme? I would not think you could handle it by the rough-and-ready way of doubling the balance."

Mr. ROBB: "My honourable friend might be right about that. There is Superannuation Fund No. 1 with 614 contributors and a credit of \$1,443,668; and Superannuation Fund No. 2 with 189 employees and a credit to that fund of \$416,980. The total of the Retirement Fund approximates \$12,000,000."

Sir HENRY DRAYTON: "I do not think any mere rule-of-thumb of doubling the figures would work."

Mr. ROBB: "The committee will thresh all that out."

Page 2474

Mr. ROBB: "The memorandum given me by the Superintendent of Insurance, who has carefully considered the legal aspects of the whole matter, says:

'Provision is made in the bill for the voluntary transfer to the new scheme of members now contributing to these funds, and the cost to the Government in respect of those members who transfer will be made up of two parts:

1. The government's contributions in respect of their future services, and
2. The initial liability assumed by the government in respect of their past service, for which, with the exception of Superannuation Fund No. 2, the Government has made no contribution.

'With reference to No. 1 it may be stated that the cost to the Government for future service will be 5 per cent of the pay-roll. The difficulty arises in estimating how many will transfer and the annual salaries attaching to their positions. If all transfer, it will be seen that the government's contribution of 5 per cent would amount to approximately \$1,500,000. This would not mean that this amount would have to be dealt with in the same way as the contributions in respect of new entrants; that is, it would have to be recognized, ear-marked, and set aside to meet future liability!'

[Mr. J. C. Beauchamp.]

HOUSE OF COMMONS DEBATES, JULY 3, 1924

(Revised Edition)

Page 3977

Mr. James Malcolm, Chairman of Committee on Superannuation, quoting from the report of the Committee:

"The general principles upon which modern superannuation schemes are based appear to be fairly definitely agreed upon. The basis most favoured is that under which both the employees and the employer contribute to the support of the scheme, the entire cost, as a rule, being borne approximately equally by both."

Page 3979

Mr. MALCOLM: 14. "In all cases arrears of contributions may be paid in one sum or in equivalent instalments as may be prescribed by regulation.

"It is believed that the cost of the benefits proposed by the bill will be *equally borne* by the contributor and the government; that is, that the government's share of the cost will be 5 per cent of the salaries. There will be in addition an initial liability created in respect of the past services of persons now in the service who elect to come under the provisions of the Act. The amount of this liability will depend upon the number transferring, their length of service, and their dependents. On being ascertained, the amount of this initial liability can be extinguished by an annual charge extending over the probable period of service remaining to those contributors.

"That amount can be spread over a period of 25 to 30 years. In the case of the British Local Government scheme, it extends over 40 years."

Page 3983

Mr. ROBB, Minister of Finance, in answer to Sir Henry Drayton: "The present retirement fund amounts to approximately \$12,000,000 and that is the estimated initial liability of the government if all on that fund transfer. The annual apportionment over thirty years to extinguish this amount, at 4 per cent, would be \$680,000 a year. The annual salaries of contributors to the retirement fund amount to \$28,000,000; 5 per cent thereof being the government's annual contribution \$1,400,000, and the total cost on the basis of present salary would be \$2,080,000 annually."

Page 3989

Sir HENRY DRAYTON: "If we have 100 per cent of the service coming in (from the retirement fund) what contribution should we now make in order to preserve the actuarial basis?"

Mr. MALCOLM: "It is estimated that an amount equal to the \$12,000,000 now in the Retirement Fund will be sufficient together with five per cent of the salaries for the future. That \$12,000,000 can be amortised over thirty years and will as the Minister has pointed out cost the country about \$680,000 a year. The British Local government has a similar proposition and they amortised over a period of forty years. It is considered by the Minister advisable to amortise over thirty years, and the payment would be \$680,000."

SENATE DEBATES, JULY 14, 1924

Page 805

Discussing Retirement Fund:

Hon. Mr. ROBERTSON: I am informed that the amount of principal in the fund is somewhere between \$9,000,000 and \$10,000,000 and that the interest that has accrued upon the payments made by the civil servants since 1889 aggregates more than \$3,000,000 additional.

Hon. Mr. GRIESBACH: Is that subject to call or is that the balance?

Hon. Mr. ROBERTSON: That is the balance on hand, I believe. It is now proposed that those 22,000 civil servants shall come under this new law, and the accumulated fund will create a nucleus of a fund to carry it on.

The Government now proposes to contribute 5 per cent also; so that the fund will be doubled and the amount employees are to receive will be increased, and will be extended to the widow and children under 18 years of age of the deceased Civil Servant, payment being made to the widow as long as she remains such. I think that part of the bill is entirely commendable.

* * * * *

Hon. Mr. ROBERTSON (*Re Retirement Fund*): The Government has not contributed a single cent towards that fund: it was all accumulated as a result of the contributions of those Civil Servants. It is now proposed that the Government shall come in and be a partner in the superannuation scheme now before us, and pay an equal amount with the old Civil Servants and with those 15,000 civil servants who have not heretofore been regarded as permanent employees, although many of them have been in the Government service for many years.

STANDING OF SUPERANNUATION FUND No. 5

FOR FISCAL YEARS (ENDING MARCH 31ST)—*Figures From Annual Public Accounts Reports*

Year	Receipts						Total Disbursements	Balance on Hand	Number of Contributors
	From Civil Service			From Government	Interest	(a) Grand Total			
	Transfers from Retirement Fund	Total Annual Contributions Including Arrears and Less Refunds	Total from Civil Service (Col's. 1, 2)						
(1) \$ cts.	(2) \$ cts.	(3) \$ cts.	(4) \$ cts.	(5) \$ cts.	(6) \$ cts.	(7) \$ cts.	(8) \$ cts.	(9) \$ cts.	
1925	4,801,439 22	486,404 35	5,287,843 57		47,380 81	5,335,224 38	8,015 54	5,327,208 84	8,421
1926	3,473,003 22	1,434,906 04	4,907,909 26	282,996 58	315,157 47	5,506,063 31	180,480 26	10,652,791 89	14,093
1927	2,258,872 82	1,708,992 25	3,967,865 07	1,099,673 23	479,443 08	5,546,981 38	344,918 63	15,854,854 64	17,782
1928	421,718 69	2,028,320 36	2,450,039 05	1,402,210 32	666,960 67	4,519,210 04	492,362 72	19,881,701 96	20,115
1929	(b) 18,673 67	2,232,923 54	2,251,597 21	1,681,700 44	824,702 48	4,758,000 13	692,720 29	23,946,981 80	21,447
1930		2,406,790 65	2,406,790 65	1,892,590 92	984,843 93	5,284,225 50	898,283 90	28,332,923 40	25,088
1931		2,553,875 46	2,553,875 46	2,067,466 18	1,160,475 23	5,781,816 87	1,173,552 08	32,941,188 19	26,291
1932		2,566,735 90	2,566,735 90	2,228,625 53	1,335,056 21	6,130,417 64	1,725,503 76	37,346,102 07	26,005
1933		2,269,536 79	2,269,536 79	2,269,986 15	1,493,957 23	6,033,480 17	2,338,998 32	41,040,583 92	25,629
1934		2,237,188 79	2,237,188 79	1,985,563 89	1,635,094 65	5,857,847 33	2,749,864 65	44,148,566 60	23,532
1935		2,140,409 38	2,140,409 38	1,947,495 48	1,745,197 23	5,833,402 09	3,327,563 61	46,654,105 08	23,337
1936		2,309,626 76	2,309,626 76	1,874,963 87	1,844,981 95	6,029,572 58	3,476,501 74	49,207,175 92	24,378
1937		2,347,034 80	2,347,034 80	2,018,753 90	1,943,510 35	6,309,299 05	3,754,793 21	51,761,681 76	23,736
Total to Date	10,973,707 62	26,722,745 07	37,696,452 69	20,752,026 49	14,476,761 29	72,925,240 47	21,163,558 71	51,761,681 76	.....

(a) By addition.

(b) Option of transferring from Retirement Fund to Superannuation Fund.

CIVIL SERVICE SUPERANNUATION ACT

Mr. MALLETTE: Before any questions are asked, I think we should compliment the Institute on the manner in which this submission has been made up. I believe I voice the sentiments of the committee in that regard. It is very clear and very efficient.

Mr. POTTIER: Except at the bottom of page 4 and the top of page 5, which seems to indicate that hon. members did not know that superannuation is not a gift.

The WITNESS: I hope you will pardon us for that. It has proved so among some members of parliament, and the general public itself is certainly unaware of it. Even Mr. Anderson was not, I believe, at one time when I talked to him.

Mr. BEAUCHAMP: In reply to Mr. Pottier, I might say I have here a record of where an Ottawa newspaper censured a federal member for a statement made in the House some years ago. The member had been in the House some eight years. He stated that apparently this was a pension scheme rather than a superannuation scheme and that the government, as it were, was paying the whole shot. That member had been in Ottawa here for some eight years, and he was not yet aware as to the incidence or implication of that Superannuation Act.

Mr. POTTIER: That was the rare exception to the rule, I think.

Mr. BEAUCHAMP: I hope so, Mr. Pottier. I believe so.

The CHAIRMAN: Are there any other questions to be directed to Mr. Whitmore and Mr. Beauchamp?

By Mr. Blanchette:

Q. I see on page 4, beginning with the second paragraph:—

It must regretfully be admitted that the administration of this Act is not at present carried out with due regard to informing those most vitally concerned, and it is not too much to say that there is more secrecy than would seem to be needed.

Could we have a little elaboration of that statement, please?—A. (Mr. Beauchamp) We believe that statement to be absolutely correct. The Government of the day—and the minister of the day was the late Hon. Mr. Robb—submitted or had an Order in Council adopted which provided for the setting up of an advisory committee on the Civil Service Superannuation Act. The number of the Order in Council is mentioned in our brief. That Order in Council states in effect that, in the opinion of the minister an advisory committee would facilitate the administration of the Superannuation Act and would promote a better understanding of the provisions and administration of the Act among the civil service generally. That Order in Council was passed in December, 1928. The committee was set up, I think, the following spring, in April. The Professional Institute was one of the organizations that was given representation on that committee, the other organizations being the Civil Service Federation of Canada, the Civil Service Association of Ottawa, the Postal Clerks of Canada and the Amalgamated Civil Service of Canada. There was an equal representation—five representatives for what we might call the staff side and five representatives representing the official or employers' side. Now, our first representative on that committee was a man occupying a very high and responsible post in the government service. He served as president of our organization. He was a man in whom we had absolute confidence. But, unfortunately, he never felt free at any time to disclose to our executive or our larger body, our advisory council, anything that transpired within this advisory committee. That representative of the professional institute was subsequently promoted to a higher post in the government service, and this situation caused him to relinquish the office, and he did ask to be relieved of that office. We appointed a second

[Mr. J. C. Beauchamp.]

representative. In other words, we have had two representatives serving on that advisory committee since its inception in April, 1929.

By Mr. McCann:

Q. One after the other?—A. (Mr. Beauchamp) Yes. This second representative is, I might say, a man of almost equally high standing in the service, a very responsible man; and this second representative, as in the case of the first representative, never felt free to divulge to us in any shape or form anything that transpired at that committee. In fact, he told me that he was not free. He did not feel free to take notes of any kind at the meetings.

Q. Was his memory not good?—A. His memory certainly was not defective; but on account of the peculiar set-up of that committee, of its mode of operation, he did not feel free to report back to our executive.

By Mr. Hill:

Q. Were there any regulations to prevent him?—A. They had some regulations.

Q. Were there not regulations to prevent him from so doing?—A. (Mr. Whitmore) I can answer that. It is my understanding that at the very first organization meeting of the superannuation committee, the first action was to decide from the terms of the reference that they had to report to the Treasury Board only, and therefore they could not disclose any of the proceedings.

Mr. BEAUCHAMP: Gentlemen, that is the situation such as we have understood it all along, that our representatives never felt to report back to us as to what occurred at the meetings of the advisory committee on superannuation.

By Mr. Mallette:

Q. Who composes that advisory committee?—A. (Mr. Beauchamp) It includes the following—at least it did—

The CHAIRMAN: I think we had that in a previous submission or statement. I think we have it on record.

By Mr. Mallette:

Q. Well, could the witness give it—A. The employers' side is represented by three officials from the Department of Finance, one official of the Department of Justice and one official of the Department of Insurance, each nominated in writing by the deputy-head of the department concerned. They represent the employers' side.

Q. All I wish to find out is whether these members or these representatives were elected?—A. They are not elected; they are appointed. They are appointed apparently by the deputy-heads of these three departments named—three from the Department of Finance, one appointed by the Department of Justice and one appointed by the Department of Insurance.

Q. Are you in a position to say whether all these gentlemen remained silent as to the administration of the fund, the same as your own representative?—A. Well, this committee reports from time to time to the Treasury Board.

Mr. HILL: Mr. Chairman, it appears to me, with regard to the discussions of a meeting of that kind that it might very well be considered they should be kept secret, as far as general discussion was concerned; but it would also appear to be that the Treasury Board or somebody should issue a pamphlet or something to the civil servants to keep them informed as to the general standing of this fund. While they might not want the board's discussions to be given out in detail,—because there would be differences of opinion, possibly,—it would appear to me that the civil service should be informed of the standing of the fund, and should be given certain information which would encourage

newcomers in the civil service to join the fund and do other things of that nature. But that should probably emanate from government sources.

The CHAIRMAN: Of course, there is this to be said, I imagine—and Mr. Gullock can correct if I am wrong—the government has made a contract with the civil servants as they came into the service. Every one has to contribute to the fund. So long as the terms of the contract were not being altered, it was possibly considered that it was not desirable to have the fund under too much discussion. The contract has been kept in every case.

Mr. HILL: It would seem to me that some information might be sent out to encourage new members to come in.

Mr. BEAUCHAMP: Mr. Chairman and gentlemen, the government can take its own stand on this question, or the Treasury Board. These different civil service organizations have their own. They contribute to this fund on a co-equal basis with the government. They are co-equal partners. They have a definite interest in that fund to-day to the extent of \$38,000,000. There is another point that perhaps might be overlooked by members of the committee. If you examine the Act itself, you will find that all those who entered the public service since 1924 come under that Act by process of compulsion or more or less under duress. We are not criticizing that; but it is an actual fact that, after all, they do come in as contributors under that Act under duress or compulsion.

By Mr. McCann:

Q. They are not under duress?—A. (Mr. Beauchamp). They have no option.

Q. They can stay out of the service, if they do not want to accept that as part of the contract.—A. They enter the public service—

Q. They are not coerced into entering the service.—A. They are compelled—this is the only scheme where they are compelled to be contributors.

Q. That is a different thing than using coercion or duress on them to enter the service.—A. In effect it is that; and if they are, say, twenty or twenty-five years of age, on top of that they have to contribute for a period of thirty-five years.

Q. That is to their advantage.—A. I said I am not saying it is an unfair thing. But it implies something. It implies that the civil service contributors certainly should have a greater voice than they have had so far in the administration of the fund; and I think proper safeguards could be provided.

Q. Would you, then, recommend that it be optional with people entering the service as to whether or not they come under superannuation?—A. No, sir.

Q. Then, that is exactly it. They are protecting them.—A. I am stating this actual situation such as it is. Those who enter this service after this certain date must, whether they will it or not, become contributors.

Q. Certainly, we are protecting them.—A. That in itself gives these contributors, it seems to me, something which entitles them to some greater voice than they have had in the past in the administration of that fund; and I am satisfied that the necessary safeguards could be set up.

By Mr. Mallette:

Q. You say, "in the administration of the fund." What is there of administration? I understand that the money is paid into the government and the government credit you with a certain amount of money, and the money is not invested. As I understand it, it just remains with the government. The advisory board does not have to decide whether they shall buy bonds of the city of Ottawa or Renfrew, which is a different proposition. But their money remains with the government. Is that the fact?

Mr. HILL: The government has to take the full responsibility for the safety of the fund.

[Mr. J. C. Beauchamp.]

By Mr. Mallette:

Q. Yes. But there is none of the fund set aside with which securities are bought and put in a safety box. Am I right or wrong in that?—A. (Mr. Beauchamp). We consider it is more or less a book-keeping account. We call it that.

Q. That is what it is.—A. It is more or less a book-keeping account.

Q. And you as partners paying in half of the contribution feel that you should have—A. Some interest in the administration of the account.

By Mr. McCann:

Q. Even so, at any time it may be set up as an actual fund. That should be always understood.—A. Well, that is a question—

Q. It is no question at all, when you have got behind it the whole credit of the country.—A. Well, that is the position we take—

Q. There is no question about it at all.—A. —that this book-keeping account is backed by the credit of the country.

Q. You have got the credit of the whole country and the word of every succeeding government—if it is not given, it is implied.—A. Yes.

Q. That that fund could be set up in actual dollars and cents or bonds at any time.—A. We are not questioning that in any shape or form; but we do submit, respectfully, that we should have a greater voice in the administration of that book-keeping account or book-keeping fund than we have had in the past.

By Mr. Mallette:

Q. Would you help us to arrive at a decision, because these questions are only asked for that purpose? What is it exactly you wish? You have seven representatives at the moment. What is it you wish?—A. For one thing, these representatives should be free to report back from time to time to their respective organizations as to what has transpired, secure the views of their executive committees and go back to the committee and outline to that advisory committee what are the feelings of their fellow members of such and such a civil service organization.

By Mr. McCann:

Q. You really feel that you have not got sufficient information as you go along to have the confidence in the system that you should have?—A. Yes. We feel that this order in council, so far as we see it, has failed of its main purpose—that of facilitating the administration of this fund through the operation of this advisory committee composed of five representatives on the employers' side and five representatives on the staff side.

By Mr. Hill:

Q. By administration I take it you do not mean the investment of the fund or anything of that kind?—A. No—questions of detail.

Q. Of the paying out of the funds?—A. Of the determination as to whether such and such an individual should be allowed, say, to come in,—to become a contributor to the fund at age 64, say, and perhaps contribute \$200. If he dies six months after he became a contributor his widow—if she lives to age 70—may receive from that fund a sum varying from \$3,000 to \$4,000 in the aggregate, although he only contributed, say, \$100 or \$150.

Q. That is the point.—A. It is questions such as that which we think we should have an opportunity of discussing.

Q. You are not interested in the investment end?—A. No.

Q. It is the paying out.—A. There is a clear line of demarcation as between such questions and questions of detail.

By Mr. Pottier:

Q. You are not saying that you have a credit of \$38,000,000 in the fund at the present time?—A. The sum contributed since the inception of the Act is \$38,000,000. You have the figures on page 16, Mr. Pottier.

Q. As I read your second paragraph on page 4 where you say: "the civil servant has a partnership interest in the superannuation fund to the extent of \$38,000,000 at the present time and is entitled to the fullest information"—A. That could lead to some misconception. \$38,000,000 is the amount contributed over the years since the inception of the Act.

Q. There have been \$20,000,000 paid out?—A. Correct.

By the Chairman:

Q. Have such cases as you cite arisen to the degree that they are of practical consideration?—A. There is this particular case that the Auditor General referred to in his report for the fiscal year ending March 31, 1937.

Q. One case having arisen a year ago would not be the ground for your objections to the set-up? That would be a very extreme case that you quoted?—A. (Mr. Whitmore); Only this, the Auditor General does mention a previous case and mentions also that he has objected in similar ways on thirteen different occasions.

Q. The advisory committee would be free to deal with that and no doubt make representations?—A. Yes.

MR. BEAUCHAMP: We figure the collective judgment of say ten men should be worth something. The staff side representatives are certainly not going to suggest anything that would tend to jeopardize the condition of that fund. If they did so they would be only jeopardizing their own interests, if they took that position.

By Mr. Mallette:

Q. Nobody knows the result of an opinion until it is put into effect.—A. (Mr. Beauchamp): No.

Q. You would not do anything to jeopardize the fund; but many people have made suggestions in good faith and the result has been other than they intended.—A. We are in almost an untenable position, if we make suggestions without having some knowledge of the facts.

By Mr. Pottier:

Q. On page 3 you object to the word "may" being used and suggest that the word "shall" should be used. I understood the word "may" has always been interpreted as "shall". Am I wrong in that? I refer to the first part of your brief.—A. Yes, I see it, Mr. Pottier.

Q. Do you know of any cases where "may" has not been interpreted as "shall"?—A. That is based in part on these restrictive features that we point out in point 4 "benefits a right". I presume in most cases the Act is interpreted as "shall"; but we would like to have the superannuation legislation brought into line with the legislation in that respect that is covered by the militia fund and the Royal Canadian Mounted Police Act.

Q. There seems to be an indication that in the interpretation discretion is used as to whether the benefits of the Act should be given. You are not going that far, are you?—A. Well, if the word "shall" could be substituted for "may" it would certainly make it much clearer and more definite and I think give a much greater degree of assurance to the contributors, and their next of kin and dependents.

[Mr. J. C. Beauchamp.]

By Mr. Anderson:

Q. Can you give any reasons why "may" was used in the original Act? What was the object of the use of that word?—A. (Mr. Whitmore): Mr. Chairman, answering Mr. Anderson's question, we did not construct the Act, so we are unable to say what was the reason for a number of things in the Act. Perhaps if we had constructed the Act we might not be here to-day.

Q. I think it would be interesting to know the discretion that took place.—A. It very probably would.

Q. Parliament was apparently reserving the right to discriminate.—A. That makes it disturbing to us.

By Mr. Pottier:

Q. Have they discriminated?—A. I cannot speak officially about that. If I could talk off the record for a moment I might inform you of a case.

By Mr. Anderson:

Q. The men who formulated that Act were men of vision, probably more than most of us living to-day, and it seems to me that we should handle the phraseology with a very great deal of care. There is nobody any wiser in parliament to-day than Mr. Robb. Mr. Robb was a very eminent man in business and as a legislator, and so was Mr. Malcolm. They devoted their energies and efforts in the interests of the service, but also in the interests of the government and the people of the country, and I would hesitate very materially in interfering with the Act, because they had an object in leaving it in the form in which it now is. I believe the question asked by one of the hon. members here is a very pertinent one. Has the word "may" ever been interpreted as not being "shall"? We ought to know of that and it seems to me we ought to leave it alone unless we have very great reason and can be assured that there have been injustices committed.

The CHAIRMAN: Unless there are some specific complaints presented to show that "may" has not been properly used, I think we might as well pass on and get an explanation later on. It is the usual phraseology that is found in acts of this kind.

Mr. ANDERSON: Would not there be an inference that an injustice had existed which ought to be changed?

Mr. WHITMORE: I should like to observe, whether it is the customary wording or not, it is not in the two Acts that have been cited. In these Acts the wording is given "he shall be entitled to receive a pension for life."

By Mr. Hill:

Q. The objection that is taken is that somebody may have paid in a matter of \$200 and then the government would have to give \$3,000 or \$4,000.—A. (Mr. Whitmore): He still does have to, apparently.

Q. Who?—A. Even under the present Act, because it has been done.

Q. The government?—A. Yes.

Q. It might be done?—A. I would offer this further observation, Mr. Chairman, there is one great difference between the ordinary legislation and that which affects the civil service, and those of you who are lawyers will appreciate that. The fact is that civil service legislation is never brought to test or trial the same as other legislation enacted by parliament, and that has some bearing on the question, I think, if you will ponder the matter.

By the Chairman:

Q. Are there any complaints that the Institute wishes to bring to the attention of this committee where this clause has been abused?—A. No, sir.

The CHAIRMAN: Perhaps if there are no questions on the preamble we might proceed to the specific recommendations. Are there any questions to be asked in connection with No. 1, the ten year requirement?

Mr. MALLETT: Before you pass on to No. 1 I should like to refer to the opinion of these gentlemen on the advisory committee. Are we going to have evidence from the Department of Finance as to what they have to say in that connection?

The CHAIRMAN: We can have evidence in that regard.

Mr. MALLETT: Is it your intention to call some officers to give evidence in that regard?

The CHAIRMAN: Mr. Finlayson will be before the committee, also Mr. Gullock and Mr. Ronson will be here whenever necessary, and Dr. Clark will be here from time to time.

By Mr. McCann:

Q. I should like to call the attention of the gentleman who made this submission to the top of page 5 of the brief which says: "each year an amount of money has to be voted by parliament for purposes of superannuation and it is difficult, almost impossible it would seem for the people of Canada to think other than that superannuation is paid by the government alone." Anybody who knows anything about government procedure knows that would not be the case. All the money for all purposes has to be voted every year. It does not make any difference whether it goes to the ordinary carrying on of government or not, it cannot be voted other than that way each year.

Mr. MALLETT: The complaint is that lots of people feel that the government is the only contributor to the Superannuation Fund. Is that right?

Mr. WHITMORE: Yes.

The CHAIRMAN: I do not think there is any justification for that feeling. Every circular that is sent out by the Civil Service Commission announcing a vacancy—and some of them came to my desk this morning—states that there will be a deduction of 5 per cent from salaries during the term of employment.

Mr. WHITMORE: That was put in at our request, sir.

The CHAIRMAN: It is only fair that it should be put in, because the prospective applicant knows what he has to expect.

Mr. ANDERSON: This is indicative of some undue sensitiveness on the part of the civil service. Surely everybody knows that the civil servants are contributors as well as the government? I think you are altogether too sensitive.

Mr. BEAUCHAMP: No, sir. The estimates, such as they are, merely indicate the amount representing the government contribution, and nothing is said as to whether the civil servants are contributing anything, and that would probably justify the statement that was made in the House by a member of parliament not so many years ago, who said:—

In addition we have another problem facing us: I refer to the pension indebtedness of the country. I have often asked myself why every person working for the government should be entitled to a pension. Sooner or later this pension business will have to be dealt with. I believe we are overdoing it.

That was said on the floor of the House by a member with some seven or eight years' experience. That statement was broadcast throughout the country, broadcast in the newspapers and by Canadian Press, and certainly gave many people the wrong idea as to the actual operation of that fund.

The CHAIRMAN: I am afraid we would be wasting time in placing too much emphasis on a statement of that kind.

[Mr. J. C. Beauchamp.]

Mr. ANDERSON: I think that clause would be much better left out. It is a very wrong interpretation. It does not help the civil service in having it presented in that way. I say that with every kindness to the civil service. I have nothing against them at all. But I think this is a very improper submission, with all due regard to them. They are altogether too sensitive.

Mr. MALLETTE: There is some justification for it.

Mr. ANDERSON: None at all.

Mr. MALLETTE: Because I have heard lots of people say that the government employees are luckier than themselves because they get a pension after so many years' service whether they contribute to it or not.

Mr. ANDERSON: You are making a very broad statement.

Mr. MALLETTE: My friend lives in Toronto, and probably they know more there than they do in Montreal. But I have heard it said in Montreal very often.

The CHAIRMAN: In view of the requests you have from your constituents to get them into the service, do you not think they thought they were right?

Mr. MALLETTE: Absolutely. Mr. Anderson has had more experience than I have.

The CHAIRMAN: Mr. Anderson possibly did not have that experience in Toronto.

Mr. ANDERSON: The civil service have not any better friend than I have been; but I do not like statements that are unwarranted.

The CHAIRMAN: I think that there is no advantage in putting undue stress on it.

Mr. MALLETTE: In any case, we can do nothing about it. That is probably so.

Mr. WHITMORE: I think that is probably so.

The CHAIRMAN: I think it is probably pretty well understood. Are there any questions on the first specific recommendation—the ten-year requirement? We have had that point from other witnesses. Most of these recommendations have been made by various organizations; so that if there is no undue questioning here, it must not be inferred that we are indifferent to their representations. They have been presented before. That is true of the second clause—benefits to dependents.

By Mr. Pottier:

Q. At the bottom of page 5, the last paragraph:

“The Act as it stands, in certain circumstances, puts a premium upon resigning in the face of death and does not consider the claims of dependents other than as mentioned.”

What does this premium upon resigning in the face of death mean? Let us have an explanation of that.—A. (Mr. Whitmore): That was discussed, I notice, by Mr. Phelan.

The CHAIRMAN: Yes.

Mr. WHITMORE: If the committee wishes me to go into it further, I can; but it was fully exhausted by him in the evidence I have already read. That man is put in the position of having to decide whether to resign or to keep on living; if he cannot make the right decision, he may find himself out of a job, and still living and with no superannuation.

By the Chairman:

Q. With regard to number 3, there is a question which I should like to ask. The submission is that voluntary retirement at the age of sixty would permit employees to retire and at the same time advance promotions in the service—

with which I agree—and save money to the country. I would like to know if any case has been worked out, or if a typical case has been worked out where this can be demonstrated rather than just have the claim made as to the saving of money to the country.

Mr. HILL: It could not save money.

The CHAIRMAN: The statement is made that this would save money to the country, and I would like to know what the basis for that statement is.

Mr. WHITMORE: I did not prepare anything in a printed form; but for my own satisfaction, before making the statement I took what I understood to be the new scientist grades in the Agriculture Department. Unfortunately, they have not been released publicly. But starting from Grade 6, and assuming that an employee was superannuated at his proper time, and that the employees below that grade were promoted in order to fill the positions, there would be a net saving in four years of \$4,800 to the government. That is the saving I am contemplating. The superannuation, of course, is paid out of the superannuation fund; and if he was at the maximum salary that I was contemplating here, the maximum of \$4,620, and he had served 35 years, his pension would be \$3,234. You can check those figures, but actually the government saves \$4,800 in the succession of promotions to fill the vacancies.

By Mr. Hill:

Q. They would if they did not increase the amount having to be paid into the fund to take care of it.—A. (Mr. Whitmore) These things are very well recognized in the Auditor General's report; and the money is set aside to cover it.

Q. The difference would be that the pension would be paid out and the full amount of the salary and the promotions would be paid out. I do not see where you get the figures there.—A. We are regarding the pension as paying for itself.

Q. It might not, if you retire them too young.—A. No. I am taking this on the full term basis.

Q. Here it says voluntary retirement at the age of sixty.—A. Yes.

Q. Which is five years before the age limit.—A. Five years before, yes.

By the Chairman:

Q. Mr. Whitmore, perhaps you would be able to work out a case at some future time, and submit it by mail or in some other way—a typical case in the service,—so that we could have it analysed?—A. Yes, sir. I will be pleased to do that.

The CHAIRMAN: Are there any other questions on number 4,—benefits a right? I think that has been discussed.

By Mr. Pottier:

Q. Do you suggest reference to a court of law by way of appeal, in that bottom paragraph on page 6?—A. (Mr. Whitmore) No, sir. That is apparently impossible in the service; and I do not think it is a good thing to introduce, even. That is my opinion.

Mr. POTTIER: That is good.

By the Chairman:

Q. In connection with the next paragraph,—time being allowed for war service,—I understand you to infer perhaps strongly that those in that category would be willing to pay the arrears?—A. (Mr. Whitmore) Definitely so.

Q. Would they be willing to pay the interest on the arrears?—A. Definitely so. I was here when Major Bowler made his presentation, and there was a little discrepancy.

[Mr. J. C. Beauchamp.]

Q. I want your opinion.—A. I can say this, that they should be put on the basis of anybody as at 1924, if I have made myself clear. That is, they come into the service; and at 1924 they should be treated as any other civil servant. But from 1924 they should have that preference, I think, that Major Bowler wished to have with regard to the payment of arrears of interest from 1924 on.

Q. Your opinion is that they should not pay interest from 1924 on?—A. No. Because we consider that was a mistake in the Act; and if it is rectified, it should be no detriment to the soldier. It would make it very heavy to pay back. Fourteen years have gone by.

Q. Would it not make it equally heavy for the country to carry if it was not paid back?—A. You will realize that 4 per cent interest was not contemplated by the original builder of the Act.

Q. In 1924?—A. No, at any time—yes, in 1924. It was an addition of the Senate, which was not removed by parliament subsequently.

By Mr. Mallette:

Q. Would that mean that in the application of the Act or the benefit derived therefrom, only money paid in would be considered and not the interest that is accruing on it?—A. No. We are talking about two different things. Interest on arrears—

Q. You will find those two things are linked.—A. Of course, that again is a financial question that we had no information on, except that when their Act was originally brought into the statute books, there was no proposition to pay 4 per cent interest on the contributions—on the arrears of contributions.

By Mr. McCann:

Q. They would not, necessarily; one would not expect it.—A. But it was put on by the Senate and never removed by the government; and that is the only interest I am talking about—on the arrears of contributions. You will realize that if a returned soldier is allowed to contribute under the Act in 1938, he will have fourteen years, from 1924, to pay interest at 4 per cent on those contributions which he should have put in.

By Mr. Mallette:

Q. Put it another way. Leave aside the word "soldier" for the purpose of this argument, and say anybody coming in in 1938 asking for the same benefits as the people would have who started to deposit in 1924. Should he not bring his contribution exactly in line with the others?—A. Yes.

Q. That is just the point.—A. Yes, I think so.

Q. Unless your suggestion comes from the sentimental point of view?—A. Not at all. It is absolutely divorced from sentiment in this case. It is simply considered on a business basis.

By the Chairman:

Q. Mr. Whitmore, have you any information to offer as to the length of service which would have to be allowed for one, two, three or four years?—A. I am in the same position as Major Bowler. The thing is being looked into, I understand, by the Bureau of Statistics at the request of the Department of Finance.

Q. You have no information?—A. No; just the information the same as he would have. I would mention, while we are on this war service, that the question of South African service was brought up, I think, by Mr. Wood; and I am able to say this, that I have had requests—a request, rather, from one member or ex-member of the Professional Institute—that the question

of South African service should be considered on the same basis; and my superannuation committee has not seen anything against such a request. It will affect very few people indeed.

The CHAIRMAN: It is now one o'clock. Are there any other questions that anyone would like to ask particularly. If we could get through, we could release the witnesses.

By Mr. Hill:

Q. You ask in number 8 that a board of administration consisting of representatives of the government and of the civil service organizations be set up to deal with all matters dealing with superannuation. How many representatives do you suggest? I do not know whether you have given that already or not.—A. Yes, I have given it some consideration; but until the principle is adopted I do not think the details could be satisfactorily worked out. I would think that the major organizations—you will realize that there is a proposition that has been in effect for some years now, that there should be a civil service council similar to the Whitley councils in Great Britain.

Q. The what?—A. The Whitley councils. You have heard of those. In considering that matter, a committee of the House could decide on what civil service organizations may be considered to be representative; and I would consider these the ones to be taken account of under this scheme of ours.

By Mr. Anderson:

Q. At the present time there is an advisory committee?—A. Yes.

Q. As I understand it, it is composed of ten, five chosen by the government and five by the service?—A. Five appointed by the service.

Q. Is that right, approximately?—A. That is correct—absolutely right.

Q. You are suggesting that an administrative board be appointed. Is it your idea that they will have authority different from the advisory committee?—A. Somewhat broader.

Q. I beg your pardon?—A. Somewhat broader.

Q. The same as the railway board, independent of the government?—A. Oh, no, no, no.

Q. Well, what is your idea?—A. That they will collaborate with the officials of the government in order to decide on these things which come up and which produce regulations. You will realize that when an Act is put on the books, after a few years you get a whole bunch of regulations such as these; and it is in the formulating of these regulations which directly affect the civil service that we would like to have a voice.

Q. The object being to inform the civil service to a greater extent than they are to-day?—A. Absolutely; to see that the interests of the civil service as such were looked after.

Q. It would be informative, of course, to the people and to the government as well?—A. Yes. It would go both ways.

By the Chairman:

Q. I wonder if it could be read into this recommendation that the board of administration would take final responsibility for payment being made, or is it your desire to supersede the Treasury Board which takes final responsibility?—A. No, nothing of that kind.

Q. That is not intended?—A. No.

Mr. BEAUCHAMP: I would like to make it clear that even if this board of administration's recommendation were unanimous, after all, the Treasury Board has the final say; and, ultimately, the Governor in Council. Even if this committee or board of administration made a unanimous recommendation, the government is still free to take any course it chooses.

[Mr. J. C. Beauchamp.]

By Mr. McCann:

Q. But do you not think that they are guided by that advice?—A. To some extent. As I stated at the outset—

Q. Have you instances in mind where they have not been?

Mr. WHITMORE: Where they have been?

Mr. McCANN: Where they have not been?

Mr. WHITMORE: No.

Mr. McCANN: You are a little fearful.

Mr. WHITMORE: It is our career and our welfare.

By the Chairman:

Q. You are not asking that it be other than an advisory board?—A. (Mr. Whitmore) That is all.

Mr. BEAUCHAMP: Exactly.

The CHAIRMAN: Are there any other questions?

By Mr. Mallette:

Q. With regard to number 9, I think you had some correction to make?—A. (Mr. Whitmore) Mr. Beauchamp will make it. He discovered it in translating the brief. You called my attention to something over the phone, Mr. Beauchamp.

Mr. BEAUCHAMP: But was it not that provision in number 2?

Mr. MALLETT: It was in number 9. I have forgotten what it was.

Mr. WHITMORE: It was entirely unimportant. If there are no other questions, I would like to refer to number 14 for a moment—prevailing rates and permanent seasonal employees. You will remember Mr. Phelan had something to say on the same subject, and you will notice that we endorse the representations of the other civil service organizations. All we wish to say with regard to permanent seasonal employees is that we would like to see their actual period of contribution reduced to ten calendar years rather than 120 months. That was the basis of our putting this request in. Because a number of the professional men have been permanent seasonal employees in previous years, and a number of the men with which they come in contact are permanent seasonal employees; and they are well aware of the problem—that a man, if he only has six months paid employment during the year, would have to go twenty years before he overcame that ten-year bar—twenty calendar years. We propose that he should get it after ten calendar years, the same as the rest of the service—120 calendar months. That is number 14.

By Mr. Pottier:

Q. I was going to ask a question about number 10—that an actuarial survey of the fund be made, and that the results thereof be made available to the contributors. What advantage would there be to you to have an actuarial survey made available to the contributors? What would be the advantage of that?—A. (Mr. Whitmore) This, sir—that I consider, and I think the institute consider, that if this fund is to be actuarially sound, the contributions may have to be varied or the benefits may have to be varied; and if there is no actuarial survey and no statement at any particular period, nobody knows exactly how the fund is. We have been told at a previous meeting of this committee that an actuarial survey—well, it was almost impossible perhaps, or it would take fifteen years more to bring to life.

By Mr. Hill:

Q. Is it not true that the only way it could possibly benefit you people would be if you are contributing more than your share; because if you are

contributing less than your share the government has to make it up?—A. No, I do not see that. I think that if we are contributing less than our share, we should bring it up.

Q. You feel that way. But if you are contributing more than your share, the government is not giving you the benefit to which you are entitled?—A. In that case it should be increased.

Q. If you are contributing less, they have to make it up anyway.—A. I could refer you to a clause in the Royal Canadian Mounted Police Dependents Act, which seems to cover that sort of thing. It says that the fund shall be surveyed actuarially from time to time; and if the contributions have to be increased, the contributors will be notified.

Q. The government undertakes to live up to their contracts whether your contributions are less or not?—A. No. It asks you to modify your contribution or benefit according to the actuarial status of the fund; and that is what we have in mind here.

Mr. ANDERSON: The solvency of the fund is surely the great thing.

Mr. WHITMORE: Yes.

Mr. HILL: It is absolutely sound with the government back of it.

Mr. BEAUCHAMP: I might add, if we had some knowledge of the actuarial condition of the fund it might have a bearing on the statement we make here to-day. Until that fund is brought up to a certain strength I do not think that service organizations would make statements that would tend to further disturb the condition.

By Mr. McCann:

Q. I suppose you always keep in mind, if that were the case, it would be a splendid build-up for someone arguing that the rate be increased?—A. (Mr. Whitmore): The rate of contribution or the benefit?

Q. The benefits.—A. If necessary, yes. Rather than drop the contributions I would prefer to see the benefits increased, yes.

Mr. BEAUCHAMP: I think that is what was done in connection with the Royal Canadian Mounted Police. They either reduced the rate of contribution or increased the benefits following the result of an actuarial periodic survey made, I think, every five years.

By Mr. Mallette:

Q. Can you tell the committee who made this survey that you speak of and when?—A. (Mr. Whitmore): The actuarial survey was ordered by—correct me if I am wrong—Mr. Ronson in the Department of Finance, and according to advice received by word of mouth from a previous Minister of Finance, it was completed. That is all we have to offer.

Q. You do not know who made it?

The CHAIRMAN: That will come out from witnesses later.

Mr. WHITMORE: Yes.

By Mr. Hansell:

Q. These graphs are authoritative, I suppose? Who is responsible for compiling them?—A. They were compiled by one of the officials in one of the departments in his spare time. I had better add that, I think.

Q. Upon the basis of what?—A. Upon the basis of public accounts, which, of course, are public documents.

By the Chairman:

Q. In connection with No. 8, the advisory board holding its proceedings confidential and private. Would that be agreed to by the representatives of [Mr. J. C. Beauchamp.]

the civil service and the officials, or do you suppose, Mr. Whitmore, that instructions were given that it should be done?—A. It is my information—that is all I can say—in this case it is my information that it was decided upon by the committee themselves.

Q. Is it not a logical thing for representatives of the civil service to desire that their proceedings be confidential rather than that they should be open to misunderstanding by civil servants if it was published?—A. No, sir, I cannot submit to that idea. I think that the more information there is about the civil service the better. It is the fact that things have been hidden and covered up, and it is that feeling of mystery that leads to some of the objections that the people of Canada seem to have in certain cases about the civil service. It is also perhaps a hangover from patronage. I think the more publicity we have the far better it is.

Q. Can you imagine this position? I represent the civil service in which I am an important employee, and a case comes before me on which I may feel, if I want to be fair to the fund and the balance of the service, that I should take certain actions, and yet on account of the fact that that action is adverse to the interest or supposed interest of some of my associates whose action is under review, would it not be desirable on my part to have the protection of confidence. We do that in caucuses every time, and because of that privacy we feel free to express ourselves.—A. I think I can answer that by saying every decision should be made public.

Q. Discussions should not?—A. Not necessarily.

By Mr. McCann:

Q. Your complaint is really against your representatives?—A. Perhaps in a way they have been muzzled, yes.

By the Chairman:

Q. From the way who has been muzzled?—A. The representatives.

Q. From the way they muzzled themselves?—A. Yes, they have been muzzled.

Q. They consented to it.—A. And, of course, the civil service representatives

By Mr. McCann:

Q. Who did the muzzling?

By the Chairman:

Q. They, in other words consented to it, they must have done it.—A. They voted on it themselves, yes.

By Mr. Anderson:

Q. What would have happened if they had given you the information?—A. I cannot tell you, sir. We should know—we perhaps would not have prepared a lengthy brief like this.

By Mr. Pottier:

Q. You have no confidence in your own advisory board?—A. How can I have any knowledge of it?

Mr. BEAUCHAMP: We are not satisfied with the procedure under which it operates at the present time and has been operating.

By Mr. Pottier:

Q. And they have brought on the operation—

Mr. McCANN: We will get further information on that.

Mr. HILL: The board consists of a body of the civil service, and we are now dealing with the Professional Institute alone. The Professional Institute which consists of civil servants is not satisfied with them, and you are not satisfied with the other body. You now have an argument with the civil service.

Mr. WHITMORE: I would not like that idea to go abroad. We have every confidence in the representatives of the other civil servants' organization. I can say that without fear or favour, but they do not tell us anything.

Mr. HILL: We are dealing with an organization.

Mr. BEAUCHAMP: With one submission, yes.

The CHAIRMAN: May the committee meet to-morrow?

Mr. BEAUCHAMP: I should like to say a word: I should like to say we still adhere to what we say in our preamble. We consider this Act by and large excellent legislation, and we are in full agreement with what Mr. Anderson said as to Mr. Robb and Mr. Malcolm, the sponsors of this legislation. I think the public service—I do not hold a brief for the whole public service—generally are grateful to the sponsors of the Act; but we find that through the process of trial and operation that certain defects have come to light. Now, we have presented our own viewpoint; the committee, of course, knows what is best and we are quite prepared not to enter into any controversy with them. I should like to say we certainly appreciate the courtesy that the chairman and his associates have accorded to us this morning.

The CHAIRMAN: On behalf of the committee I should like to assure the witnesses, so that there will be no misunderstanding, any questions we have asked have been asked for the purpose of getting the opinions of the witnesses.

The committee adjourned at 1.15 to meet on Tuesday, May 17, at 11 a.m.

DEPARTMENT OF FINANCE

CANADA

THE CIVIL SERVICE SUPERANNUATION ACT, 1924

This Act came into force on being assented to on the date of the prorogation of Parliament, July 19, 1924.

This memorandum is intended for the use of persons now in the Civil Service who may desire to avail themselves of the option to become subject to the provisions of the Act, and deals separately with (A) persons now contributing to The Retirement Fund; (B) persons now contributing to Superannuation Fund No. 1 or No. 2; and (C) persons not contributing to any fund.

The Act applies to every permanent employee of the Civil Service

“ (i) who is in receipt of a stated annual salary of at least six hundred dollars; and

(ii) who is required, during the hours or period of his active employment, to devote his constant attention to the performance of the duties of his position and the conditions of whose employment for the period or periods of the year over which such employment extends preclude his engaging in any other substantially gainful service or occupation;

and, for the existing service, attention is drawn to section 23 of the Act which is as follows:—

“23. Every employee of the Civil Service who, at the date of the coming in to force of this Act, occupies a position which is subject to the provisions of the Civil Service Act, or which would be so subject but for an Order-in-Council made under the authority of Section 38 B of the Civil Service Act, shall be subject to the provisions of this Act to the same extent as if he were a permanent employee, unless he was assigned by the Civil Service Commission upon certificate of temporary employment and is still serving under such certificate.”

(A) *Contributors to Retirement Fund*

1. Contributors to this Fund if otherwise eligible may at their option elect to become subject to the provisions of the Act.

2. On election, the amount standing to the contributor's credit in the Retirement Fund shall be transferred to the new fund as a contribution under the Act, and the period of service in respect of which such contributions were made will be counted in full in computing all allowances under the Act. Contributions after election will continue at the rate of five per cent up to thirty-five years of contributing service.

3. If for any period of his service, temporary or otherwise, the contributor did not contribute to the Retirement Fund, such period shall be counted only to the extent of one-half in computing all allowances unless he pays arrears of contributions with simple interest at four per cent per annum. Such arrears may be paid in one sum or in instalments as provided by regulation.

4. The Superannuation age is sixty-five. Retirement is compulsory at seventy except for cases of peculiar efficiency and fitness for position in which annual extensions up to age seventy-five may be granted.

5. The allowances are as follows:—

(a) *Superannuation Allowance.* On attaining superannuation age, one-fiftieth of the average salary for the last five years for each year of service but not exceeding thirty-five years. The maximum allowance is therefore 70% of such average salary.

- (b) *Retiring Allowance.* On occurrence of disability or on abolition of office, allowance computed on same basis as superannuation allowance.
- (c) *Withdrawal Allowance.* On voluntary withdrawal or dismissal (for causes other than misconduct), return of contributions without interest.
- (d) *Widow's Allowance.* On death of contributor before superannuation or retirement, one-half the allowance to which he would have been entitled. On death of employee after superannuation or retirement, a continuance of one-half his allowance. In both cases the widow's allowance ceases on re-marriage.
- (e) *Children's Allowance.* If the mother is alive, allowance to each child in addition to widow's allowance, 10% of employee's allowance, with maximum for any one child of \$300, and maximum for all children of 25% of employee's allowance.
If the mother is dead, allowance to each child may be increased to 20% of employee's allowance, with maximum for any one child of \$600, and maximum for all children of 50% of employee's allowance.
- (f) *Dependent's Allowance.* If contributor dies in the Civil Service and leaves no widow and no child under eighteen years of age, an allowance may be granted to the dependents not exceeding the amount of the contributions made by the contributor without interest. "Dependent" is defined to mean—father, mother, brother, sister or child of a contributor who is at the date of death of the contributor dependent upon the contributor for support.

Before ten years' service has been rendered,—

- (g) On occurrence of disability or on abolition of office, a gratuity not exceeding one month's pay for each year of service;
- (h) On being required to retire on marriage, a gratuity not exceeding the amount of contributions without interest;
- (i) On the death of the contributor in the Service, a gratuity to the widow or children under eighteen years of age, of one month's pay for each year of service. If a contributor leaves no widow or child under eighteen years of age, a gratuity may be granted to dependents not exceeding the amount of contributions without interest.

(B) *Contributors to Superannuation Funds Nos. 1 and 2*

6. Contributors to these Funds may at their option elect to become subject to the provisions of the Act.

7. After such election the rate of contribution will be 5% up to 35 years of contributing service and the period of service in respect of which contributions have been made to Fund No. 1 or No. 2 will be counted in full in computing the contributor's own allowances under the Act. The said period will, however, be counted to the extent of only one-half in computing widows', children's and dependents' allowances unless arrears of contributions equal to the difference between the amount actually contributed and 5% are paid with simple interest at the rate of 4% per annum, in which event the said period shall be counted in full in computing the said allowances.

8. If for any period of his service, temporary or otherwise, the contributor did not contribute to Fund No. 1 or No. 2 such period shall be counted only to the extent of one-half in computing all allowances unless he pays arrears of contribution at the rate of 5% per annum with 4% simple interest. All arrears of contributions may be paid in one sum or in instalments as provided by regulation.

The superannuation age and allowances (assuming all arrears of contributions paid) are the same as given above with respect to contributors to the Retirement Fund with the exception that the allowances are based on the average salary for the last three years of service instead of the last five years.

(C) *Persons not contributing to any fund.*

9. Persons who have not contributed to any fund may if otherwise eligible at their option elect to become subject to the provisions of the Act. After election contributions shall be made at the rate of 5% per annum, and the period of past service will be counted to the extent of one-half in computing all the allowances under the Act. The said period will be allowed in full if the contributor pays arrears of contributions at the rate of 5% of his salary with simple interest at the rate of 4% per annum.

10. The superannuation age and allowances (assuming all arrears of contributions paid) are the same as for persons who have heretofore contributed to the Retirement Fund.

Election to become subject to the Act must be made within two years from the coming into force of the Act. Forms for election, tables of instalments for payment of arrears of contributions and forms for superannuation data have been prepared and will be furnished on request.

J. C. SAUNDERS,
Deputy Minister.

July 19, 1924.

(Translation)

The following is the English Translation of the evidence given by Mr. Cléophas Dubeau, President of the Montreal Post Office Employees Association, on this date.

WEDNESDAY, May 11, 1938.

CLEOPHAS DUBEAU, senior clerk, postal station "T," at Montreal, is called and sworn.

The WITNESS: Mr. Chairman, gentlemen of the committee. I will be content to await your questions. I have the same submission to make in French that Mr. Gauvin has just made in English. If the members of the committee wish to ask me questions, I am prepared to answer. If you wish me to read the memorandum in French, I can read it; it is the same memorandum as was read in English.

Mr. MALLETTE: In the translation of Mr. Gauvin's testimony we will have the memorandum worded in English that he presented. That memorandum will be translated into French. If your memorandum is exactly the same, it would be time lost, we will have a translation, it will be the same thing.

The WITNESS: Yes, but if you have any questions to ask me—

Mr. MALLETTE: Questions, that is another matter.

The WITNESS: The memorandum is exactly the same thing, translated from English into French and from French into English.

Mr. BLANCHETTE: You might perhaps give us a summary of your opinions, in case Mr. Gauvin may have overlooked some point.

The WITNESS: I will be pleased to do so, Mr. Chairman.

In respect to opening of the Superannuation Act, from 1924 to 1927, the people who did not avail themselves of the provisions of the Act at that time followed that course because they had been ill-informed and the publicity given the matter had not been sufficiently widespread to enable them to fully grasp the provisions of the Act and become contributors to the fund. At that time, these people were still young; they are older now, they reason the thing better, they study their own case more deeply because they are closer to the grave.

Mr. MALLETTE: Instead of saying "the grave," say rather "to heaven."

The WITNESS: To heaven, if you prefer. We ask on their behalf,—and we believe it is just—that the Act be re-opened, if I may express myself thus, so that they may be superannuated by the State instead of withdrawing merely 5 per cent of their salary. That is the first question, and I believe that just about sums up what Mr. Gauvin has just explained to you in English.

Furthermore, we request that superannuation be computed from the date of entry into the service instead of from the date of permanent appointment. I will give you an illustration: I assume that I entered the service in 1910 and that I was permanently appointed in 1912. In that case, superannuation is counted from the time I received my permanent appointment, because I began to contribute my 5 per cent only when I was appointed permanently. According to the Act, we are paid only on the basis of half the difference, in other words, we lose a year.

Mr. MALLETTE: That calls for a further explanation: you speak of a man who entered the service in 1910 and who was made permanent in 1912?—A. Yes, that represents a difference of two years.

Q. Even if he only started to contribute in 1912, his superannuation would be computed from 1910?—A. We ask that his superannuation count as from the date of entrance.

Q. Would he contribute for the first two years?—A. He would be prepared to contribute for the two other years.

Q. That is very important.—A. That is very important. He would be willing to contribute for the two other years so that his superannuation benefits would be computed from the date of entry, in order to round out his full time in the government service. That superannuation be optional after thirty-five years of service, without regard to age. That is to say, when a man had completed thirty-five years of service in the employ of the government, though he be only fifty-five years of age, sixty-two years or sixty-three years, that it be possible for him to retire from the department with full superannuation benefits after thirty-five years of service.

Mr. BLANCHETTE: You mention thirty-five years instead of thirty years?—A. Is it thirty years?

Q. The first memorandum states thirty years.—A. The first memorandum states thirty years, yes, but the second memorandum says thirty-five years, we have made a correction.

Mr. MALLETT: That is what you wish, thirty-five years.—A. Thirty-five years. After having figured the thing out, we consider that it is more fair to ask for thirty-five years, because that makes a more reasonable age limit. When a man has served his country for thirty-five years, it would be reasonable that he should be in a position to enjoy his superannuation.

We base ourselves on the fact that people in the service do not live to an old age. I think one might secure a list of the persons who died from the department. I am not very conversant with that aspect of the case, but I think the average age of death ranges generally from forty-five to fifty years. Hence, only a very small number of employees get their superannuation benefits. During the twenty-eight years I have been in service, I have had knowledge of cases where several employees accepted superannuation and died six months or one year later. They must have drawn approximately a sum of \$1,000, \$1,200, or even \$800—that depends on the amount of their superannuation benefits—death claimed them and there remains nothing of all they have paid.

In the case of a widower without children or of an unmarried person, they contribute 5 per cent to the department and should they leave the service without being superannuated their money is lost. The rightful heirs receive nothing out of the contributions they have paid in.

I take my own case: I will assume that my wife dies this year and that I die next year. At the present time, I would be entitled to superannuation aggregating approximately \$1,100. If my wife does not die, she is entitled to half my superannuation benefits on my decease. But should I die in a year without having started to draw my superannuation allowances, and should my wife have predeceased me, then, all is lost. I have paid approximately \$4,000 to the government and that \$4,000 remains in the superannuation fund. My children cannot derive any benefits therefrom if they are over 18 years of age.

Hence, we ask that something be returned to the rightful heirs of unmarried contributors or to widowers without children, out of the \$3,000 or the \$4,000 which they have paid into the fund.

Q. That applies to those who die before they have started to receive their superannuation allowances.—A. That applies to those who die before they started to receive their superannuation allowances, yes.

And I will suppose that I received my superannuation allowances for one year only. I have been retired for one year, my wife died in the interval. Then, there is no longer any person to receive any superannuation. I received superannuation payments for one year only. It is like a question of insurance. The superannuation risk is good in so far as one lives to an old age. Should

a contributor die before being superannuated or one year later, superannuation is not profitable having regard to the amount paid into the fund. Hence, I say that the department in the case of employees who are widowers, without children under 18 years of age, and unmarried employees, when they die before starting to receive their superannuation allowances, I say that a certain portion of the 5 per cent that they paid to the government should be paid to their rightful heirs.

Q. Which they paid to the government.—A. Which they paid to the government, and the government kept everything.

Q. It is not exactly the government, it is the superannuation fund.—A. The superannuation fund, that is consolidated, I believe, with the government, the superannuation fund.

Q. Yes, but that relates to superannuation.—A. That relates to superannuation.. It is not limited.

In the case of an employee who leaves the service before he completes ten years of service, we ask that his 5 per cent of contributions be returned to him. He has been working for three, four or five years; he contributed his 5 per cent every year: his 5 per cent should be handed back to him when he leaves the service. If he has worked nine years and decides to leave the service he loses everything, he loses his 5 per cent, he gets nothing.

Mr. BLANCHETTE: Would that apply in the case of a person who is compelled to leave the service because of misconduct?—A. In the case of misconduct, I believe that he loses the 5 per cent he paid in. For instance, if he committed a theft or was guilty of some similar offence, the government has a certain claim on the money. But if I always conducted myself properly and I leave the service in order to secure more attractive employment, I lose the 5 per cent I have contributed and paid to the department 5 per cent of my salary and, if I resign in order to take a better job, I lose the 5 per cent.

Mr. MALLETT: I believe another organization has already brought this point to the attention of the committee. This point will be considered with the other submissions.

The WITNESS: To sum up, those are the requests we have made.

Mr. MALLETT: You also ask that employees should be superannuated at age sixty-five, without exception?—A. Yes, in the English text of our memorandum we ask that employees be superannuated at age sixty-five, without exception. We ask for that because a man at sixty-five years of age has started to lose some of his efficiency.

Mr. MALLETT: You might tell that to Mr. King and to Mr. Bennett.

The WITNESS: I am not speaking of intellectual work; it all depends on the nature of the work. When a man has reached sixty-five years of age, when he is employed on the night staff or works in the evenings—

Q. You mean from a physical standpoint?—A. From a physical standpoint. Then, the years have taken a heavier toll, he is more tired than a young man of 25 or 30 years.

Mr. MALLETT: Unfortunately.

The WITNESS: Unfortunately, yes, I agree with you on that score. As regards physical endurance, I know whereof I speak, I have both the experience and the practice yet I can no longer do the same work I did when I was thirty years of age, when I was asked to work in the evening or at night. Now that I am 50 or 52 years of age, I would be more fatigued than I would have been at that time. I speak of the physical angle,—to say that I would be more tired not from the standpoint of experience, judgment and efficiency,—the young people are perhaps inferior.

Mr. MALLETT: You set the age limit at 65 years without exception?—A. Yes, because in the majority of cases, employees who have reached 65 years of age have already thirty or thirty-five years of service to their credit. If

an employee entered the service at 19 or 20 years of age, that will represent 40 years of service when he reaches age 60, and 45 years of service when he reaches the age of 65. Thus, you see he had completed a reasonable period of service, he could live on his superannuation and that would provide a young man with an opportunity for advancement.

Q. Without disagreeing with you, you also make a further suggestion, namely that those who have 35 years of service to their credit be given the right to retire because that would suit their purpose?—A. Yes.

Q. Employees who have reached 65 years of age occasionally include some who might be in a difficult financial situation by reason of illness, death or for any other cause; if you set a hard and fast rule, the government will be unable to do anything whatsoever for them.—A. My own personal opinion is that this might be left optional. We are speaking here in the name of our association. We discussed these matters at our own meeting and the majority of members went on record in favour of this last proposal; hence, we are submitting it. If you ask me for my personal opinion—for I am still speaking here in the name of the employees making up our association,—I believe it should be left optional, that the decision should rest with the government, the same as we ask that it be optional for an employee to retire after 35 years of service.

Q. My colleagues, especially those from Montreal and I will tell you that we sometimes receive requests that an employee be retained in the service beyond the age of 65 years; should you ask that the Act be made mandatory in that respect, that might cause hardship to a few.—A. We humbly submit these suggestions to you as the views expressed by the members of our association. You may determine whether our requests are justified in all regards.

Mr. BLANCHETTE: In short, it is not an important matter.—A. The most important matter is to secure superannuation at 60 or 65 years of age.

Mr. MALLETTE: It is important because it concerns those who are in difficulties.—A. You will allow me to suggest that since I am president of our association I have received several requests in which the persons ask that they be superannuated immediately. That has been my experience during my term of office.

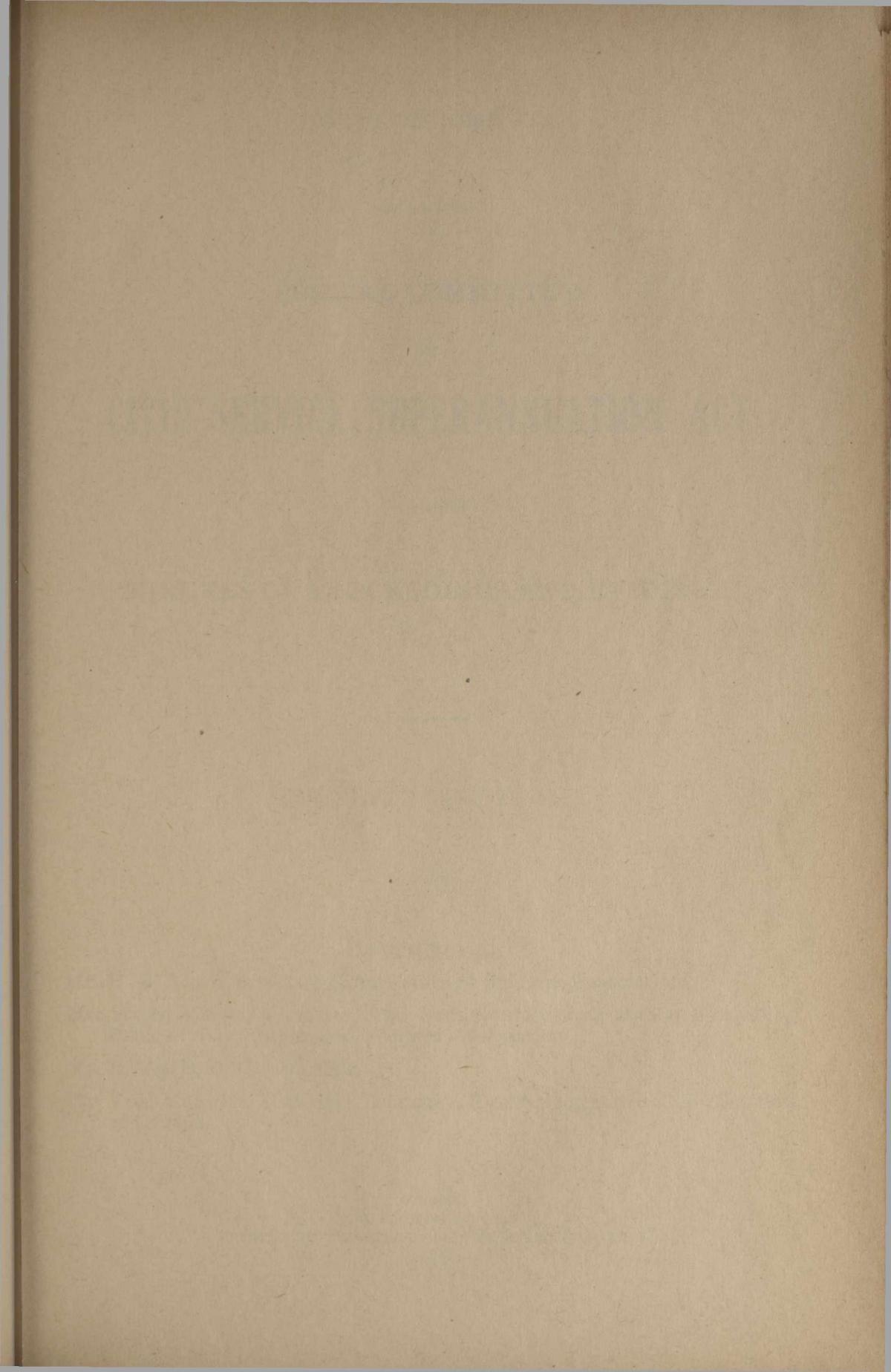
Q. I have in mind isolated cases, not general cases. I am thinking of those to whom such a rule might occasionally cause inconvenience.—A. The authorities would have to make provision for some leeway in respect of deserving isolated cases, but generally speaking, in my view, employees should as much as possible be compelled to retire at 65 years of age. Should there be exceptional cases, the department could determine whether it is in the interest of the service to retain an employee beyond that age. That should be optional.

Q. I am only speaking to you of exceptional cases and I say that the general rule should not apply to all cases.—A. Yes. You can, in my opinion—it is a suggestion I make—set the limit at 65 years with certain reservations in respect of special cases that would be left to the discretion of the department.

The CHAIRMAN (*Text*): Mr. Dubeau, you said that the employees that you represent would be willing to pay five per cent and all costs of arrears. Would that include interest on that sum also?

Mr. GAUVIN: Yes, Mr. Chairman, they are willing to do that.

Mr. BLANCHETTE (*Translation*): There is just one more question, Mr. Dubeau. Your first memorandum suggested that superannuation be optional after 30 years of service and, to-day, you mention 35 years; will you give me the reason for this change in your memorandum?—A. That is due to the fact that the question was discussed again since the drafting of the first memorandum that we forwarded. Our first memorandum was forwarded to you some two months ago and, since then, we discussed these matters and we deemed fit to slightly alter the first memorandum. The memorandum which we submitted to you this morning contains the last resolutions approved by our association.



SESSION 1938

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

CIVIL SERVICE SUPERANNUATION ACT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

TUESDAY, MAY 17, 1938

WITNESSES:

Mr. H. B. Segré, Secretary, The Returned Soldiers Association.

Mr. W. D. Martin, Secretary, The Dominion Printing Bureau Prevailing Rates of Pay Employees' Welfare Association.

Mr. H. Vallières, Ottawa, Ont.

Mr. Fred Knowles, Dominion Secretary, The Amalgamated Civil Servants of Canada.

OTTAWA

J. O. PATENAUDE, I.S.O.

PRINTER TO THE KING'S MOST EXCELLENT MAJESTY

1938

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

CIVIL SERVICE SUPERANNUATION ACT

MINUTES OF PROCEEDINGS AND EVIDENCE

Vol. 2

THURSDAY MAY 17 1906

WITNESSES

Mr. H. H. ...
Mr. W. J. ...
The ...
of ...

OTTAWA

Printed and Published by ...

MINUTES OF PROCEEDINGS

TUESDAY, May 17, 1938.

The Special Committee appointed to enquire into the terms and operation of the Civil Service Superannuation Act met this day at 11 a.m.

Mr. McLean (*Melfort*), the Chairman, presided.

Members present: Messrs. Anderson, Baker, Bradette, Hansell, Heaps, Hill, McCann, McLean (*Melfort*), Mallette, Mutch, Pottier, Wood.

In attendance: Mr. W. C. Ronson, Assistant Deputy Minister of Finance; Mr. G. L. Gullock, Chief of the Superannuation Branch, Department of Finance; Miss Edna L. Inglis, 1st Vice-President of the Civil Service Federation of Canada and of the Civil Service Association of Ottawa; Mr. V. C. Phelan, President of the Civil Service Federation of Canada; Mr. Fred Knowles, Dominion Secretary of the Amalgamated Civil Servants of Canada; Mr. B. H. Segré, Secretary and Mr. B. W. Waugh, Chairman, of the Returned Soldiers Association, Ottawa; Mr. A. H. MacDonald, President, and Mr. W. D. Martin, Secretary, of the Dominion Printing Bureau Prevailing Rates of Pay Employees' Welfare Association; Mr. H. Vallières, Ottawa, Ont.

The following corrections were approved:—

By the Chairman:

On page 70—9th line—the word “draw” should be substituted for the word “drop”;

On page 70—10th line—after the word “consideration” a comma should be inserted;

On page 70—11th line—after the word “compensated” a dash should be inserted;

On page 72—9th paragraph—substitute “1927” for “1937”;

On page 73—5th paragraph from the bottom of page, in the fifth line, substitute “vieux” for the word “mieux”.

The following witnesses were called, examined under oath and the retired.

Mr. B. H. Segré, Secretary, on behalf of the Returned Soldiers Association;

Mr. W. D. Martin, Secretary, on behalf of the Dominion Printing Bureau Prevailing Rates of Pay Employees' Welfare Association;

Mr. H. Vallières, Ottawa, on behalf of a group of Permanent Sessional employees of the House of Commons;

Mr. Fred Knowles, Dominion Secretary, on behalf of the Amalgamated Civil Servants of Canada.

The Chairman thanked in turn the witnesses for their respective presentation.

On motion of Mr. Mallette:

Resolved: That the petition presented by the Dominion Printing Bureau Prevailing Rates of Pay Employees' Welfare Association be printed in the record as appendix No. 1.

At 1.00 p.m. the Committee adjourned until Thursday, May 19th at 11 a.m.

ANTOINE CHASSE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, Room 297,

May 17, 1938.

The Special Committee to inquire into the terms and operation of the Civil Service Superannuation Act met at 11 a.m., Mr. Malcolm McLean, the chairman, presiding.

The CHAIRMAN: Gentlemen, there are some corrections which should be made in the minutes of the proceedings of Wednesday, May 11, as follows:—

Page 70—9th line—the word “draw” should be substituted for the word “drop”.

Page 70—10th line—after the word “consideration” a comma should be inserted.

Page 70—11th line—after the word “compensated” a dash should be inserted.

Page 72—9th paragraph—Substitute “1927” for “1937”.

Page 73—5th paragraph from the bottom of page, in the fifth line, the word “vieux” should be substituted for the word “mieux”.

We have a list of those who were to appear before the committee to-day. Mr. Knowles, representing the civil servants of Canada was to have appeared, but apparently he is not present yet.

Mr. Segré and Mr. Vaugh are appearing for the returned soldiers' association. If Mr. Segré is present, I will ask him to come forward and be sworn.

B. H. SEGRÉ, Secretary, Returned Soldiers' Association, sworn.

By the Chairman:

Q. Mr. Segré, I understand that you have a short brief?—A. It is very short, Mr. Chairman. Our brief is brought forward because we feel that our association can be treated by regulation of the Act; that there is no necessity for an amendment to the Act. It is one portion of the service which has never been brought forward very much.

In making this submission we wish, first, to express our appreciation of the very great merit of the Civil Service Superannuation Act of 1924 in providing for the welfare of the servants of the Crown after retirement. We recognize the difficulty that had to be met in framing an Act that would provide adequately proportionate benefits to civil servants having such varying lengths and types of service as those to whom the present Act was designed to apply.

Certain civil servants who rendered service in the Great War are in the application of superannuation receiving disproportionate benefits in comparison with confreres who entered the service under similar conditions, but did not go overseas, and we believe that the Superannuation Act as it stands will permit of the correction of these anomalies by an addition to the regulations.

These ex-soldier civil servants, now contributors under the Act, had temporary or seasonal employment before the War, which is being counted for purposes of superannuation. They gave up this employment to render

war service to their country in its greater need, but this war service has not as yet been recognized as one for which superannuation may be counted, because these men are deemed not to have been in the Civil Service of Canada while in the army of their country during the war.

This inequality of treatment may be illustrated by the following comparisons, with names omitted:—

Mr. A. and Mr. B. enter the Service on seasonal employment in the spring of 1909 and have practically similar records, being in continuing seasonal employment up to the spring of 1921 when they were, along with others, blanketed into permanent positions, *save for this exception* that Mr. B. enlisted in 1915, served overseas, was demobilized in 1919, when he returned to duty in the Civil Service.

Mr. A. has continued his civil employment at civil pay and has been allowed all the benefits under the Superannuation Act of 1924; but Mr. B., having obtained the consent of his superior officer in the Civil Service to enlist, has dropped his much larger civil pay to accept \$1.10 per day military pay and has lost this period of active service time for superannuation.

Mr. C., who was a permanent member of the Civil Service when he enlisted, is accorded even more generous treatment. He may have received his full civil salary in addition to his military pay, or total pay equal to full civil pay, depending upon the time of his enlistment. In either case, his military service counts for superannuation.

There were two orders-in-council, one of August 11, 1914, which permitted every civil servant to draw his civil pay in addition to his other pay.

By Mr. Mutch:

Q. That is, every permanent civil servant?—A. No, the order-in-council said "any".

Q. It was not interpreted that way, was it?—A. No, it was not. Order-in-council No. 2102 was amended by order-in-council No. 2553 on the 1st of November, 1915, which said, "total pay equal to full civil pay."

A Special Committee of Parliament on Pensions and Returned Soldier Problems, 1928, investigated the status of returned soldier Dominion Land Surveyors included in the above group, with respect to their overseas time counting for superannuation purposes, and recommended that steps be taken to remedy the situation. At that time it was considered that an amendment to the Superannuation Act was necessary, and consequently no action was taken. (Reference, Hansard April 30th, 1928, page 328, Part IV, Section 3.)

A subsequent ruling of Justice Department dated May 1930 (see Appendix I), indicates that such a disadvantage may now be removed, and is in effect that such cases as abovementioned may be treated as "a reasonable case of doubt", under Section 11, subsection 1 (d) of the Superannuation Act, (see Appendix II), and that the Governor in Council, by virtue of authority, conferred by this section of the Act, is competent to pass a regulation authorizing the counting of such active service period for superannuation purposes.

It is suggested that the anomalies and injustices referred to in this Brief would be removed to an extent consistent with proper and adequate protection of the Superannuation Fund if a regulation, framed in a manner similar to the following, be approved and added to the present regulations in force:

[Mr. H. B. Segré.]

Proposed Regulation:

The benefits of Section 6, sub-section 2, Part I of the Superannuation Act, 1924 (see Appendix III), shall be applicable to contributors who, on August 4th, 1914, were either continuing temporary employees; temporary employees engaged under six months certificates of the Civil Service Commission; or temporary employees occupying seasonal positions, and who gave up their Government employment for the purpose of proceeding on "active service" in the Great War and who, previous to enlisting, had employment, which may be counted as service under the Superannuation Act, and who returned to employment in the Government Service within a reasonable time after the date of completion of their active service; that is to say, that such contributors shall be allowed to count, for purposes of superannuation, their periods of active service in the Great War.

This proposal is submitted without prejudice to any other requests for more general treatment to ex-soldiers under the Superannuation Act.

APPENDIX I

Extract from stated opinion of W. Stuart Edwards, Deputy Minister of Justice, to Secretary, Treasury Board, dated 22nd May, 1930, file No. 802/30.

"With regard to any such continuing temporary employees or temporary employees employed under six months certificates of the Civil Service Commission, or occupying positions seasonal in nature, who severed their connection with the Service for the purpose of proceeding on active service in the war, I am of opinion that the Governor in Council in virtue of the authority conferred by Sec. 11, sub-section 1 (d) of the Act, is competent to pass a regulation authorizing the counting, for purposes of superannuation, of their periods of absence on active service in the war."

APPENDIX II

Civil Service Superannuation Act, 1924

Extract from Part One, Page 7, Sec. 11, Sub-section 1 (d).

Sect. 11: "The Governor in Council may, on the recommendation of the Treasury Board, make regulations."

Sub-section 1 (d): "Prescribing and determining, in any case of doubt, to what persons in any branch or portion of the Civil Service the provisions of this Act do or do not apply and the conditions on which, and the manner in which they shall apply in any case or class of cases."

APPENDIX III

Civil Service Superannuation Act, 1924

Extract from Part One, page 4, Section 6, Sub-section 2.

"If the service of the contributor has not been continuous, the period or periods during which such service has been discontinued shall not be counted in computing the allowance: Provided that absence on active service in the War declared by His Majesty on the fourth day of August, one thousand nine hundred and fourteen, against the Empire of Germany and subsequently against other powers, whether with or without leave of absence, shall not be deemed a discontinuance of service."

APPENDIX IV

Chart already printed in minutes of Evidence No. 3—at page 60—in connection, with the Subdivision of the Canadian Legion of the British Empire Service League.

By Mr. Mutch:

Q. Mr. Chairman, the witness makes no recommendation at all with respect to the returned soldiers who joined the civil service for the first time after they were demobilized.—A. We were in the service prior to enlistment.

Q. And it is only on behalf of those people that you are appearing.—A. Yes.

By Mr. Pottier:

Q. On behalf of the seasonal employees only?—A. Yes.

By Mr. Mutch:

Q. Approximately, how many are affected?—A. It is impossible for us to tell you correctly, but a canvass was made by certain organizations, and the result we had was forty out of a membership of twelve hundred that came in that category.

Q. Forty out of twelve hundred?—A. Yes.

By Mr. Pottier:

Q. Your organization only represents those who were in the service on August 4?—A. Yes.

Q. I mean to say, in order to belong to your organization you had to be in the service on August 4, 1914?—A. Yes, sir.

By Mr. Mutch:

Q. Do you know of any cases of persons in the temporary service as of August 4, 1914, who did receive permission to enlist and go overseas?—A. Yes, sir.

Q. Have you any?—A. Mr. Waugh, our chairman, is one.

Q. Have you any idea of how many of those there are?—A. Out of that forty?

Q. Yes.—A. No, I could not say off-hand.

Q. It has been represented to me that there were only two, and that one of them has been killed.—A. Mr. Waugh is present here, and he received permission.

Q. I would like to have the information on that. That would mean more than two, in that case, because within a matter of a very few days I understand that practice was stopped of granting permission to temporaries, and that thereafter temporaries who went overseas had to resign in order to go?—A. Yes, sir. On October 22, 1915, there was a committee appointed of the House composed of the Honourable Dr. Roche, the Honourable C. J. Doherty and the Honourable Chase Casgrain, and they reported to the Prime Minister against the giving out of leave, and on the basis of their findings the order-in-council of the 1st of November, 1915, was drafted.

Q. And made retroactive?—A. No, there is no mention of it being retroactive.

Q. That is 1915.—A. Yes.

Q. I understand that within days of the outbreak of hostilities the practice of issuing permission to enlist, retaining their position, was denied to temporaries, and that is what I wanted to get clear. I wondered if you had the information?—A. I found an order-in-council by Sir Robert Borden himself, as Prime Minister, which was drawn on the 11th of August, 1914, and that said "All persons who, with the consent of the head of the department, enlisted in the expeditionary force."

Q. I would like to have the number of that order-in-council.—A. That is P.C. 2102 of the 11th of August, 1914.

[Mr. H. B. Segré.]

By Mr. Mallette:

Q. Would this proposition entail the payment of back premiums or back contributions, or whatever the proper word is?—A. Sir, I am here to appeal to your committee to be allowed our period on active service to count without contribution for the following compassionate reasons. We were employed in the field, and when we came to Ottawa in the winter we were never informed of the provisions either of P.C. 2102, of the 11th of August, 1914, or of the provisions of P.C. 2553, of the 1st of November, 1915, which would have permitted us to apply for leave with civil pay.

All returned soldier contributors in this group are now paying simple interest at 4 per cent per annum on the total contributions due by them for service includes their time spent on active service and the amount of interest being prior to their election to come under the Superannuation Act. This period paid to cover those war years might amount to as much as \$75 or \$100 per person.

We would like to submit that the superannuation fund may not suffer any loss from the granting of "war service" to this group, for the following reasons.

If we assume in 1938 the average age of the returned soldier to be 50 years—

Mr. MUTCH: It will be more than that.

The WITNESS: Some will be.

Mr. MUTCH: The average is very much higher than that.

Mr. MALLETT: Still, on that assumption, what have you to say?

The WITNESS: Assuming that he has had one year's service prior to enlistment, in 1938 he will have made 20 contributions. So that by the time he reaches 65 he will have made the required 35 payments under the Act.

Further, owing to the preaging of war veterans, it may safely be assumed that the normal expectancy of life of this group will be at least two to three years less than those who had no war service, and the fund will benefit from these fewer payments.

By Mr. Mallette:

Q. Do you know whether that is accepted by the life insurance companies?—A. There is no definite information on it yet.

Q. I am not disputing the point; I think there is merit in it, but I was wondering if there was any official information or recognition of it yet?—A. No, the life insurance companies are conducting researches into that but they have arrived at no decision.

Q. The life insurance companies, yes, because it is their business to insure people and to keep tables. It is to their advantage, and they might have those figures. It would be interesting to have them.

Mr. MUTCH: Mr. Mallette, it will not be possible to determine that until the returned men are all dead; then we can find out the average.

Mr. MALLETT: Mr. Mutch, it is now twenty years since the war ended, and surely there must be some figures available. In asking that question I did not do so with the idea of blocking anything or putting any obstacle in the way of your claim, but it may be the best way to substantiate your claim.

The WITNESS: If your committee finds that some form of contribution is necessary under the existing terms of the Act, we respectfully request that you recommend that all members of this group contribute on the uniform basis of \$1.10 per day for the entire period of their war service.

By Mr. Pottier:

Q. What you were paid during that time would be an element, I would think.—A. We are quite willing to do that.

The CHAIRMAN: Are there any other questions, gentlemen? If not, I think we will hear from the representative of the Dominion Printing Bureau Prevailing Rates of Pay Employees' Welfare Association.

Mr. Segré, I am sure the committee are glad of the chance to hear your representations, and we appreciate very much the way in which you have presented your argument. That is all we can say at the moment, but I know they will give you the most careful consideration when they come to make a determination.

Mr. HEAPS: Before the other witness takes the stand I would like to ask you, Mr. Chairman, when we can expect a report from the Department of Finance in regard to the present condition of the Superannuation Fund. I think it is a matter of considerable importance when these requests from departmental employees are coming before us that we should have some idea of the present condition of that fund on which to base our conclusions.

The CHAIRMAN: I am rather hopeful that we may be able to have Mr. Finlayson before us probably on Thursday of this week. We have issued notice for another meeting to be held on Thursday and we hope Mr. Finlayson will be able to have his material in shape to present to us at that time. I understand it is a pretty difficult situation to give evidence as to the actuarial standing of the fund; then, too, we would want to have the Hon. Mr. Dunning present with us at that time. In the meantime witnesses are being heard and we are not going to form any conclusions on the evidence they present until we have completed our hearings by having evidence as to the present standing of the fund.

Mr. HEAPS: We could not very well come to conclusions without that information before us.

The CHAIRMAN: No, you could not.

Mr. HEAPS: When whoever comes before us to report on the present condition of that fund appears, I want it understood that we are to have a considered and proper opinion, one that we can base our conclusions upon.

Mr. MUTCH: We have been promised that.

The CHAIRMAN: That is what we expect.

By Mr. Pottier:

Q. You suggested that we base the superannuation payment rate for these men at \$1.10 a day. All these men would not be privates?—A. We have just asked your committee to make it uniform.

Mr. MUTCH: I should think that the majority of them in most cases would be privates.

The witness retired.

The CHAIRMAN: Is Mr. Martin in the room?

Mr. MARTIN: Yes, sir.

Mr. W. D. MARTIN, Secretary, Dominion Printing Bureau Prevailing Rates of Pay Employees' Welfare Association, Ottawa, called and sworn.

The CHAIRMAN: Before Mr. Martin proceeds: Would it be all right with the committee if we make that tentative arrangement—to have Mr. Finlayson present the material with respect to the present condition of the Superannuation Fund on Thursday of this week?

Mr. HEAPS: I wonder if we could arrange it so that meetings of committees would not clash. There is another committee sitting this morning which I wanted very much to attend.

[Mr. W. D. Martin.]

Mr. MUTCH: It is impossible to do that.

Mr. HEAPS: If at all possible I would like to ask that meetings be so arranged as not to conflict with the sittings of other committees.

The CHAIRMAN: If it is possible we might meet to-morrow.

Mr. MUTCH: It is not possible to meet to-morrow.

The CHAIRMAN: I understand there are a couple of caucuses to-morrow. I could not be here to-morrow, personally, but that is no reason why the committee should not sit. There are several gatherings, one of which will keep me away to-morrow.

Mr. HEAPS: How about Friday morning?

The CHAIRMAN: I have no objection to Friday morning at all, I know of no reason why it would not suit.

Mr. MUTCH: The Railway committee are sitting on Friday; sometimes they sit twice a day and sometimes three times.

Mr. HEAPS: It is not sitting to-day.

The CHAIRMAN: We might meet twice to-day.

Mr. MUTCH: It is a hopeless proposition.

The CHAIRMAN: Perhaps members of the committee would keep that in mind and decide at the close of the meeting this morning, whether we will meet tomorrow or Friday, I am entirely of an open mind, Thursday or Friday suits me.

Mr. MARTIN represents the Prevailing Rates of Pay Employees' Welfare Association of the Dominion Printing Bureau. Will you proceed, Mr. Martin?

The WITNESS: Yes, sir.

By the Chairman:

Q. You have prepared a brief that you wish to submit?—A. Yes, sir.

Q. Will you proceed with your presentation now, Mr. Martin?—A. Yes, thank you. I may say, Mr. Chairman and gentlemen, that with me to-day is our president, Mr. A. H. MacDonald, and Mr. Fred Bronskill, our treasurer, who represents the treasury board in the Department of Public Printing and Stationery and who has come along with us in case there are any questions you may wish to ask the information necessary to the replies to which is not available to us. In reading my brief I should like to ask the opportunity of enlarging upon some of the paragraphs as I go along. It may help you in that respect.

By Mr. McCann:

Q. How many belong to your organization?—A. 421.

Q. How long has it been in existence?—A. The Printing Bureau?

Q. No, this organization, the Prevailing Rates of Pay Employees' Welfare Association; when was that started?—A. It was started in 1927. I will read this:

To the Parliamentary Committee on Civil Service Superannuation:

GENTLEMEN,—We are not unmindful of the privilege accorded us to appear before this Committee to present on behalf of the prevailing rates of pay employees of the Government Printing Bureau, their claims to consideration, in respect to their being brought within the scope of the Civil Service Superannuation Act; and we would take this opportunity to express our appreciation in this respect.

You have had placed before you a copy of a Petition, prepared by and with the assistance of the Department of Public Printing and Stationery, in which is concisely set forth the subject matter of our claims.

You will have noted therein a record of the steps taken from time to time to obtain superannuation, dating from the enactment of the present Superannuation Act.

We have sought this opportunity for a hearing, because we believe we have a case that is peculiarly our own, inasmuch that the position of "prevailing rates" of the Government Printing Bureau differs widely from that of other "prevailing rates" within the Government Service.

In making this claim we offer in support the fact that appointments to positions in the Government Printing Bureau are of a competitive nature, made through the medium of examination by the Civil Service Commission, as provided for in Sections 20 and 26 of the Civil Service Act.

Section 20 reads in part "Except where otherwise expressly provided, all appointments to the Civil Service shall be upon competitive examination..." and Section 26 states that "competitive examinations shall be held by the Commission, to establish lists of persons eligible for appointment." Thus, we would emphasize, the conditions of appointment for these temporary employees is in conformity with those of the permanent service, and in this respect they might reasonably lay claim to being permanent employees.

Regarding the term "temporary employees," it already has been shown by the evidence of previous witnesses before this committee, that it covers a diversified field, ranging from that of actual temporary employment on temporary and seasonal work, to that of continuous employment on continuous work, extending over a number of years, and in many cases that of a lifetime; embracing all grades from labourer to technical and skilled mechanics.

The Government Printing Bureau is a highly industrialized institution, employing competent skilled craftsmen in the various branches of the printing industry who come within the category of temporary employees, and remunerated at prevailing rates of pay, but are not temporary employees according to the definition of Section 38 of the Civil Service Act.

When, from a temporary pressure of work, extra assistance is required in any branch of the civil service, the Commission may, on the written report of the deputy head that such assistance is required, authorize the employment of such of number of temporary employees as are required to carry on the work.

You see, that is not quite the same as the temporary employees of the Printing Bureau. We are not temporarily employed to meet any rush of work or any special work. We are permanent temporaries in that respect.

In the interests of efficiency and economy the nature of the work at the Government Printing Bureau necessitates the re-engaging of its employees each six-month period, with the result that they eventually become permanent or continuing temporaries, with years of service ranging up to 40 years or more.

In that respect I might say; under the regulations employees of the printing trade in the bureau are re-engaged every six months period. It is desirable in the interests of efficiency and economy that the same employees be retained, consequently thereby becoming continuing temporary employees. The Government Printing Bureau being a permanent institution the work of the institution also being of a continuing nature it logically follows that the employees are also permanent.

To further maintain such efficiency as present-day conditions demand it has been found necessary from time to time (you will notice that we are subject to the permanent service, in regard to releasing employees).

[Mr. W. D. Martin.]

And in conformity with regulations pertaining to the permanent service, to release from service those whose usefulness has become impaired through ill-health or having reached the age of retirement. In the absence of any definite provision having been made for the declining days of these employees so retired, many cases of hardship have resulted; not only to themselves, but also to their dependants.

In the Government Printing Bureau modern business practices and the most modern machinery are employed with a view to producing the printing of the various departments of the government at the lowest possible cost. In the absence of a retiring fund it has been at times the practice to retain some of the employees beyond the prescribed age for retirement. It must be obvious to anyone that the cost of printing is obviously affected if employees of diminishing efficiency are thus retained; the effect being to place them in the position of being pensioners on full time pay; so we ask that that point be considered.

It is thought advisable to call the attention of this Committee to the fact that there has been a tacit recognition by the Governments from time to time in power, of the need for definite superannuation, due to provision having been made some of these employees when it has been deemed in the interests of efficiency to release them from service. Particularly was this so by those retired under the Calder Act. Thus, in effect, the result in that case was to make some measure of provision for the non-competent; whilst retaining the more competent without making provision for their future retirement.

It is with a view to the amelioration of this condition, together with a desire for uniformity in treatment with other branches of the Service, that we respectfully make the request that the temporary employees of the Government Printing Bureau be granted the right to contribute to the Civil Service Superannuation Fund, and be brought within the scope of its provisions.

A. H. MACDONALD,
President.

W. D. MARTIN,
Secretary.

This applies to the employees of the printing industry. There are in the Printing Bureau 44 men who are in an exempted class. As you will see in the petition these are the men whom we call in our maintenance department, electricians, carpenters, plumbers and so on. These men, of course, are necessary in an institution like the Government Printing Bureau and their service is on a par with the printing employees who are long term temporary employees, although they come under the Public Works Department. Their service as I say is in line with those in the printing industry, and in giving any consideration to our case we would ask that their case would be considered on a parallel with our own. I think that is about all I have to present.

By Mr. Bradette:

Q. Who decides when a man is to be released on the grounds of lack of efficiency; is the decision made by the Civil Service Commission or by the Printing Bureau?—A. It is made by the department.

Q. By the department itself?—A. Yes.

Q. Is there a definite rule on that?—A. I think it is governed by the regulations of the Civil Service Act.

By Mr. Mallette:

Q. Have you any specific suggestion to make as to how you could be brought within the provisions of the Superannuation Fund? Take the case of someone who might be let out after four or five months, or four or five

years; you are temporary employees, what would happen then?—A. Do I understand you to say that they would be classed as temporary employees—they would be in line for superannuation.

Q. I am just asking if you have any specific suggestion to make as to how you should be brought within the scope of the Act; there is a peculiar position in so far as these employees are concerned. Did you have any special recommendation along that line to submit to the committee?—A. Some explanation might be needed there. These employees are generally men of long terms at the bureau, there are not many laid off after five years. It may be a little beyond my province to give details as to how things should be set up but I will attempt to answer your question.

By Mr. Mutch:

Q. Is not the suggestion you are making the amendment suggested at page 7 of your petition?—A. Yes. And that is:—

The Governor in Council may, on the recommendation of the Treasury Board, make regulations describing the conditions under which any employee of the Dominion Government Printing Bureau, Department of Public Printing and Stationery, whose employment is of a continuing indeterminate duration, who is paid on an hourly, daily, weekly or monthly wage rate basis and whose rate of pay per year is not less than \$600, may be made subject to the provisions of this Act.

A. Yes.

Q. That is what you are recommending?—A. Yes.

By Mr. Mallette:

Q. That would still leave some of the temporaries outside the scheme?—A. They are only asking for this.

By Mr. Heaps:

Q. Might I ask Mr. Martin if the men he represents here this morning want to come under the provisions of the Superannuation Act from the time they entered the service?—A. That is a matter of detail, sir.

Q. It is one of great importance to those who want to come under the Act.—A. We certainly would ask that their years of service be taken into account.

Q. That would be very important?—A. To start in from scratch, right now, would not be what we are after.

Q. What you want is to allow these men to come under the Superannuation Fund from the time they started?—A. From the time they entered the service, yes.

Q. And you would have them pay back over the years?—A. They would make contribution for back pay.

Q. The government at least would have to pay their share to the fund. That would be a little different than under the retirement fund?—A. Well, under the terms under which some civil servants were changed from the retirement fund to the Civil Service Fund they, I believe, made contribution for back pay, and I believe the same would have to apply in the case of employees of the Printing Bureau. They would have to contribute their back pay, as was the case with the other civil servants.

Q. Have you thought this particular problem out at all?—A. In what respect?

[Mr. W. D. Martin.]

Q. As to whether they want to come into the scheme from the time they entered the service, and as has been suggested that they contribute their back fees. Five per cent is the amount they pay at the present time. Say a person has been in the service for a period of ten years and he has been receiving an average salary of \$2,000 a year, that employee in order to maintain a solvent fund would have contributed a sum of \$100 per annum towards the fund. Do you want to be put in the same position as this, or did you have anything in mind that would permit a preferred scheme?—A. I would ask that we come in from the time of our entering the service. We would be quite prepared to pay the back fees.

Q. That is a definite statement made on behalf of those whom you represent here?—A. Absolutely, yes.

By Mr. Pottier:

Q. You say here that these men are re-engaged for a six months' period what does that mean?—A. That is a regulation of the Department of Public Printing and Stationery and also of the Civil Service Act. Temporary employees are engaged for a six months' period.

The CHAIRMAN: By certificate.

The WITNESS: By certificate, yes, sir.

The CHAIRMAN: The certificate has to be renewed every six months the limit of their being continued as temporaries.

By Mr. Pottier:

Q. With the result that they eventually become permanent, or continuing temporaries? When do they become permanent temporaries as against continuing temporaries?—A. The conditions and length of service determine that.

Q. What is that?—A. Conditions, as I tried to point out—they are engaged for six months, it is necessary to engage the same man in the interest of the department; it would be unwise to let a man go after six months and engage a new man, take on a new man who didn't know anything about the work.

Q. You say they eventually become permanent temporaries or continuing temporaries?—A. Yes, permanent temporaries or, continuing temporaries.

By Mr. Mutch:

Q. It is the same thing; different names for the same thing?—A. Yes.

By Mr. Pottier:

Q. You say that permanent or continuing temporaries are the same thing?—A. Yes, it is the same thing.

Q. Possibly permanent is not the right word to use there?—A. There is a term that is used—a temporary permanent, or a permanent temporary—

Q. Which is right?—A. If you read the word permanent after that word temporary you would get the sense. The term used by Mr. Ronson, of the treasury board, is I believe continuing temporary.

Q. You see, I am interested in these prevailing rates; that is why I am asking these questions. You say, we have a case peculiarly our own in that as I get it the Government Printing Bureau differs widely from other parts of the government service in respect to these prevailing rates?—A. Yes.

Q. What is the difference between your case and that of other prevailing rates?—A. Appointments of employees are made by examination through the Civil Service Commission in the same manner as for the permanent service while other temporary employees are placed in positions by deputy ministers, on the recommendation of deputy ministers. We have to conform to the same regulations as the civil servants in obtaining employment. Any person who wants to become an employee of the Printing Bureau has to submit to exam-

ination by the Civil Service Commission. That is the difference between your two prevailing rates temporaries.

Q. In the case of the Printing Bureau they have to comply with civil service procedure whereas in the case of other prevailing rates temporaries appointments are made on the recommendation of the deputy minister?—A. Yes.

Mr. BRADETTE: That is the same as the case of the inspectors appointed on the Board of Grain Commissioners. They also come to the civil service but they only work 6 months a year.

The CHAIRMAN: Are there any other questions?

By Mr. Heaps:

Q. How many of the employees you represent have been paying into the retirement fund?—A. None whatever.

Q. None at all?—A. None.

By Mr. Bradette:

Q. In your petition on page 7 you want this superannuation to be applied to persons earning not less than \$600 a year; how many of the people whom you have working at the bureau would be getting less than \$600 a year?—A. I think that is shown at the back there. As far as I know there are none.

Q. There are none?—A. There are none. That \$600 I think is a specified amount under the civil service regulations.

Mr. MALLETT: Mr. Chairman, the witness did not read this petition, but is it agreed that it will go into the record?

The CHAIRMAN: Is the petition to be printed on the record? It consists very largely of correspondence. Is there any good reason why it should go on the record?

Mr. POTTIER: All of this petition?

The CHAIRMAN: Yes. It consists of letters from the various officers. I do not see any reason why it should go on the record.

Mr. MALLETT: With everyone else who has been before this committee we have included all the material in the record. Then, too, if it is printed in the record it will be before us and we will not have to be carting the petition itself around. It would be very handy.

On motion by Mr. Mallette seconded by Mr. Pottier it was agreed that the petition should be entered in the record of to-day's proceedings.

(Petition of the employees of the Department of Public Printing and Stationery included as an appendix to this day's proceedings, appendix No 1).

By Mr. Mallette:

Q. One more question arising out of this: On page 26 we have tables indicating the ages and service groups of the employees at the Printing Bureau. For instance, in appendix D. it shows that there are 29 employees in the service group of from 41 to 45 years, and in the preceding group there are 70 with service ranging from 36 to 40 years, etc. Now, what is your recommendation or your demand—I use the word demand in the French sense—regarding these employees, some of them would be out this year I suppose?—A. Well, we recognize that factor; as to the number at the retiring age or past the retiring age; and we would especially ask in considering our case some adequate provision should be made for these people. It is quite obvious they cannot subscribe to the fund or have an opportunity to pay back any arrears because that would not suit the purpose at all. Some provision should be made, we ask it most strenuously, that these men should not be released from the service without any provision at all. You see wages generally are based on living conditions and the

[Mr. W. D. Martin.]

cost of living has absorbed all the wages received at the time with the result that employees have not been able to make any provision for their old age. We ask particular consideration for those people who would have no opportunity of subscribing to the Superannuation Fund and who would be left without any means of protection for themselves in their old age.

By Mr. Mutch:

Q. You said a little while ago that at various times the government has granted some form of compensation to people who are either old or incompetent in order to get rid of them; that is in effect what you said?—A. Yes.

Q. Have you any idea as to what the scale of that compensation was?—A. The Calder Act was the most important one.

Q. That was an occasion when there was a great shifting. Have you any idea as to what was actually done in a financial way for those people who were let out?—A. You mean, under the Calder Act?

Q. Yes, following that?—A. I do not know that I can give you the figures. It was based on their age and years of service.

Q. Are you suggesting that something comparable to that be included in this also so as to provide for those who are over 60 and who are likely to be retired shortly, before they could make any substantial contribution to the Superannuation Fund?—A. That would be a very desirable manner of laying them off.

The CHAIRMAN: If there are no further questions: Mr. Martin, thank you for the presentation you have made.

Witness retired.

The CHAIRMAN: We will now call on Mr. Vallieres.

H. VALLIERES, representing permanent sessional employees, House of Commons, sworn.

The CHAIRMAN: Gentlemen, Mr. Vallieres will present his brief, and after that I presume he will answer any questions.

The WITNESS: Mr. Chairman and gentlemen, I am here representing the permanent sessional employees. In 1919, when the Calder Act came into force many of the permanent employees of both Houses, who had made no contributions to the superannuation fund, including the permanent sessional clerks who had not previously passed the other branches, were allowed to retire from the service.

In 1924, the Finance Department requested the Justice Department to give a ruling on the status of the permanent sessional employees of the House of Commons for superannuation purposes.

The opinion expressed by the Justice Department, in 1924, and accepted by the Finance Department, was that no appreciable difference existed between the Permanent Civil Service employees and the permanent sessional employees for superannuation purposes.

The ruling was based on the longer and late hours (See detailed hours, doc.) the staff of the House of Commons was called upon to perform, especially at the time when the House sat until late hours in the morning (and it happened twice that the House sat unintermittedly during two weeks, except on Sunday, in 1908 and 1913 (blockades).

That a session to all intent and purposes constituted a year's work and should be so computed for superannuation purposes.

In 1930, the Auditor General's Office, perhaps without full information as to the actual number of working hours performed by a sessional employee, had an Order-in-Council passed cancelling the previous ruling of the Justice Department.

The object of submitting the aforesaid statement and figures is to have the Special Committee on Superannuation reconsider the question in the light of the actual facts and the terms entered upon with the Finance Department (document) by sessional employees when they elected to contribute to the superannuation fund.

The above affects about ten House of Commons employees who have been contributing to the superannuation fund at the rate of 9 per cent (as arrears) for the full period of years when they were non contributory sessional employees.

It is also to be noted that the Auditor General's Office in computing the working days of a sessional clerk takes no account of the number of working hours. Furthermore, when computing the days of employees who served in the C.E.F., only the days when the House was in session are included.

Some confusion appears to exist as to the definition of "seasonal work" and "sessional work" respectively, when considered in connection with superannuation.

Sessional work, as generally understood, is the work performed during the sessions of Parliament, and pertains only to the Houses of Parliament.

It is well known that a session of Parliament, in so far as the staffs of the two Houses are concerned, represents practically a year's work, and undoubtedly the Department of Justice held the view, when asked for rulings in that connection, that no appreciable difference existed, for superannuation purposes, as between part-time yearly salaried permanent employees and part-time permanent sessional employees paid on a per diem basis.

Under the ruling of the Justice Department which precluded any sessional employee appointed since 1908 from having permanent status, the number of sessional clerks who would benefit by that ruling are now very few—perhaps 10 or 12—in the two Houses of Parliament. Sessional appointments made since 1908 are, according to the ruling, not eligible to full time superannuation—that is a session's work counting as a year.

Then follow some copies of letters that passed between the employees of the House of Commons and the Finance department.

DEPARTMENT OF FINANCE

CANADA

OTTAWA, October 31, 1924.

Employee, HOUSE OF COMMONS.

DEAR SIR,—

C. S. Superannuation Act, 1924

Having reference to your letter of the 21st instant, I beg to enclose copy of a ruling received from the Department of Justice which appears to cover your case.

Yours truly,

(Signed) R. B. VIETS,
Departmental Solicitor.

V/T
Encl.

Question asked:

A permanent employee now employed on a yearly basis and contributing to the Retirement Fund elects to come under the new Act and to pay arrears of abatements on his salary as a sessional employee of Parliament when he was

[Mr. H. Vallières.]

paid at a daily rate for the period of the session only. In this case, can a session count as a year for superannuation purposes and if so, should abatements be made on the yearly salary or the salary actually received?

Answer given:

If the employee had permanent status during the period of his service as a sessional clerk, then I think his sessional service in each year should count as a year's service for the purposes of superannuation, but the contributions in respect of past non-contributory service should be computed only on the basis of the salary actually received.

On the other hand, if the employee was only a temporary sessional messenger, only the period of his actual service may be counted for purposes of superannuation, and the contributions, if any, made in respect of such service should be computed on the amount of the total salary actually received.

HOUSE OF COMMONS

OTTAWA, November 5, 1924.

R. B. VIETS, Esq.,
Departmental Solicitor,
Finance Department,
Ottawa.

DEAR SIR,—

Re: C. S. Superannuation Act, 1924

I beg to acknowledge with thanks your letter bearing date of October 31, with attached ruling from the Department of Justice.

As I understand the ruling it appears to have a very satisfactory solution of my own case, and is exactly what I desired to have settled before electing to come under the Act. I shall proceed immediately to make the necessary application in the form prescribed.

In the meantime please accept my sincere thanks for your very prompt and satisfactory dealing with this matter.

Very truly yours,
House of Commons.

By the Chairman:

Q. Who was that signed by?—A. That was signed by Mr. Morris. He was one of the clerks.

HOUSE OF COMMONS

OTTAWA, November 7th, 1924.

Department of Finance,
East Departmental Block,
Ottawa.

SIR:—

I am enclosing herewith my application to come under the terms of the new Superannuation Act of 1924 in accordance with the ruling from the Department of Justice, which applies to non-contributory periods of those applicants having, or not having permanent status.

As one having permanent status during my period of non-contribution, I am applying with the understanding that the full period of years of my non-contributory period (12) will be allowed, and to which I agree to pay back payments under the regulations provided...

Respectfully yours,
— House of Commons.

Encls (2)
58218—2½

DEPARTMENT OF FINANCE

OTTAWA, Canada.

Nov., 15th, 1924.

Name of Employee.

DEAR Sir:—

RE: Superannuation Act 1924—File—

I beg to acknowledge receipt of your election to come under the provisions of the Superannuation Act of 1924, and have forwarded one copy of your election to the Accountant of your Department for his attention.

Yours truly,

(Signed) J. G. MacFARLANE,
Chief Accountant.
E.

Estimated arrears
\$———per month.

SESSIONS OF PARLIAMENT

Number of days for each session

Year	Days
1903-04	154
1904-05	191
1905-06	128
1906-07	157
1907-08	236
1908-09	120
1909-10	175
1910-11	257
1911-12	145
1912-13	210
1913-14	152
1914-15	78
1915-16	128
1916-17	73
1917-18	178
1918-19	210
1919-20	204
1920-21	138
1921-22	89
Total	3,023

Total number of days in 19 consecutive sessions—3,023—159 days per year (average).

BASE OF COMPARISON

Permanent Civil Service Employee:—

Actual working weeks per year	48
Hours of work per week	36.5
Hours of work per year, 36.5 x 48	1,752

Permanent Sessional Clerk:—

Actual working weeks per year	22.7
Hours of work per week	57.5
Hours of work per session, 57.5 x 22 5/7	1,305

[Mr. H. Vallières.]

Then follows a certificate from the postmaster of the House of Commons:—

OTTAWA, March, 1938.

To Whom it May Concern:

I certify that the Sessional Staff of the House of Commons Post Office from 1903 and previously up to 1923 worked approximately, on an average, 9 hours per day, Sundays 3½ hours.

(signed) W. F. A. LALONDE,
Postmaster, House of Commons.

I will now read an order-in-council which was passed in October, 1930:—

P.C. 42/2289

CERTIFIED to be a true copy of a Minute of a meeting of the Treasury Board, approved by His Excellency the Governor General in Council, on the 1st October 1930

PRIVY COUNCIL

CANADA

Finance

The Board had under consideration the following memorandum from the Honourable the Acting Minister of Finance:—

The undersigned, Acting Minister of Finance, has the honour to report that the Treasury Board have had under consideration a reference by the Auditor General whether a contributor under the Civil Service Superannuation Act, who had prior service as a sessional employee of Parliament, should properly be allowed to count his period of sessional service as a whole year.

The Justice Department has expressed the opinion on several occasions that service for a session of Parliament may count as a full year's service for the purpose of the Civil Service Superannuation Act, and that where during recess an employee served with a department of the Civil Service it is not necessary that he should contribute with respect to salary received during such service.

The clear intention of the Civil Service Superannuation Act is that only periods of actual service shall count, and in the case of seasonal employees, to whom the benefits of the Act were extended by an amendment in 1927, it is expressly stated by regulation that only periods of active service may be taken into account. Prior service of sessional employees is the only instance where a period other than that of active employment can be counted in full, and this appears to be a departure from the principle and intention of the Act.

The undersigned recommends, where any part of the prior service of a contributor consists of service as a sessional clerk or other sessional employee, only periods of active employment shall be counted for the purposes of the Act, but that where a contributor during any such recesses served in the Civil Service, the period of such service may be counted in full for the purposes of the Act if the contributor substantiates the period or periods and makes payment with respect thereto in accordance with the Act and regulations.

The Board concur in the above report and recommendation and submit the same for favourable consideration.

E. J. LEMAIRE,
Clerk of the Privy Council.

The Honourable
The Minister of Finance.

By Mr. Mutch:

Q. Who was the Minister of Finance?—A. The Acting Minister of Finance was the Honourable Mr. Perley.

By Mr. Bradette:

Q. Were there many of those sessional employees working during the recess in other governmental departments?—A. There were a few, yes, sir. There were about ten, and I suppose four or five of them got employment during the recess. Besides that, there are the Hansard men and employees of the translation branch who only work during the session and during the recess they took advantage of the Act which allows them to work during the recess and receive remuneration.

Q. That was optional with those men.—A. It was optional for every man.

The CHAIRMAN: Are there any other questions to be asked of Mr. Vallières? If not, we will call upon Mr. Knowles, who is here representing the Amalgamated Civil Servants of Canada.

FRED KNOWLES, Dominion Secretary, Civil Servants of Canada, sworn.

The CHAIRMAN: Gentlemen, I think Mr. Vallières said in his submission that an order-in-council was passed submitted by the auditor general, but it was from the auditor general and it would go to the Treasury Board, and by the Treasury Board the order-in-council was secured.

The WITNESS: My Chairman, first of all, I think I should apologize for not being present when called in the first place, but I also think that the press should apologize to me for fooling me. The press last night stated that the committee meeting was postponed until Thursday, and that is why I was not here.

The Amalgamated Civil Servants of Canada is an organization comprising 4,406 paid-up members, most of whom are in the outside service; that is to say, outside of the city of Ottawa.

We have the following submissions to make:—

1. That the right to elect to come under Superannuation Act be granted to those who failed to come under when the opportunity was previously given to them.

In support of this I am instructed to say that the reason why many civil servants did not exercise their option when the opportunity was afforded were two-fold. Because (a) they were not fully informed of the provisions of the new Act—this applies particularly to isolated positions such as Lighthouse-keepers and others; and (b) because those under the Retirement Fund Act had to transfer their holdings in the Retirement Fund into the Superannuation Fund under adverse conditions. The old Retirement Fund provided for the return of contributions under all circumstances with interest and the Superannuation Fund makes no provision for return of contributions if an employee retires of his own free will under ten years of service. This created a position whereby many civil servants would not exercise their option because of the risk of losing their contributions before they had completed ten years of service. It was felt by many that to confiscate 5% of a civil servant's salary, if he choose to change employer under ten years of service, was the abrogation of personal freedom, insofar as the servant was fined to that extent if he exercised the right of changing employers, which right is the essence of freedom, and the difference between free and slave labour. As it is over ten years since the Superannuation Act was passed, it is reasonable that opening up the Act again for options to enter, most, if not all, of those who refused to exercise their option would now do so.

[Mr. Fred Knowles.]

2. That contributors be permitted to pay for a part of their non-contributory periods of service, if they do not choose to pay for it all, and, that those now under the Act who did not elect to pay for back service, be permitted to do so.

According to the provisions of the Superannuation Act, a contributor has the option of paying for back service, that is, 5% of the salary received for service rendered prior to coming under the provisions of the Superannuation Act of 1924 plus 4% simple interest, and counting his whole service for superannuation purposes, or, if he does not elect to pay for such back service, he receives half of such service as a credit for superannuation purposes without any payment whatsoever. In many instances, particularly those with long years of service prior to the year 1924, and who have comparatively low salaries, it was found impossible for them to exercise their option of paying for back service and, therefore, received one half without payment, which of course reduces their annuity on retirement to a considerable degree. It is felt that instead of a contributor only having the option to pay for all or none at all, that he should be permitted to pay for any period of back service that finances will allow, and that all these persons who did not elect to pay for back service be permitted to re-elect.

3. That the Act be amended to permit any employee of the Federal Government to come under its scope, whose position is of a permanent indeterminate duration, irrespective of whether such person is paid on a stated annual salary, or on a monthly, hourly daily rate of pay, based on prevailing rates of pay.

We take the view that it is in the public interest that all employees of Government should be under a contributory Superannuation Fund, whose positions are of an indeterminate duration, and believe that this will tend to improve the administration of public affairs, and in the long run will be a measure of true economy. In support of this contention we would point out that in 1920 the Government of the day passed the Calder Act for the purpose of getting rid of the then dead wood in the Service and providing for those concerned an income on which to spend their declining years. The beneficiaries under this Act made no contributions towards their superannuation; as a matter of fact, some persons who were contributing to the Retirement Fund Act received the benefits of the Calder Act plus the return of their contributions under the Retirement Fund Act. This legislation up to 1932, cost Canada \$5,900,000.

By the Chairman:

Q. \$6,956,000 is the figure appearing in your brief.—A. In 1932, \$5,900,000. The annual obligation under this Act at the moment is \$511,247.22—

Q. This figure in your brief is not correct, Mr. Knowles?—A. Up to 1932. The brief continues:—

which of course will be reduced as the years go by. Later, in 1924, the Government of the day abolished the Calder Act and substituted the Superannuation Act 1924, limiting the scope of the latter Act to permanent civil servants on a stated annual salary in excess of \$600 per annum, and left out of its scope all kinds of employees of Government. In 1933, the Government of the day decided to dispense with the services of aged employees whose position did not have to be refilled, and because of the fact that many of these persons were not covered by a Superannuation Act gave them gratuities up to a maximum of six months' pay, including those who received return of contributions under the Retirement Fund Act, a procedure which was laudable on humanitarian grounds but which we believe is not good administration, taking a long view, and can only be justified on the grounds of expediency. In our opinion, such

costly procedures as the Calder Act and the Action of 1933, mentioned above, could be obviated by an all-embracing Superannuation Act on a contributory basis which would enable the Government to treat all employees alike, irrespective of classification. We do not think that it can be denied that persons are retained in the public service who have outlived their usefulness merely because they are not covered by a Superannuation Act, and Administrations are loath to put them on the streets on humanitarian grounds.

4. That periods of active service overseas in the military or naval forces of His Majesty or the Allies of His Majesty during the Great War shall be deemed service within the meaning of the Act.

At the present time, service in the Great War is counted as Service for Superannuation purposes providing that the employee was a Permanent civil servant on enlistment. This discriminates against civil servants who were temporary employees on enlistment and those who resigned from the service to enlist when refused leave of absence for such purpose. It is further contended that war service in the Great War should be counted in all cases, if only as a means of ensuring to the returned soldiers in the service, many of whom have entered the service comparatively late in life, a means of increasing their annuity on retirement.

5. That prior service of all kinds in the employ of the Federal Government be counted as service for Superannuation purposes on the usual conditions, that is, by paying for it, or, receiving credit for half in lieu of payment, in accordance with the provisions of the Superannuation Act.

At the present time, prior service only includes such service as is eligible under the Act, and does not include prior service served on certain bureaux, and commissions, etc.; or prior service during which the servants were hired on prevailing rates of pay. As a matter of fact, in years gone by, certain Railway Mail Clerks were hired as day labourers though assigned to Railway Mail Clerk duties, and are not allowed to count such service for Superannuation purposes, because they were hired as labourers on prevailing rates of pay. The same applies to other classes. It is felt that all service should count on the terms outlined.

6. That the "Average salary" be computed in all cases upon the salary received during the last five years of service.

The Act as it now stands provides that these persons who were in the service prior to July 19th, 1924, shall have "average salary" computed on the last five years of service, and also provides that those entering the service after the 19th of July, 1924, shall have "average salary" computed on the last ten years of service. It is felt that the last five years of service is a fair basis, and should be made applicable to all.

7. That the charge of 4 per cent interest on contributions for back service be waived.

That the charge of 4 per cent simple interest on arrears of contributions works a great hardship on long service employees, and makes the cost of paying for back service prohibitive, and it is felt that it is in the interests of the superannuation fund itself that as many as possible pay for back service, rather than accept half gratis in lieu of such payment. There is no doubt that the charge of 4 per cent interest acts as a deterrent to those who otherwise might pay arrears of contributions.

8. That the superannuation allowances to permanent seasonal employees be placed on a more equitable footing.

At the present time seasonal employees who work nine months in a year pay 5 per cent of the salary received during the year, but the service is calculated as nine months service, creating a position that such employees have to actually work 420 months to receive maximum super-

annuation for 35 years of service, which means that they have to put in 46 and two-third seasons to be eligible for maximum superannuation benefits; in other words, 46 and two-third years on the job. It is felt that it is equitable and fair to calculate each season as one year, and the receipts via salary for that year calculated as the annual earnings. The annuity is reduced by the method now employed.

9. That the Act be amended to provide for optional retirement on completion of thirty-five years' service, or at age sixty.

It is felt that as thirty-five is the maximum number of years for which a civil servant is called upon to pay into the Superannuation Fund, and also the number of years on which a maximum annuity is based, that a civil servant should have the option of retiring at the expiration of that time, providing he has reached age sixty. The reason for the latter proviso is to prevent civil servants who may have entered the service in the late teens or early twenties from retiring at too early an age. Optional retirement, as outlined above, would prove a boon to those persons not physically incapable enough to get superannuated on the grounds of physical disability, but who are not physically capable enough to give efficient service. Experience has shown that optional retirement is not likely to be abused, as the trend is actually in the other direction.

10. That the benefits to each employee, his or her dependents, or his or her estate, in all cases shall not be less than the amount of his or her contributions to the fund without interest.

It is felt that it is not fair that persons with less than ten years of service should lose their contributions if they voluntarily resign from the service, while a person with only one over ten years service should receive them on voluntary retirement.

Further, some persons lost their contributions due to the misconduct clauses, while others were retired on other grounds and did not lose their contributions, though their misconduct may have been greater than those penalized. As a matter of fact the interpretation of misconduct (theft, malfeasance of office, etc.) in the first place, was changed to its present interpretation because persons with less than ten years of service deliberately mildly misconducted themselves as a means of being retired to get return of contributions, while others with a good service record who had found a better employer lost their contributions because they voluntarily retired to take another position. In other words, the honest man got the punishment.

It is felt that it is also unfair that a person without dependents who has the wit to resign on his deathbed, should receive return of his contributions to his estate, while a person in the same position who has not the wit to resign should deprive his estate of them.

The dependency clauses of the Act are such that it is almost impossible to administer them in anything like an equitable manner: due to the fact, that it is difficult to determine what is or what is not a dependent, especially so during the present era of unemployment. We take the view that it should not be the function of the body that administers a contributory Superannuation Fund, to pry into the intimate details of the family life of a contributor to determine whether or not dependency exists or who can or who cannot receive return of contributions.

The minimum return of contributions under all circumstances is the only feasible way of preventing the anomalies outlined above and will tend towards a more equitable administration of the Fund.

11. We request that legislative action be taken on the findings of the Advisory Committee on the Superannuation Act.

In the year 1929 the Government of the day created an Advisory Committee of the Superannuation Act, consisting of ten persons, five elected by the staff side organizations and five appointed by the Government. This Committee was to act in an advisory capacity to the Government in respect to administration and proposed amendments to the Act itself. As the Committee was called upon to handle references from the Treasury Board its activity was deemed to be confidential, and thus the staff side representatives were prohibited from divulging to their respective memberships, and the Board's activities or recommendations in connection with the proposed amendments to the Act. The Advisory Committee is still functioning and no doubt has made recommendations to the Government respecting amendments. That is why we request legislative action on these recommendations.

That is all, gentlemen.

By the Chairman:

Q. Mr. Knowles, was that responsibility imposed on the committee by the treasury board or was it by the members of the advisory committee of their own free will?—A. The terms of reference, if my memory serves me correctly, stated that the committee had to report to the treasury board, and because of the fact that they had to make their report to the treasury board it was felt that they should not be reporting to anyone else other than the treasury board.

Q. By whom was it felt that they should not report to anyone else?—A. By the committee themselves.

Q. By the committee themselves?—A. Yes, sir.

Q. And by the representatives of the service?—A. Yes.

Q. It was not imposed on them from the treasury board at all?—A. We were never told we should not.

The CHAIRMAN: You adopted that yourselves.

Are there any questions from members of the committee?

By Mr. Pottier:

Q. On page two you make the comment that gratuities never exceeded a maximum of six months' pay?—A. Yes.

Q. That was under the 1933 situation?—A. Yes, sir.

Q. Did they all get that gratuity?—A. They all got that gratuity who were retired and their positions had not to be refilled. Those whose positions had to be refilled did not get the gratuity.

Q. Can you give any reason to the committee for the difference in handling two men on being retired, one receiving a gratuity and the other not?—A. It was a question of government policy.

Q. Is that the only reason you can give?—A. Yes.

Q. As to why in the one case a gratuity was paid and not in the other?—A. There is another logical reason too; and that is this, that if a position was not to be refilled then the government would not be spending any money, whereas if the position was to be filled the government would be paying the gratuity plus the wages of the person who filled the position.

Mr. MUTCH: His answer, that it is a question of government policy is the safest.

By the Chairman:

Q. On page 3, note No. 7 is; that the charge of four per cent interest of contribution for back service be waived; and then your comment is, that the charge of four per cent simple interest on arrears of contributions work a great hardship on long service employees and it is felt that it is in the interest

[Mr. Fred Knowles.]

of the Superannuation Fund itself that as many as possible pay for back service rather than accept half gratis in lieu of such payments?—A. Yes.

Q. You state further; there is no doubt that the charge of four per cent acts as a deterrent to those who otherwise might pay arrears of contributions?—A. Yes.

Q. But are you not now suggesting that they would not be making a serious contribution at all; it would only be paying part—about half—if they avoided the interest.—A. I think it was suggested to the committee heretofore that the payment of the interest was not in the original Act. It was placed in there by the Senate; and I am quite sure in the case of men with long years of service, prior to 1924, they should not have to pay the four per cent interest on the money as well.

Q. When the Act passed if it were considered necessary to include interest as well as arrears on that 5 per cent payment then the Act would have affected harmfully—it would not have affected anybody harmfully if no interest was to be paid, would it?—A. Well, as it is now neither interest nor principal is being paid.

Q. But in the annuities being paid under that— —A. But they got half free.

Q. Yes, but let that half stand on its own legs. At the present time it is considered necessary, interest and principal—5 per cent and 4 per cent simple interest—in order to secure the employee's half, his part in the contribution. Have you got anything to show that this is sound? I am not arguing one way or the other, either for or against it. I would like to know if you have anything to show, any figures?—A. I have no figures to show it is unsound either.

Q. The onus is on you to show that it is sound, Mr. Knowles?—A. In that case my argument simply is this: that when the Act was first created and passed by the House of Commons there was no such thing as 4 per cent in that Act.

Mr. POTTIER: It was not enacted then?

The WITNESS: The Act was passed without any charge of 4 per cent interest, and it passed the House of Commons without any charge of 4 per cent interest.

By the Chairman:

Q. But the onus finally was on the house to defend that Act, was it not? The house did not see fit to defend that bill. They did not meet the challenge. So now the onus is on you to give us something to convince the committee that your view is sound.—A. I can only argue that it keeps me from paying for back service.

Q. Yes, but they would be only paying for part of their past service?—A. Simply pay principal, not interest.

Q. You have no figures to substantiate that view?—A. No, sir.

Q. I have one or two other questions to ask and with the permission of the committee I shall proceed with them. You say, take No. 9; that the Act be amended to provide that optional retirement on completion of 35 years' service, or, at age 60, whichever comes first. Then, in your comment; that looks to me to be contradictory to the recommendation—your comment says, it is felt that as 35 is the maximum number of years for which a civil servant is called upon to pay into the Superannuation Fund, and also the number of years on which a maximum annuity is based, that a civil servant should have the option of retiring at expiration of that time, providing he has reached age 60.—A. My difficulty is that I have to admit that there is a contradiction in it, right away.

Q. In which, the recommendation?—A. My difficulty is simply this: this is a resolution that was passed, and is as worded at a convention.

Q. Which is right, No. 9 or the comment?—A. It was worded as No. 9 is, and they did not desire that any person should retire under age 60.

Q. Well then, it is not as No. 9 is at all, it is in accordance with the comment?—A. Yes, the comment is in line all right. "It is felt that as 35 is

the maximum number of years for which a civil servant is called upon to pay into the Superannuation Fund, and also the number of years on which a maximum annuity is based, that a civil servant should have the option of retiring at expiration of that time, providing he has reached age 60."

Q. Yes; but in the recommendation you say, whichever comes first—either the 35 years or the age 60—whichever comes first?—A. You will notice that when I read that out I omitted the last three words, "whichever comes first."

By Mr. Mutch:

Q. You omitted that entirely from your presentation?—A. Yes.

By the Chairman:

Q. Whether it is true or not it does not make any difference. You ask that the Act be amended to provide for optional retirement on completion of 35 years' service or at age 60— —?—A. Should have the privilege of retiring at age 60.

Q. But you have not that proviso in?—A. I think in the comment—

Q. I asked you which was to apply, the comment or the recommendation, and you have said the recommendation.—A. I want the privilege of retirement after 35 years of service providing the employee has reached age 60.

Q. I am making this notation on the record, that you wish the word "provided" to be inserted in place of the word "or," for the words "whichever comes first" to be left out and in their stead to have inserted the words "has been reached"?—A. Yes, sir.

By Mr. Wood:

Q. I would like to ask a question with respect to No. 6 in regard to computing the average salaries paid on the basis of the last five years of service. I have often wondered at that. I believe it has been paid on the last ten years of service. Do you believe that in that way the fund can be kept on an actuarially sound basis? You see, the annuity is paid on the highest salary generally that a man draws in his lifetime. When he first started to contribute he was getting a much smaller salary. There are some schemes in other countries which are based upon the lifetime return, on the average lifetime salary, so that upon retirement they receive just the amount they have contributed in proportion to what they have contributed. Would you suggest that the scheme you would recommend, payment based on an average of the last five years' salary, was actuarially sound? Can you assure this committee that such a basis will be sound? We may grant certain privileges to those living at the present time, but if the object of the government in having this investigation made is to place the Superannuation Fund on a basis that is actuarially sound, one which will last for all time, I think we should give special consideration to that. What is your opinion on that? You have covered a lot of questions here, and I think it is a rather important consideration. I was just wondering how far your organization is prepared to go in the direction of ensuring that this fund is going to continue on a sound basis from now on.—A. I think the staff would be very foolish to ask for amendment to the Civil Service Act on the theory that we were going to make a sound scheme actuarially sound. I do not know whether the fund is actuarially sound or otherwise. I have never seen any figures to show that.

Mr. McCANN: Nobody else has, or ever can.

Mr. WOOD: When you are proposing to base your retiring allowance on the last five years of service you must keep in mind that that would be on the highest salary received, and that when the employees started contributing to the fund they were at their lowest salaries. It might make it actuarially unsound.

[Mr. Fred Knowles.]

Mr. MUTCH: Not necessarily so.

By Mr. Wood:

Q. It might in some cases, we do not know how long—A. In the first Superannuation Act, prior to 1924, it was on a different basis. In some cases it was based on the last three years of service. At the present time you have two in effect under the present Act. For some people it is on the last ten years, for other people it is on the last five years. We feel that we should all be equally treated. Under the other Superannuation Act it was three years. We do not see any reason why John Brown should have his superannuation based on the last ten years and John Smith on the last five. We think they should all be treated alike; and that is really what is behind this resolution. It should all be five years; not some ten years and some five.

By Mr. Pottier:

Q. I think it is a mistake to have the word go out that the fund is unsound. There is no such thing as the fund being unsound under present conditions?—A. If I might venture the remark, even if it is dangerous, I would like to say this: if the fund is unsound the contributors should know about it. If the contributors want increased benefits they should be prepared to pay for any such benefits on the basis of dollar for dollar which the original Act contemplated—

Some Hon. MEMBERS: Hear, hear.

The WITNESS: —and if the fund is sound the government should give us the figures, and if it is not sound we should be told how much it would be necessary for the staff to contribute or for the government to contribute.

Mr. POTTIER: The government is back of the fund.

Mr. MUTCH: This is a sound country.

Mr. POTTIER: I do not think it is desirable for the statement to go out that the fund is unsound.

Mr. WOOD: I cannot see that the government being behind anything makes it sound. It is the kind of thing that makes the government insolvent. As a people we are contributing 50 per cent of this retiring allowance for our employees, and I think that the civil servants are entitled to do their part.

Mr. MUTCH: They will.

Mr. WOOD: That satisfies me very well.

Mr. MUTCH: On that point regarding the number of years that are to be taken into consideration: We sometimes overlook the fact that the first contribution of the civil servant draws interest for 35 years, the second draws interest for 34 years, and so on, and there is an accumulation of earnings on the contributions of the contributors which help to make that fund actuarially sound. It is proportionate to the amount they have contributed. That should be taken into consideration. These contributions are made over the entire period of 35 years and there is an earning power on the part of those contributions which help to make it possible to arrive at this average salary based on a term of service, instead of averaging the salary for the actual earnings on all the years a person has been a contributor.

The CHAIRMAN: Of course, that is an arguable point that we will have to take into consideration when we are considering our report.

By the Chairman:

Q. Have you any figures to show what the figures would be if your change is adopted as against the present practice?—A. No.

Mr. BRADETTE: I would like to ask witness to elaborate on his statement, his recommendation No. 10: That the benefits of each employee, his or her

dependents, or his or her estate, in all cases shall not be less than the amount of his or her contributions to the fund without interest.

Mr. MUTCH: That is an unwarranted assumption.

The WITNESS: No, it is not. In my opinion it is not an assumption at all.

The CHAIRMAN: It has to apply to conditions as at present; or, under the provisions comprised in the legislation.

The WITNESS: Under the present Act you have a contribution. You have no provision in the Act to provide for returning contributions under ten years of service. And, say John Smith finds an opening in some company outside of the government employ after 9 years of service and finds that employment in that company might be better for him in the long run than the government service and he resigns, and by that act he loses all of his contribution under the Superannuation Act. Take another case, another individual is exactly the same position, instead of resigning he gets drunk, and because of getting drunk he subsequently gets fired, that would be deemed to be misconduct—now, as I interpret that particular clause why should he get a return of his contribution and then go and work beside this other fellow in the same company?

Q. What is the present interpretation in that respect?—A. The present interpretation of that is misconduct; and in that connection I would say this, that where a man has misconducted himself—such as drinking—he has been asked to resign—instead of being dismissed—and if he resigned—and this is after ten years service—he has been asked to resign and he resigned—

By the Chairman:

Q. But he would, if he went into another employment, let us say?—A. I beg your pardon.

Q. If he resigned to go into other employment after ten years?—A. But if a man had been dismissed for some offence instead of being asked to resign, one gets his contribution and the other does not. I do not think that is a fair proposition.

By Mr. McCann:

Q. Not after ten years?—A. After ten years, yes. You cannot get your contributions under the Superannuation Act if you are dismissed for misconduct.

Q. At any time?—A. At any time. So, if John Brown got drunk in one department and his boss was a little severe he simply dismisses him and he loses his contribution. On the other hand, if he resigns—

Mr. McCANN: He better resign first and get drunk after.

The WITNESS: —I think that is unfair, that there should be two different treatments in any Act like that.

The CHAIRMAN: The Act is not the thing that should be changed—

Mr. MUTCH: It is the head of the department that should be changed.

The CHAIRMAN: Or, the heart of the head.

The WITNESS: The Act should be changed to prevent that unfair treatment.

By the Chairman:

Q. Then, when he dismisses that man does it affect his retirement?—A. Certainly. If he was under the Retirement Fund Act—a man under the Retirement Fund Act can get his time in the service—

By Mr. McCann:

Q. Pretty nearly every retirement fund in existence stipulates a minimum period of years before which they will get a return?—A. I do not know of any.

[Mr. Fred Knowles.]

Q. I can tell you a number of them. Take the Teachers' Fund in Ontario; they have to contribute, and they must do it at least five years before they get any return.—A. But you do not know of any Civil Service Superannuation Act?

Q. They are almost in the same class.

Mr. BRADETTE: I believe the ten year period is a very fair one. It would be hard to make it less than that.

The CHAIRMAN: Are there any further questions, gentlemen?

By Mr. Pottier:

Q. In connection with your submission under No. 5, is it not a fact that a number of mail clerks who were employed as labourers paid into the fund back pay and then it was returned to them several years afterwards?—A. I do not know about that detail, but I do know railway mail clerks at one time were hired as day labourers, and the service they put in as day labourers, though they were working as railway mail clerks, is not counted.

The CHAIRMAN: The railway mail clerks are expected to appear before us at our next meeting, and, if there are no further questions to be put to the witness, I think we might adjourn.

Mr. MUTCH: I so move.

By Mr. Baker:

Q. On the previous question, does the witness think the rule should be after ten years of service, regardless of the man's habits? Should he get a refund of his money, regardless of his habits which grow on some men and do not grow on others?—A. I think the men should be treated before ten years of service exactly the same as afterwards. I see no reason for the ten years of service.

Q. I am only asking about after ten years. Would it not be fair, if the habits have grown on him, to have them all treated alike? Previous to ten years, I could not see it.—A. As far as I am concerned, I am not going to differentiate between before ten years of service and after. I claim under all circumstances whatsoever the contributor should get the minimum return of his contributions without interest.

By the Chairman:

Q. That is not the question Mr. Baker put to you. The question he put was should a man, in your opinion, have his contributions returned regardless of the cause of dismissal? We have been dealing with one particular habit, but the Act does not take cognizance of one particular habit.—A. I say in answer to that that a man should receive a minimum return under all circumstances.

By Mr. Baker:

Q. I only asked it concerning after ten years. Leave the preceding service out.—A. "Under all circumstances" means both.

Q. Quite right, but I cannot see it before ten years.

Mr. McCANN: Mr. Chairman, can we get a record from the department of how many during the last ten or fifteen years have been let go on account of misconduct and by reason of that have not had a return of their contributions?

Mr. MUTCH: Without the names.

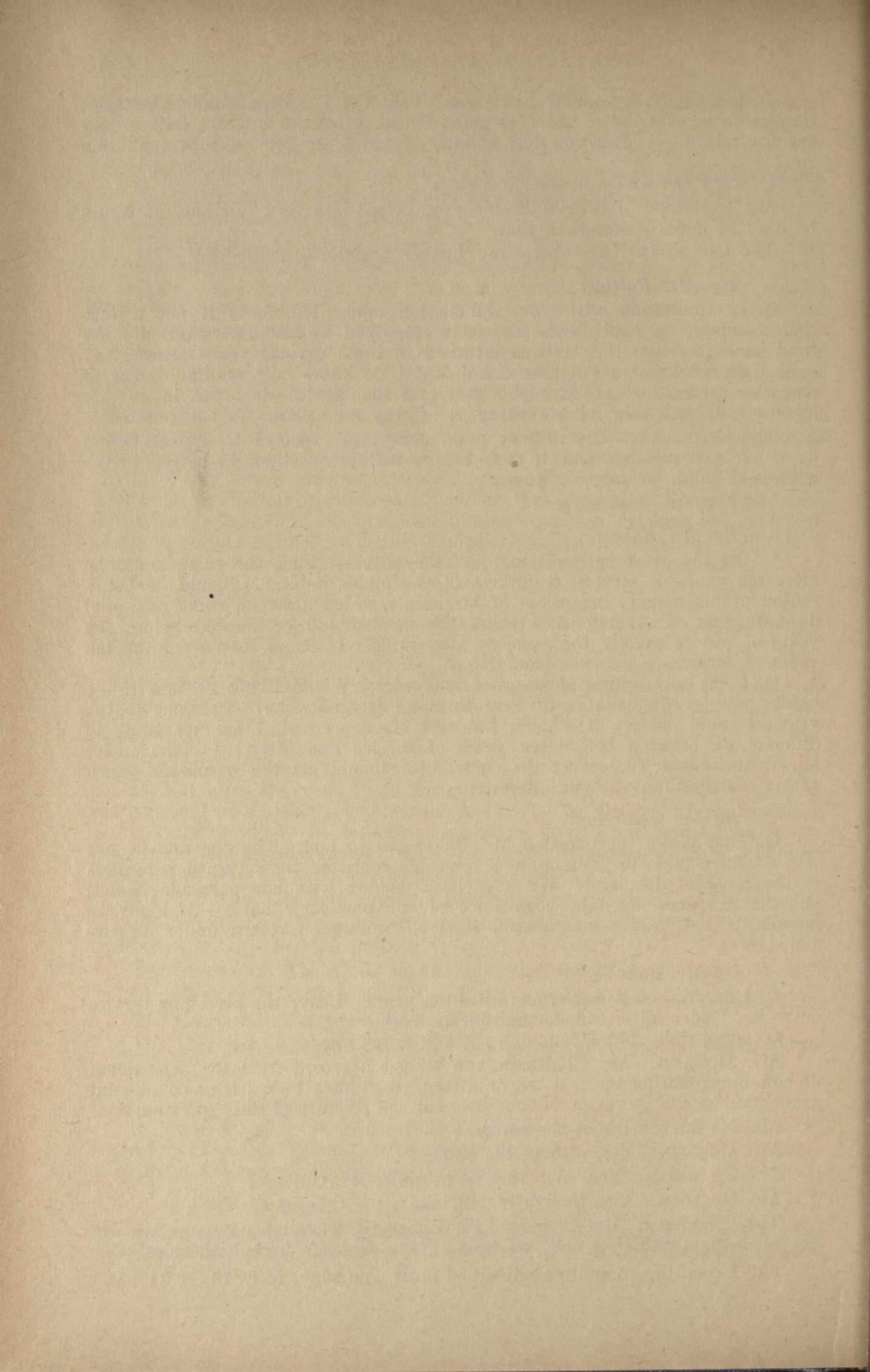
Mr. McCANN: Yes, without the names.

The CHAIRMAN: Yes. Will that be possible, Mr. Gullock?

Mr. GULLOCK: Yes, though it will take some time, sir.

The CHAIRMAN: But there will be enough time available because we will not be dealing with that until we hear all the evidence from both sides.

(At 1 p.m. the committee adjourned until Thursday, May 19, at 11 a.m.)



APPENDIX

DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

PETITION OF THE EMPLOYEES OF THE DEPARTMENT ON PRE-
VAILING RATES WITH RESPECT TO BEING BROUGHT UNDER
THE SUPERANNUATION ACT, 1924

OTTAWA, March, 1938.

To the Hon. Fernand Rinfret, B.A., M.P., Secretary of State of Canada:

Petition on behalf of employees of the Department of Public Printing and Stationery who are paid on a "prevailing rates" basis and who ask to be brought under the Civil Service Superannuation Act, 1924.

January, 1936.

No. 1—PETITION

MEMORANDUM RESPECTFULLY SUBMITTED TO THE HONOURABLE
FERNAND RINFRET, B.A., M.P., SECRETARY OF STATE OF
CANADA, BY CERTAIN OF THE EMPLOYEES OF THE DEPART-
MENT OF PUBLIC PRINTING AND STATIONERY, OTTAWA.

In Re the Application of the Civil Service Superannuation Act (Chapter 24, R.S.C. 1927) to the Mechanical Staff of the Dominion Government Printing Bureau, Department of Public Printing and Stationery, Ottawa.

We, the undersigned, representing the mechanical staff of the Dominion Government Printing Bureau, at Ottawa, have the honour to submit to the Honourable Minister herein the following considerations in support of our petition to be brought under the provisions of the Civil Service Superannuation Act:

(1) It is our desire to secure to our dependents and ourselves that measure of security against the hazards of death, premature disablement, or old age provided through the Act by the Government, with the assistance of its employees' contributions. We feel that these contingencies are no less onerous in our case than in the case of the 25,000 Government employees already under the Act.

(2) At the moment the mechanical staff is not covered by any pension or superannuation scheme whatsoever, although there is precedent for such provision. Upon the reorganization of the Bureau at the close of the War, some of the employees retired were given pensions under special Orders in Council. Later, until 1924, pensions were paid upon retirement under the Calder Act. In neither of these schemes were the employees called upon to contribute. Since 1924 those retired because of age or ill health have not been paid pensions, and observation in these cases leads to the conclusion that it is extremely difficult, if not impossible, for the employee to provide wholly for himself and his dependents against the uncertainties of life.

(3) At the time of the enactment of the present Superannuation Act, we sought to be included within it. Since then we have overlooked no opportunity to repeat our request, but without avail.

(4) As is disclosed by an examination of our service record, we have been steadily in the employ of the Dominion Government for terms of years ranging up to 40. While legally temporary, we should like to point out that we are permanent in all but name.

(5) To us the reason for our exclusion appears to be one of law rather than of principle. Under the Statute our wages are determined on a certain basis, which requires that they be fixed by the week; were the time period of calculation the year, instead of the week, it appears that we should be eligible to come under the Act. The fact of being mechanical, rather than clerical, employees, does not appear to be a bar, except in so far as it determines the basis upon which wages are fixed.

(6) We are quite willing to accept the terms of the Act, including the obligation to contribute 5 per centum of our wages to the Fund.

(7) Might we point out that an orderly retirement scheme tends to improve efficiency, in contrast with conditions which ensue from any policy of balancing the lack of such a scheme with continuing in employment indefinitely employees who have ceased to be fit.

All of which is respectfully submitted on behalf of the employees.

A. H. MacDONALD,
Chairman.

No. 2—LEGAL POSITION

LEGAL POSITION OF MECHANICAL STAFF, DEPARTMENT OF PUBLIC PRINTING AND STATIONERY, IN RELATION TO THE CIVIL SERVICE SUPERANNUATION ACT

Present Position:

The reason for the mechanical staff not being under the Act at present may be stated briefly thus:

Section 2 (b) of the Act defines "civil servant," i.e., those eligible to become contributors as, inter alia, those who are "in receipt of a stated annual salary of at least six hundred dollars." In interpreting this section of the Act the Department of Justice has ruled that the phrase "stated annual salary" must be taken literally to mean a salary fixed under proper authority on an annual basis: thus, employees whose wages or salary are legally determined on the basis of a time period of less than a year are not civil servants as understood by the Act. In the case of the staff in question their wage rates are fixed in relation to wage rates obtaining in specified employment elsewhere, and this method of fixation necessitates the rates being determined on a time period of less than a year.

A secondary obstacle to those employees coming under the Act as it stands would be the fact that they are not legally permanent, although both the employment on which they are engaged and the tenure of office in practice are of a permanent character. The Act already makes provision in some cases for so-called "long term temporaries" coming under its provisions. By an extension of this principle, through some proper definition of permanency for this purpose being made by the Governor in Council, this difficulty could be overcome.

Indicated Position if Act Amended as Suggested:

Presumably if these employees are now brought under the Act, they will be subject to its usual terms and provisions. They will contribute 5 per cent of their annual wages in respect of future service. Past service had at the date of their coming under the Act will be allowed in full if they choose to arrange for payment of their 5 per cent abatements in respect thereof, together with 4 per cent simple interest: these payments of arrears may be made on an instalment basis in accordance with the regulations under the Act. Failing election to contribute in respect of past service, the Act provides that one-half of it be credited automatically without contribution.

No. 3—APPOINTMENT

AUTHORITY OF APPOINTMENT OF EMPLOYEES ON PREVAILING RATES OF THE DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

The authority of appointment of employees as indicated in section 16 of Chapter 162, Revised Statutes of Canada (Public Printing and Stationery Act) is placed with the Civil Service Commission under section 33 of Chapter 22, Revised Statutes of Canada (Civil Service Act).

Under the provisions of Order in Council P.C. 44/1367 of June 14, 1932, the Civil Service Commission, by circular letter of July 25, 1932, directs: "In view of the provisions of P.C. 44/1367 of June 14, 1932, making it incumbent on departments to have all temporary positions and temporary employees occupying permanent positions included on the list of temporary positions approved by Treasury Board, it will no longer be necessary for your department to obtain the authority of Council for the continuance of temporary positions under section 40 of the Civil Service Regulations."

By Order in Council P.C. 4/1055 of June 2, 1933, it was directed that no appointments of temporary employees additional to those already authorized by Treasury Board shall be made until an investigation of each instance has been made by the Civil Service Commission.

By Order in Council P.C. 1053 of June 29, 1922, with amendments, certain positions of skilled and unskilled labour were exempted from the Civil Service Act's requirement, that all appointments be made by the Civil Service Commission.

Eleven (11) classes of positions in the department are exempted, viz: carpenter, carpenter's helper, chauffeur, electrician, electrician's helper, labourer, machinist foreman (head), machinist, machinist's helper, painter, plumber and pipe fitter; and thirty-seven (37) employees are affected.

The procedure of setting up positions in these classes is the same as indicated above for the classes under the Civil Service Act but appointments are made by the deputy head.

No. 4—SUGGESTED AMENDMENT

SUGGESTED AMENDMENT TO THE CIVIL SERVICE SUPERANNUATION ACT (CHAPTER 24, R.S. 1927)

ADDITION TO PART V, TO BE ADDED, FOLLOWING SECTION 22

23. The Governor in Council may, on the recommendation of the Treasury Board, make regulations prescribing the conditions under which any employee of the Dominion Government Printing Bureau, Department of Public Printing and Stationery, whose employment is of a continuing indeterminate duration, who is paid on an hourly, daily, weekly, or monthly wage rate basis and whose rate of pay per year is not less than six hundred dollars, may be made subject to the provisions of this Act.

No. 5—APPENDICES

- (a) Correspondence and memoranda.
- (b) Classification and wages of employees.
- (c) Ages of employees.
- (d) Service of employees.
- (e) Nominal weekly pay roll.
- (f) Estimate of annual contribution and cost to the Government.

Appendix A

LETTERS AND MEMORANDA LISTED BY DATES

May 18, 1925	February 24, 1930	January 14, 1931
April 27, 1928	*March 12, 1930	January 14, 1931
April 12, 1929	*March 20, 1930	February 26, 1931
April 17, 1929	March 25, 1930	March 17, 1931
May 13, 1929	April 17, 1930	January 20, 1933
May 14, 1929	May 14, 1930	May 15, 1934
May 16, 1929	May 16, 1930	May 29, 1934
January 8, 1930	May 17, 1930	June 5, 1934.
January 13, 1930	January 8, 1931	
February 20, 1930	January 10, 1931	

* Confidential—not printed

DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

OTTAWA, May 18, 1925.

Memo to the Minister of Labour re Superannuation and Prevailing Rates Employees

I would state for your information that Mr. Ross of the Composition Branch, and other representatives of the mechanical staff of the Printing Bureau, waited on me by appointment a day or two ago and submitted representations in favour of the amendment of the Superannuation Act of 1924 so that its provisions might be extended to men on prevailing rates, or if this should not be practicable, that a special Statute should be enacted, of the nature of the Calder Act, which would permit the payment to employees retiring from the Government service of an allowance in proportion to their length of service, etc.

Members of the deputation urged that the application of the Superannuation Act in its present form, requiring a contribution of 5 per cent of income, and payment of arrears in case of those who have nothing to their credit in the Superannuation fund, would be of little value to workers with many years to their credit and not as a rule in a position to pay arrears. It was strongly urged that provision should be made to meet cases of this kind, and they strongly pressed from this point of view the advantages of the Calder Act, under which many members of the Civil Service at large, as also of prevailing rates employees, were retired.

At my request Mr. Bronskill came into my office, and we discussed with the members of the deputation various aspects of procedure and the present statute. It was pointed out that there would inevitably be a complaint on the part of civil servants at large of injustice to them if payment of arrears were exacted in their case and no payment of arrears were required in the case of men on prevailing rates, presuming, that is, that superannuation were granted prevailing rates employees for years not covered by contributions. The question was asked by one of the deputation if a statute might not be enacted which would deal with employees of the Printing Bureau alone, not necessarily extending to men on

prevailing rates in other departments. In the discussion which followed it was admitted that undoubtedly Parliament could if it chose enact such a measure, but that such action would be in the nature of class legislation and that it was doubtful if Parliament would undertake it.

The younger members of the deputation appeared to incline to the view that the application of the Superannuation Act to employees on prevailing rates on the same basis as in the case of civil servants at large, and with the same principle applied with respect to payment of arrears, was the most that could be expected. Mr. Ross, who was considerably the senior of other members of the deputation, appeared to have specially in mind the situation of the older employees and felt that nothing short of the re-enactment of the Calder Act would meet the real difficulties of the situation.

It is not presumed that the Government would consider propositions which would place men on prevailing rates in a favoured position with respect to payment of arrears, that is, would give them equal benefits with civil servants with respect to superannuation without requiring arrears for the years on account of which no contribution has been made, but apparently if it is desired to bring men on prevailing rates within the scope of the present Superannuation Act and on the same basis as civil servants, no legislation would be necessary other than the elimination from section 2, paragraph (a), of the words "who are paid a yearly salary," and the elimination from paragraph (b) of the same section of the same words, namely, "who are paid a yearly salary." In the case of Printing Bureau employees some question would arise with regard to men employed temporarily or during the parliamentary sessions only, and it is thought this situation would be met by a regulation, not necessarily incorporated into the statute, providing that no person would be deemed to be an employee within the meaning of the statute save where employment had been continuous for the period of one year.

It is of course necessary in any consideration given to those matters to have in mind the very large number of men on prevailing rates employed in certain other departments and particularly in the Department of Public Works, where there are seasonal or part time employees, and careful regulations would be necessary to meet the necessities of these classes.

F. A. ACLAND, K.P.

DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

OTTAWA, April 27, 1928.

Memo to the Minister re Mechanical Classes and Superannuation Legislation

I have informed Mr. Charpentier that the committee representing the printing branches notified me yesterday that they would be pleased to have the opportunity of placing before you their views with respect to the matter of having the Superannuation Act so amended as to include all classes employed in the Printing Bureau, and agreeably to the time you had tentatively fixed, and subject to any amendment you may desire, the committee will be at your office in the East Block at 10.30 a.m., Tuesday, May 1.

As you are aware, the Superannuation Act applies only to members of the Civil Service, and employees of the prevailing rates classes, though in the service of the Government, are not civil servants. In the conversations which have taken place between the committee and the undersigned it has been pointed out that in the event of any consideration being given to the question of including mechanical classes within the scope of the Superannuation Act it would hardly be practicable to limit the benefits of superannuation to any one particular group of mechanical workers, such as the printing classes, or to limit superannuation benefits to the mechanical employees of a particular department, such as the Department of Public Printing and Stationery. The members of the committee in reply stated

that they had been in touch on the subject with the mechanical employees of the Department of Public Works, and the latter employees had stated that a similar movement has been for some time on foot among the Public Works Department workers, who have been, they state, hoping to be allowed shortly to place their views before a deputation of three ministers, yourself, the Minister of Public Works and the Minister of Labour. Our departmental committee state that they have thought it best at present to place their views before yourself, perhaps linking themselves up later on with the mechanical employees of other branches, if the larger movement is continued.

Our departmental committee had also understood that the Standing Committee of the House of Commons on Industrial Relations had authority to deal with such a matter as this and might be reporting on the subject this session. However, I spoke with Mr. McIntosh, M.P., Chairman of the House Committee, and he assured me (and I have so informed the committee) that this was not the case, such a matter not having been referred to the Committee on Industrial Relations and the committee not having given it any consideration during its session. Mr. McIntosh remarked that if next session it should be included among matters referred to his committee there would be no objection to dealing with it. Our departmental committee is not without hope that next session the subject in which they are interested might be included with other matters referred to the Committee on Industrial Relations. Perhaps you may like to have them develop this point.

Probably one of the principal reasons for the present movement on the part of the mechanical classes is to be found in the fact that the mechanical employees of the United States Government were a few years ago brought within the scope of the superannuation legislation which applies alike, therefore, to civil servants proper of the United States and to mechanical workers in the service of the United States Government. Our departmental committee is inclined to ask if it would be more difficult to have such superannuation legislation in Canada than in the United States. When the existing superannuation legislation was four years ago under consideration before the Malcolm Committee the question of including mechanical workers was raised, and one objection to it was the alleged violent fluctuations in wages of mechanical workers. There are also the problems of sick pay and over-time. At present civil servants receive pay during sickness, under limitations, and are not paid for overtime, whilst mechanical workers receive no pay during sickness and are paid for overtime work.

The foregoing are some of the leading points which will probably be mentioned by the deputation and I have thought it might be of use to you to have them in advance. I have asked the committee to be as concise as possible in their statements to you because of the many calls upon your time. The names of persons on the committee are as follows:—

- A. H. McDonald, Chairman (Proofreading).
- Geo. McCann, Secretary (Linotype).
- Geo. L. Payette (Monotype).
- Robert M. Anderson (Mr. Baldwin's Staff).
- Wm. R. Hague (Stereotype).
- S. McCartney (Bindery).
- Dan. McCann (Pressroom).

Possibly the deputation which waits upon you will be limited to the chairman and one or two others.

(s) F. A. ACLAND, K.P.

C. P. Plaxton, K.C., Chairman.

V. C. Phelan, Secretary.

CANADA

ADVISORY COMMITTEE ON THE CIVIL SERVICE SUPERANNUATION ACT

EAST BLOCK, OTTAWA, April 12, 1929

F. A. ACLAND, Esq.,
King's Printer,
Department of Public Printing and Stationery,
Ottawa.

DEAR SIR,—This committee is in receipt of a request from certain of the employees of your department, commonly known as "prevailing rates employees," that consideration be given to the matter of their being brought within the scope of the Civil Service Superannuation Act, with a view to the committee making a recommendation thereon to the Treasury Board.

The committee would be pleased to learn the attitude of your department on this subject and to be placed in possession of any relevant information which you may have and which has a bearing on the matter. The committee believe that, quite regardless of the merits of the claims put forward on behalf of the employees, the bringing under the Superannuation Act of such persons is to a large degree, if not wholly, contingent upon the permanency of their employment. The committee would, therefore, appreciate it if you would be good enough to designate some official of your department conversant with data relative to the above mentioned points to confer with the members at a time mutually convenient.

Would you be good enough to communicate with us, so that a satisfactory time for the meeting may be agreed upon.

Yours truly,

(s) C. P. PLAXTON,
Chairman.

(s) V. C. PHELAN,
Secretary.

DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

OTTAWA, April 17, 1929.

C. P. PLAXTON, Esq., K.C.,
Chairman, Advisory Committee on the
Civil Service Superannuation Act,
East Block, Ottawa.

DEAR SIR,—I beg to acknowledge your letter of the 12th with reference to some aspects of the request received by your committee from employees of this Department commonly known as prevailing rates workers.

You inquire as to the attitude of this department on this subject and mention other points of importance. As to the attitude of the department, I may state that the committee of employees which is now presenting its request to yourself and colleagues laid the matter in the first place before the minister a few months ago, the undersigned having accompanied the deputation, and the minister after hearing the views of the committee explained that it was the intention of the Government shortly to create a Board or committee such as that which you now represent, and that the body so created would be that which would be best fitted to examine into the case put forward by the prevailing rates employees of this department. I am therefore aware that the examination by your committee of the request of the employees in question would be wholly in accordance with the minister's wishes. As to the views of the officers of the department, I may say that the

matter has been from time to time one of informal discussion between the undersigned and the Director of Printing and various other officers, and what may be termed the departmental view is wholly sympathetic with the desire of the employees concerned, though there is no inclination on the part of the responsible officers of the department to overlook or minimize the many difficulties which may be encountered in achieving a solution of the problem placed before you.

As to your inquiry with respect to the matter of permanency, I would state that with few exceptions the employees on prevailing rates are permanent in all ordinary senses of the word; vacancies rarely occur save by death or breakdown in health, and the change of personnel in a given period is materially less than in a commercial house. It is true these employees work under a system of certificates granted by the Civil Service Commission and good for a period of six months only; separation from the department may be effected by failure of the undersigned to request renewal of the certificate or of the Civil Service Commission to grant such renewal or may be effected more summarily on adequate occasion by direct dismissal; our records show that it has not been necessary to take action along any one of these lines during several years past.

With regard to the designation of an official of the department conversant with data relative to points mentioned and who would be in a position to confer with the members of your committee, I am designating Mr. F. G. Bronskill, the Accountant of the department. Mr. Bronskill is widely informed on the whole subject, is in touch with most of the data which would be probably of value to the committee, and has consented to act as on behalf of the department in its contact with your committee in this matter.

Yours truly,

F. A. ACLAND,
King's Printer.

P.S.—The lack of any provision for this class of workers was brought vividly to my attention while this letter was being prepared by the fact that a subscription list was placed before me on behalf of a small fund which is being raised to meet in some slight degree the urgent necessities of an elderly woman who for many years worked in the bindery under the classification of a bindery girl, but whose health broke a few months ago. All monies due to her from this department, being limited absolutely to wages earned, had been paid, and her meagre savings were quickly exhausted. She is lying ill, perhaps dying, penniless, and without friends, and must become a charge on the city for the rest of her days, though these are likely to be few. A private employer would have at least the opportunity of coming to the rescue; a Government department can do so only through some system of superannuation.

K.P.

C. P. Plaxton, K.C., Chairman.

V. C. Phelan, Secretary.

CANADA

ADVISORY COMMITTEE ON THE CIVIL SERVICE SUPERANNUATION ACT

EAST BLOCK, OTTAWA, May 13, 1929.

F. A. ACLAND, Esq.,
King's Printer,
Ottawa.

DEAR SIR,—I find that I have overlooked acknowledging receipt of your letter of the 17th ultimo containing your observations on the subject of the application of employees paid at prevailing rates to become contributors under the Civil Service Superannuation Act.

Your letter will be laid before the committee, and when a date has been fixed to confer with the representatives of the several departments interested in this question, your departmental accountant, Mr. F. G. Bronskill, whom you have nominated, will be notified, so that we may have the advantage of a fuller statement of the departmental view.

Apologizing for the delay in acknowledging your communication, I remain,

Yours very truly,

C. P. PLAXTON,
Chairman.

C. P. Plaxton, K.C., Chairman.

V. C. Phelan, Secretary.

CANADA

ADVISORY COMMITTEE ON THE CIVIL SERVICE SUPERANNUATION ACT

EAST BLOCK, OTTAWA, May 14, 1929.

F. G. BRONSKILL, Esq.,
Chief Accountant,
Department of Public Printing and Stationery,
Ottawa.

DEAR MR. BRONSKILL,—We have been advised by the King's Printer that he has asked you to confer with this committee with reference to a matter now up for consideration, namely, the applicability of the Civil Service Superannuation Act to prevailing rates employees. The committee would appreciate it if you could find it convenient to meet them at 3 p.m. on May 21 in room 171 of the East Block.

While the committee would be glad to discuss any phase of the question that might appear worth consideration, the following points are mentioned specifically as an indication of some angles of the case that the committee would like to go into:—

- (1) Classes of employees affected by the general definition of "prevailing rates employees."
- (2) Number of such employees engaged in your Department.
- (3) Their present status with reference to the Civil Service Act.
- (4) Their status with reference to permanency.
- (5) Were these employees covered by any retirement or superannuation scheme in force prior to the passage of the present Superannuation Act in 1924?
- (6) Would there be any accounting difficulties incidental to their being brought under the Act?

If you have any information bearing on the above points, or any other information you consider relevant, the committee would appreciate your bringing it along with you. It might be mentioned that it is the intention to have present, if possible, an official from the Department of Public Works and the Department of Mines at the same time as yourself, in order that the question may be studied as affecting those Departments as well as your own.

Would you be good enough to please advise the undersigned as to whether you will find it convenient to be present at the time set, or if not, what time would suit you better.

Yours truly,

V. C. PHELAN,
Secretary.

DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

Ottawa, May 16, 1920.

V. C. PHELAN, Esq.,
Secretary, Advisory Committee on
the Civil Service Superannuation Act,
East Block, Ottawa.

DEAR SIR,—In reply to your note of the 14th instant I would state that it is convenient to meet your committee at 3 p.m. on the 21st instant in room 171 of the East Block.

Yours very truly,

F. G. BRONSKILL,
Chief Accountant.

SECRETARY OF STATE, CANADA

OTTAWA, January 8, 1930.

Re Superannuation Matters

MY DEAR COLLEAGUE,—Somewhat over a year ago a deputation representing several hundred employees of the Government Printing Bureau mechanical branches, paid on the prevailing rate basis, waited on me as the minister in charge, urging consideration of the question of action, by legislation or otherwise, which would extend to Government employees of these classes, in so far at least as concerns the employees of the Printing Bureau, the advantages of superannuation. I advised the deputation that it was likely a board or committee would be, at no distant date, appointed for the purpose of examining propositions of this nature, and suggested that a committee of the employees concerned should place their representations with respect to superannuation matters before this body as soon as possible after its appointment.

A committee representing the employees waited on me again within the last day or two and informed me that their representations had been many months since placed before the Advisory Committee on the Civil Service Superannuation Act, which was in due course appointed, and that communications had at the time passed between the officers of the Advisory Committee and the committee representing the employees. For many months, however, no word had been received from the Advisory Committee, and the employees are, it was urged, beginning to fear that their case has been in some way lost sight of.

The work of the Advisory Committee, as I understand, brings it quite closely into touch with the Department of Finance, which is of course represented in its membership. Perhaps, if I am correct in assuming that your department is informed as to the work of the Advisory Committee, you would be good enough to cause inquiry to be made as to the possibility of having the committee advise the employees concerned if progress is being made in determining the question which has been placed before them. I do not of course desire to express any view as to the merits of the case presented by the employees, though I am aware of its many complexities, but it would be an advantage if the Advisory Committee could in any way indicate to the employees concerned how the matter stands at present.

Yours faithfully,

F. RINFRET.

HON. CHARLES DUNNING,
Minister of Finance,
Ottawa.

MINISTER OF FINANCE

OTTAWA, January 13, 1930.

Re Prevailing Rates Employees and the Civil Service Superannuation Act

Dear Mr. RINFRET,—I have your letter of the eighth instant in which you express the desire of employees of the Department of Public Printing and Stationery, who are paid on a prevailing rates basis, to secure information as to what progress is being made in considering the question of their application to be made eligible to become contributors under the provisions of the Act.

The Order in Council which established the Advisory Board on the Civil Service Superannuation Act provides that they shall report to the Treasury Board. I may say that so far no report has been made on the question of prevailing rates employees. I am informed, however, that the question has been receiving careful consideration and no doubt the Advisory Committee will report in due course.

I will forward a copy of your letter to the Advisory Committee.

Yours faithfully,

CHARLES DUNNING.

HON. FERNAND RINFRET,
Secretary of State,
Ottawa.

C. P. Plaxton, K.C., Chairman.

V. C. Phelan, Secretary.

CANADA

ADVISORY COMMITTEE ON THE CIVIL SERVICE
SUPERANNUATION ACT

EAST BLOCK, OTTAWA, February 20, 1930.

F. G. BRONSKILL, Esq.,
Chief Accountant,
Department of Public Printing and Stationery,
Ottawa.

DEAR SIR,—As you are probably aware, this committee has at the present time under consideration the question of superannuation for employees of the various departments paid at prevailing rates. The departments have kindly assisted us by supplying certain information on request, but it might be necessary for our purposes to secure some detailed service reports on those employees who are in the class affected. We would very much like to know whether your department would be in a position to advise us regarding your prevailing rates employees in detail, in answer to such questions as those set forth in the memorandum attached hereto. It would be our desire to have the information covering both those employees who may be legally permanent and those who are not so designated.

If it is considered desirable to go ahead with this inquiry, after we have heard from the departments affected, we would supply a printed card to cover each employee. If possible we should like to have information covering not only employees at present in the employ of your department but those who may have left the Service whether through resignation, death or dismissal during the past five years.

Yours truly,

V. C. PHELAN, *Secretary.*

MEMORANDUM RE INFORMATION RESPECTING "PREVAILING RATES"
EMPLOYEES

NOTE.—Information would be asked for in reply to the following questions, each employee to be dealt with on an individual card.

1. Name of employee.....Date of birth.....
2. Designation of work or position or trade?
3. Rate of pay (excluding overtime): Hour.....Week.....Month.....Year.....
4. Is employee employed twelve months each year, except for holidays and sick leave?
5. If reply to (4) is negative, during how many months is employee engaged each year on the average?
6. Number of years of actual employment (i.e., service with the Department)?
7. Number of years employed in a temporary capacity?
8. Number of years in a permanent capacity?
9. If employee is no longer in service of department, state date of termination of service and reason.

DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

OTTAWA, February 24, 1930.

V. C. PHELAN, Esq.,
Secretary, Advisory Committee on the Civil Service Superannuation Act,
East Block, Ottawa.

DEAR SIR,—In reply to your letter of the 20th instant regarding the question of superannuation for employees of the various departments paid at prevailing rates, I beg to say that while there will be considerable labour involved there would not seem to be at the present time any difficulty in supplying the information as detailed in the memorandum accompanying your letter.

Yours very truly,

F. G. BRONSKILL,
Chief Accountant.

DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

OTTAWA, March 25, 1930.

V. C. PHELAN, Esq.,
Secretary, Advisory Committee on the
Civil Service Superannuation Act,
Department of Labour, Ottawa.

Re Question of Superannuation of Employees on Prevailing Rates

DEAR SIR,—Referring to your inquiry of the 20th on this matter, I would state that this department is in cordial approval of the general principle of extending the benefits of superannuation to employees on prevailing rates, provided suitable legislation can be devised.

I would add that the subject has been taken up with the Minister of the department (the Honourable the Secretary of State), and the minister is also of the view here expressed.

Yours truly,

F. A. ACLAND,
King's Printer.

C. P. Plaxton, K.C., Chairman.

V. C. Phelan, Secretary.

CANADA

ADVISORY COMMITTEE ON THE CIVIL SERVICE SUPERANNUATION ACT

EAST BLOCK, OTTAWA, April 17, 1930.

F. A. ACLAND, Esq.,
King's Printer,
Ottawa.

Dear Mr. ACLAND,—In acknowledging receipt of your letter of March 25 on the subject of superannuation for prevailing rates employees, I desire to confirm our recent telephone conversation in which I explained that the committee hopes to receive the detailed replies to our extensive inquiry of several days ago, at your convenience.

Yours truly,

V. C. PHELAN,
Secretary.

DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

OTTAWA, May 14, 1930.

V. C. PHELAN, Esq.,
Secretary, Advisory Committee on the Civil Service Superannuation Act,
c/o Department of Labour,
Ottawa.

Re Superannuation and Prevailing Rates Employees

DEAR MR. PHELAN,—Referring to your letter of March 12 requesting information as to certain aspects of this matter in so far as respects this department, I beg to enclose a memorandum which will I think inform you fully on the points raised, with comments or suggestions as desired.

Yours truly,

F. A. ACLAND,
King's Printer.

Memo re Superannuation and Prevailing Rates Employees

1. Status

- (a) Establishment already set up by the Civil Service Commission of prevailing rates employees coming under the Civil Service Act. The establishment could be confirmed by Council from time to time;
- (b) Establishment of exempted employees could be approved by Council after permanency of positions has been determined.

2. Retirement Age

- (a) *Male Employees.*—Employees on prevailing rates of exempted and nonexempted classes generally are appointed at over 25 years of age. Usefulness for production diminishes with age. It is suggested that the retiring age be set at 60 years with option of 5 more years;
- (b) *Female Employees.*—Employees on prevailing rates generally are appointed at over 20 years of age. Usefulness for production diminishes with age. It is suggested that the retiring age be set at 55 years with option of 5 more years.

It is suggested that the number of years of payment of contributions be 30 and that the basis of superannuation bear the same percentage to years of service as under the present Act. Illustrations:—present Act, maximum allowance, 35/50; suggested 30/45.

3. *Abolition of Office*

- (a) and (c) Present terms of Act to apply except that option of gratuity be granted up to date of retirement;
 (b) Paragraph "b" of letter of Advisory Committee not understood.

4. *Dismissal*

Present terms of Act to apply.

5. *Benefits to Widows and Children*

Present terms of Act to apply.

6. *Aged Employees, Male and Female*

Desirable that some form of superannuation be provided for employees whose present age would make it almost impossible to have the benefits of superannuation except at a prohibitive figure with regard to the paying of temporary service. Legislation, something similar to the "Calder" Act with benefits to dependents included, would meet the situation. It would seem that both age limit and years of service would be the determining factors as to whether an employee was brought under the present Act or under a scheme similar to the "Calder" measure.

C. P. Plaxton, K.C., Chairman.

V. C. Phelan, Secretary.

CANADA

ADVISORY COMMITTEE ON THE CIVIL SERVICE SUPERANNUATION ACT

EAST BLOCK, OTTAWA, May 16, 1930.

F. A. ACLAND, Esq.,
 King's Printer,
 Ottawa.

DEAR MR. ACLAND,—I have to thank you very much for your letter of May 14 regarding superannuation and prevailing rates employees. The memorandum which you enclose will be laid before the committee for its information at its next meeting.

Yours truly,

V. C. PHELAN,
 Secretary.

EXTRACT FROM MEMORANDUM PRESENTED BY THE EXECUTIVE OF THE
 CIVIL SERVICE FEDERATION ON MAY 17, 1930, to THE HON.

MR. DUNNING, MINISTER OF FINANCE

(2) *Re Employees Paid at Prevailing Rates:*

Certain employees of the Government, engaged under the authority of various statutes and Orders in Council, are paid at prevailing rates on an hourly, daily, weekly or monthly basis. In some instances these employees are classed as permanent while in others they are called temporary; regardless of whether they are legally permanent or temporary, the fact is that in practically all cases they are employed the year round, with their employment running on from year to year, and in most cases they have had great length of service, in some cases service running well over twenty years. On a ruling of the Justice

Department, no employee who is not paid "a stated annual salary," that is whose salary or wage rate is not based on a year of service, is eligible to come under the Act. We would respectfully urge that the principle that all employees whose employment is of a continuing indeterminate duration, and whose annual earning exceeds \$600, be brought within the scope of the Act, and that payment of wages on an hourly, weekly or monthly basis be not of itself a bar to their being given superannuation. In this connection we would like to point out that the same reasons which hold good for introducing a superannuation scheme for other employees are equally valid in the case of prevailing rates employees. As an aid to effective administration in providing an orderly retirement system, and as a humane way of treating employees with long and faithful service after their useful working days have come to an end, superannuation is quite as essential for prevailing rates employees as for other classes, of civil servants.

C. P. Plaxton, K.C., Chairman.

V. C. Phelan, Secretary.

CANADA

ADVISORY COMMITTEE ON THE CIVIL SERVICE SUPERANNUATION ACT

EAST BLOCK, OTTAWA, January 8, 1931.

F. A. ACLAND, Esq.,
King's Printer,
Ottawa.

Dear Mr. ACLAND,—Further to our correspondence of some time ago, regarding the question of the application of superannuation to "prevailing rates" employees, there are now going forward to Mr. Bronskill information cards which this Committee would like to have filled out in respect of such employees in your department, this being incidental to our study of this question.

For guidance the following suggestions are advanced:—

1. One card should be filled in for each "prevailing rates" employee on the staff of your department at any time during the five-year period ending July 1, 1930, whether so employed at that time or not.
2. Cards need not be completed, however, in respect of any casual or transient employee (i.e., an employee engaged for work lasting a very short time).
3. The information asked for is as of July 1, 1930.
4. The record of successive re-appointments of the same employee should be given on the one card under "service record."
5. If any of the data called for cannot be furnished, the letter W (wanting) should be entered in the appropriate space.
6. Opposite the heading in the card "Method of Appointment," the terms "O.C.," "Min.," and "Com.," mean Order in Council, Minister, and Civil Service Commission respectively.
7. If any further information is desired the undersigned will gladly furnish it. The telephone number is Hunter 574.

The Committee will very much appreciate your kind co-operation if you will be good enough to have this matter put in hand.

Yours very truly,

V. C. PHELAN, *Secretary.*

DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

OTTAWA, January 10, 1931.

Memo to the Minister re Superannuation and Prevailing Rates Employees

The Civil Service Superannuation Act is limited to persons receiving annual salaries and does not therefore apply to the large number of skilled manual workers and labourers employed by the Government and classed generally as "prevailing rates employees." Of the 720 of this department about 500 are of the prevailing rates classes.

About two or three years ago a certain agitation arose among prevailing rates employees for the amendment of the Superannuation Act by extending its provisions to workmen of this class. A committee of employees from the Printing Bureau waited on the then Secretary of State, the Hon. F. Rinfret, who, after hearing a statement from the committee, stated that the matter had already received certain consideration from Council and that it was likely before long a board or committee would be appointed for the purpose of examining the whole subject and reporting to the Government. Later on a body known as an Advisory Committee, composed of important officers of the Department of Justice, Department of Insurance, etc., was appointed to look into the matter. The Advisory Committee consulted with representatives of the prevailing rates employees in different departments and made somewhat extensive inquiries. Some progress was made but no report is understood to have been made. The prevailing rates employees of this department represent that the Advisory Committee has in recent months become inactive and ask to be permitted to send a committee to you to request your assistance if possible in securing a renewal of activities on the part of the Advisory Committee.

A somewhat similar situation existed a year ago and the committee appeared before your predecessor, who promised to bring the whole matter to the attention of his colleagues. Notes on the subject were exchanged between the then Secretary of State and the then Minister of Finance, Hon. Charles Dunning. (See copies enclosed.)

The chairman of the committee states that if permitted to bring the matter to your attention no more than a few minutes of your time will be taken.

F. A. ACLAND, K.P.

DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

OTTAWA, January 14, 1931.

Hon. C. H. CAHAN,
Secretary of State,
Ottawa.

Re Superannuation Act and Employees on Prevailing Rates

Dear Mr. CAHAN,—Referring to my memo, to you of the 10th, I learn from the Chairman of the Advisory Committee, Mr. C. P. Plaxton, that the committee is continuing its inquiry and will, unless instructed to the contrary, present a report to the Treasury Board in due course. I am therefore able to tell the committee of employees who wishes to send you a deputation that the inquiry is proceeding and that it is unnecessary for them to trouble you; you will I think hear no more of the matter from our employees for the present.

Yours truly,

F. A. ACLAND,
King's Printer.

DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

OTTAWA, January 14, 1931.

V. C. PHELAN, Esq.,
Secretary, Advisory Committee on the Civil Service Superannuation Act,
East Block, Ottawa.

Re Superannuation and Prevailing Rates Employees

Dear Mr. PHELAN,—I beg to refer to your note of the 8th instant regarding above matter, and advancing suggestions for guidance with respect to filling in the information cards which have been received from you by our Chief Accountant.

Mr. Bronskill informs me that the work of filling in the cards is proceeding as rapidly as conditions will permit.

Yours truly,

F. A. ACLAND,
King's Printer.

DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

OTTAWA, February 25, 1931.

V. C. PHELAN, Esq.,
Secretary, Advisory Committee on the Civil Service Superannuation Act,
East Block, Ottawa.

Re Superannuation and Prevailing Rates Employees

Dear Mr. PHELAN,—Referring further to my note of the 14th ultimo, I beg to state that the Chief Accountant informs me that the cards received by him from you have been duly filled in and are being to-day forwarded you under separate cover.

Yours truly,

F. A. ACLAND,
King's Printer.

C. P. Plaxton, K.C., *Chairman*V. C. Phelan, *Secretary*

CANADA

ADVISORY COMMITTEE ON THE CIVIL SERVICE SUPERANNUATION ACT

EAST BLOCK, OTTAWA, March 17, 1931.

F. A. ACLAND, Esq.,
King's Printer,
Ottawa.

Dear Mr. ACLAND,—I received in due course your letter of February 26, and the cards referred to therein, concerning "prevailing rates" employees.

The courtesy of your department in attending to this matter is very much appreciated. I might add that your department was the first to complete all of the cards, a fact which calls for some commendation of your chief accountant and his staff.

With best personal regards,

Yours truly,

V. C. PHELAN,
Secretary.

DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

OTTAWA, January 20, 1933.

J. F. DELAUTE, Esq.,
Private Secretary to the Secretary of State,
Ottawa.

Re Superannuation of Mechanical Classes

Dear Mr. DELAUTE,—This matter has not been under discussion recently. Enclosed is a copy of memo. addressed, under date of April 27, 1928, to the Hon. Fernand Rinfret during his term of office, together with some other documents bearing on the question; these are spare copies and may be retained if you desire for the minister's information.

Mr. Rinfret explained to the deputation, which waited on him on May 1, 1928, that the whole subject had been referred to an interdepartmental committee, which would report in due course. It developed subsequently that Mr. C. P. Plaxton, of the Department of Justice, was chairman of the committee, and Mr. V. C. Phelan, of the Department of Labour, secretary. Mr. Phelan gathered a considerable amount of statistical information bearing on the general question of superannuation to members of the prevailing rates classes, but the committee did not appear to make rapid progress.

A year or so after the assumption of office by the present minister the Printing Bureau committee proposed to send a deputation to the minister to discuss the subject. Mr. Cahan took the view that the then financial conditions made it undesirable to press the matter.

Yours truly,

F. A. ACLAND,
King's Printer.

C. P. Plaxton, K.C., Chairman.

V. C. Phelan, Secretary.

CANADA
ADVISORY COMMITTEE ON THE CIVIL SERVICE
SUPERANNUATION ACT

OTTAWA, May 15, 1934.

F. G. BRONSKILL, Esq.,
Representative of the Treasury,
Department of Public Printing and Stationery,
Ottawa.

DEAR SIR,—Might I refer to our conversation of some little time ago with reference to the information which you were good enough to supply to this committee concerning employees paid at prevailing rates. It is the desire of the committee to have the information previously secured brought up to date, more particularly as some of the employees dealt with in the earlier survey will have been retired since our forms were originally completed by your office.

We are now returning the forms originally completed and we would like to secure the following additional data:—

1. Information *re* employees who have severed their connection with the department since the cards were filled out.
2. Changes in wage rates if any since cards were filled out (apart from 10 per cent deduction and shortened working hours).
3. Data *re* any additions to prevailing rates staff.

With respect to paragraph 1, above, the information may be given in either of two ways, at the convenience of the department; (a) it may be supplied in the form of a separate list; or (b) it may be entered in red ink just across the face of the form. In this connection we would like to know in addition to the name of the employee, the date of his separation from the service, and the cause, that is, whether retired because of age, retired because of decrease in staff where age was not a factor, dismissed, died, voluntary resignation, or brought under the Civil Service Act. Where employees may have been transferred to classified (i.e. salaried) positions, would you please treat such cases as if the employee had left the service, noting the reason.

With respect to paragraph 2, above, the information could be most conveniently submitted in memorandum form rather than further entries being made on the cards, with the date being given where any change has occurred.

In reference to paragraph 3, we are inclosing some blank forms.

We had originally asked for this information as of July 1, 1930, but when your office completed our cards the information was given up to the end of December, 1930.

While the committee appreciates that this enquiry will involve some further work, it would be very much appreciated if we might receive the information at a fairly early date. Therefore, we should be glad to receive back the original cards, with any supplementary data, when you have them completed.

Yours very truly,

V. C. PHELAN,
Secretary.

DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

May 29, 1934.

V. C. PHELAN, Esq.,

Secretary, Advisory Committee on the Civil Service Superannuation Act,
Ottawa.

DEAR SIR,—In reply to your letter of the 15th I am returning, under separate cover, forms completed and brought up to date of June 1, 1934, according to the information indicated under paragraphs 1, 2 and 3 of your communication and which I trust will be found to meet the requirements of your committee.

With regard to paragraph 2 there has been no change in the rates of pay since April 1, 1929.

For your information I am inclosing three memos. pertaining to service, wages and ages of the prevailing rates staff of the department as of June 1, 1934, and which may be of some interest.

Yours very truly,

F. G. BRONSKILL,
Chief Accountant.

Note: Statements similar to Appendices B, C and D.

DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

June 5, 1934.

V. C. PHELAN, Esq.,
Secretary, Advisory Committee on the Civil Service Superannuation Act,
Ottawa.

DEAR SIR,—With further reference to your letter of May 15, I am inclosing a memo. indicating the employees on prevailing rates, male and female, of the several classifications in the department as on June 1, 1934, which is supplementary to the memos. enclosed with my letter of May 29 last.

Yours very truly,

F. G. BRONSKILL,
Chief Accountant.

Note: Statement similar to Appendix B.

Appendix B

DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

CLASSIFICATIONS AND RATES OF PAY OF EMPLOYEES ON PREVAILING RATES AS AT MARCH 1, 1938

Printing Trades

Rate	Classification	Male	Female
\$			
19 00	Bindery Girl.....		58
22 00	Assistant Bindery Forewoman.....		1
30 00	Copyholder.....	15	
	Monotype Caster Runner.....	9	
	Pressfeeder.....	48	
	Binderyman.....	1	
40 00	Proofreader.....	14	
	Hand Compositor.....	82	
	Linotype Operator.....	25	
	Linotype Machinist.....	4	
	Monotype Machinist.....	1	
	Monotype Keyboard Operator.....	21	
	Monotype Casterman.....	4	
	Metal Casterman.....	2	
	Pressman.....	27	
	Bookbinder.....	28	
	Bindery Machine Operator.....	3	
	Paper Cutter.....	6	
	Folding Machine Operator.....	6	
	Ruling Machine Operator.....	5	
42 00	Stereotyper.....	4	
45 00	Assistant Foreman of Composition.....	3	
	Assistant Pressroom Foreman.....	1	
	Assistant Bindery Foreman.....	3	
	Supervising Proofreader.....	2	
	Floorman.....	3	
	Monotype Machinist in Charge.....	1	
		318	59
	<i>Exempted Classes</i>		
26 00	Chauffeur.....	1	
	Labourer.....	1	
28 00	Labourer.....	4	
30 00	Labourer.....	17	
	Chauffeur.....	5	
34 00	Painter.....	1	
35 00	Machinist's Helper.....	2	
	Electrician's Helper.....	3	
	Carpenter's Helper.....	2	
40 00	Machinist.....	2	
	Electrician.....	2	
	Carpenter.....	2	
	Plumber and Pipe Fitter.....	1	
45 00	Head Machinist (Foreman).....	1	
		44	

SUMMARY

	Male	Female	Total
Printing Trades.....	318	59	377
Exempted Classes.....	44	.....	44
Total.....	362	59	421

Appendix C

DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

AGE GROUPS OF EMPLOYEES ON PREVAILING RATES BASED ON THE YEAR 1938

Age Group	Male	Female	Total
21 to 25 years.....	1	3	4
26 to 30 ".....	10	3	13
31 to 35 ".....	17	5	22
36 to 40 ".....	50	13	63
41 to 45 ".....	67	6	73
46 to 50 ".....	83	9	92
51 to 55 ".....	43	6	49
56 to 60 ".....	43	4	47
61 to 65 ".....	29	8	37
66 ".....	4	2	6
67 ".....	9	.....	9
68 ".....	5	.....	5
69 ".....	1	.....	1
	362	59	421

Appendix D

DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

SERVICE GROUPS OF EMPLOYEES ON PREVAILING RATES AS AT MARCH 1, 1938

Service Groups	Male	Female	Total
5 years and under.....	43	6	49
6 to 10 years.....	29	8	37
11 to 15 ".....	57	6	63
16 to 20 ".....	53	6	59
21 to 25 ".....	83	15	98
26 to 30 ".....	65	5	70
31 to 35 ".....	23	6	29
36 to 40 ".....	4	3	7
41 to 45 ".....	4	2	6
46 ".....	.....	.....	.....
47 ".....	.....	1	1
48 ".....	.....	.....	.....
49 ".....	1	1	2
	362	59	421

Appendix E

DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

NOMINAL WEEKLY PAY ROLLS OF EMPLOYEES ON PREVAILING RATES AS AT MARCH 1, 1938

Number of Employees		Rate per week	Total	Number of Employees		Rate per week	Total
Male	Female			Male	Female		
		\$	\$			\$	\$
-	58	19 00	1,102 00	235	-	40 00	9,400 00
-	1	22 00	22 00	4	-	42 00	168 00
2	-	26 00	52 00	14	-	45 00	630 00
4	-	28 00	112 00				
95	-	30 00	2,850 00	362	59		\$14,615 00
1	-	34 00	34 00				
7	-	35 00	245 00				

Total employees, 421. Total amount, \$14,615.00.

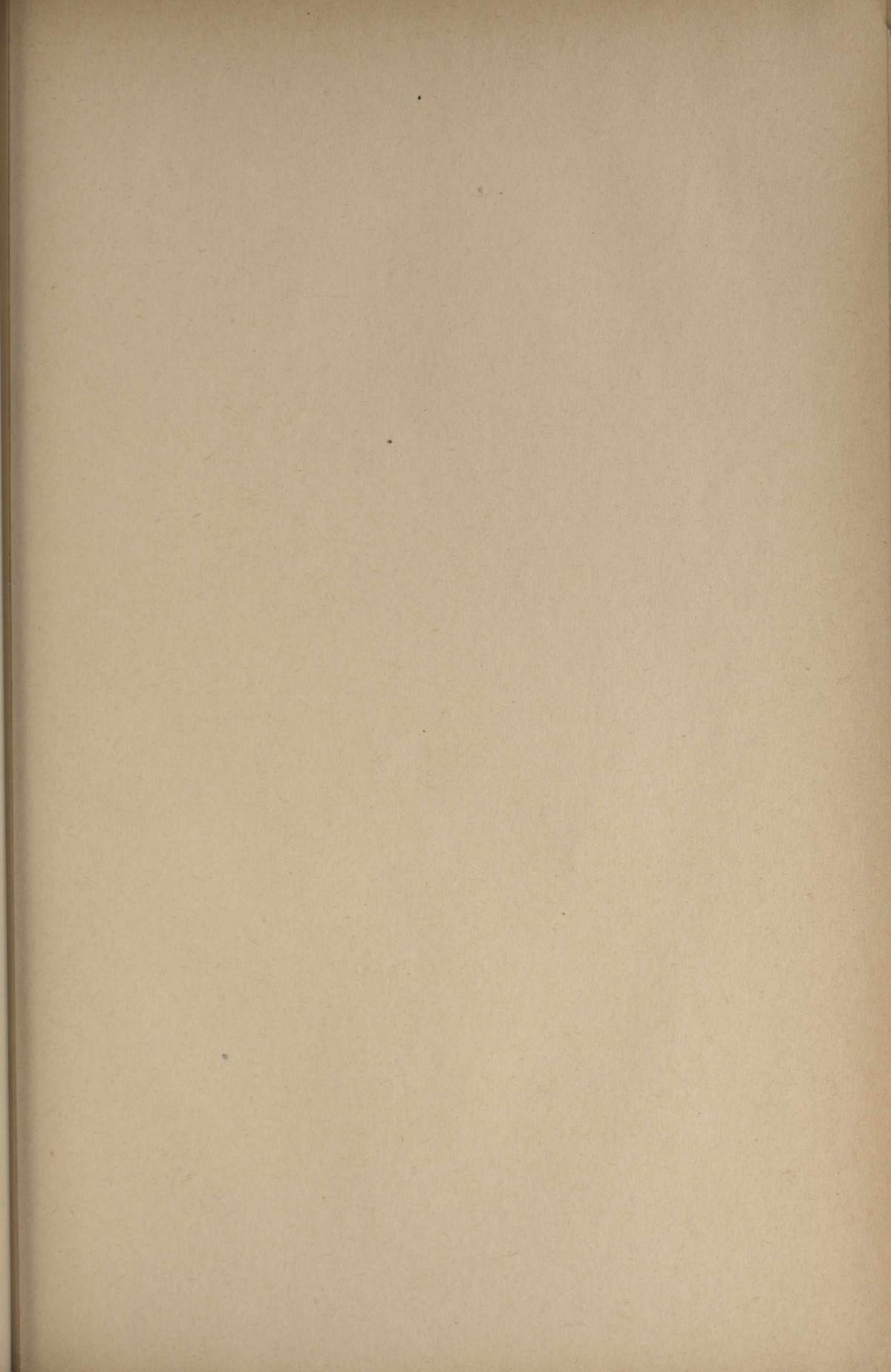
Appendix F

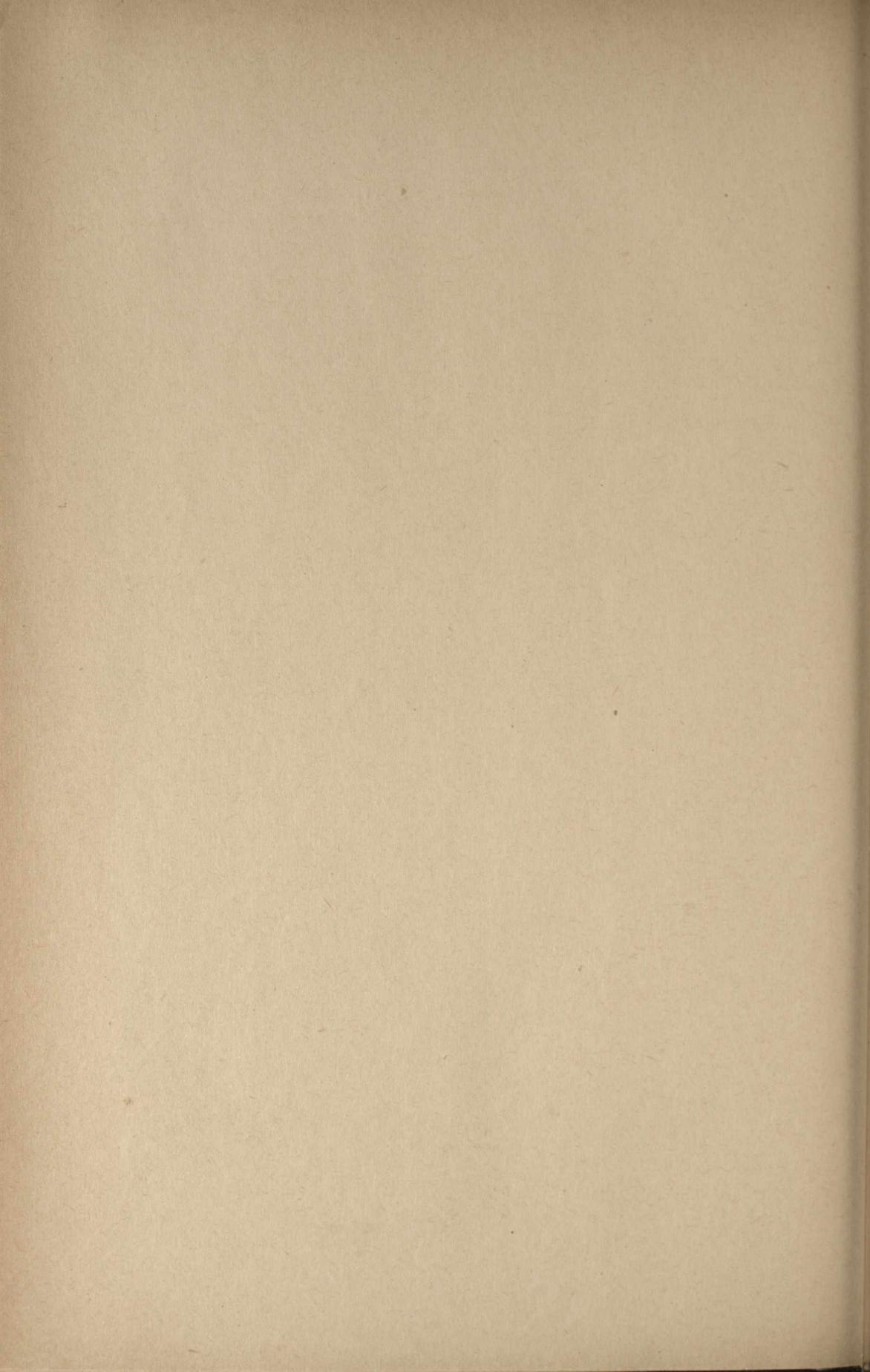
DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

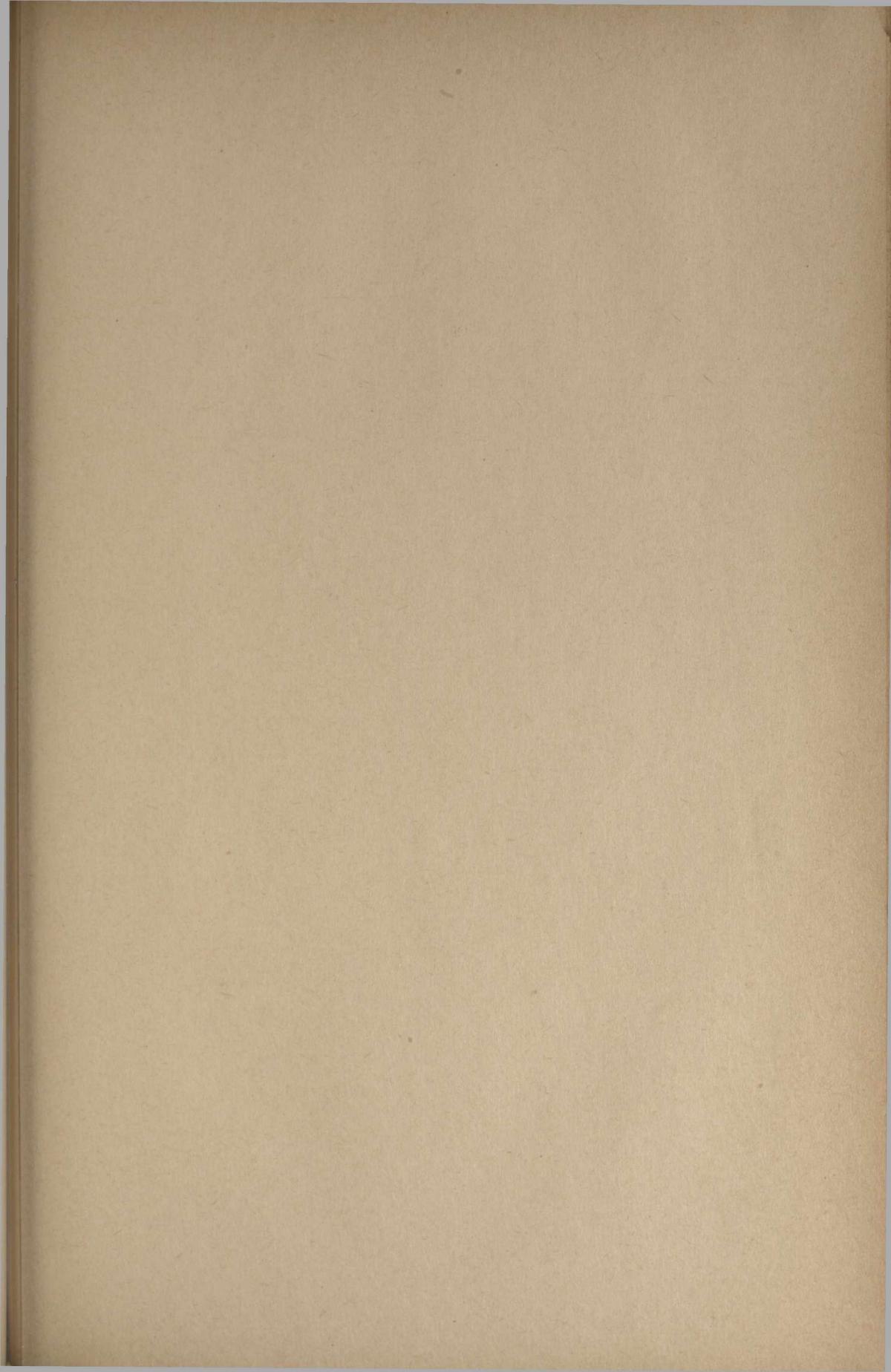
ESTIMATE OF ANNUAL CONTRIBUTION BY 421 EMPLOYEES ON PREVAILING RATES BASED ON NOMINAL PAY ROLL AS AT MARCH 1, 1938

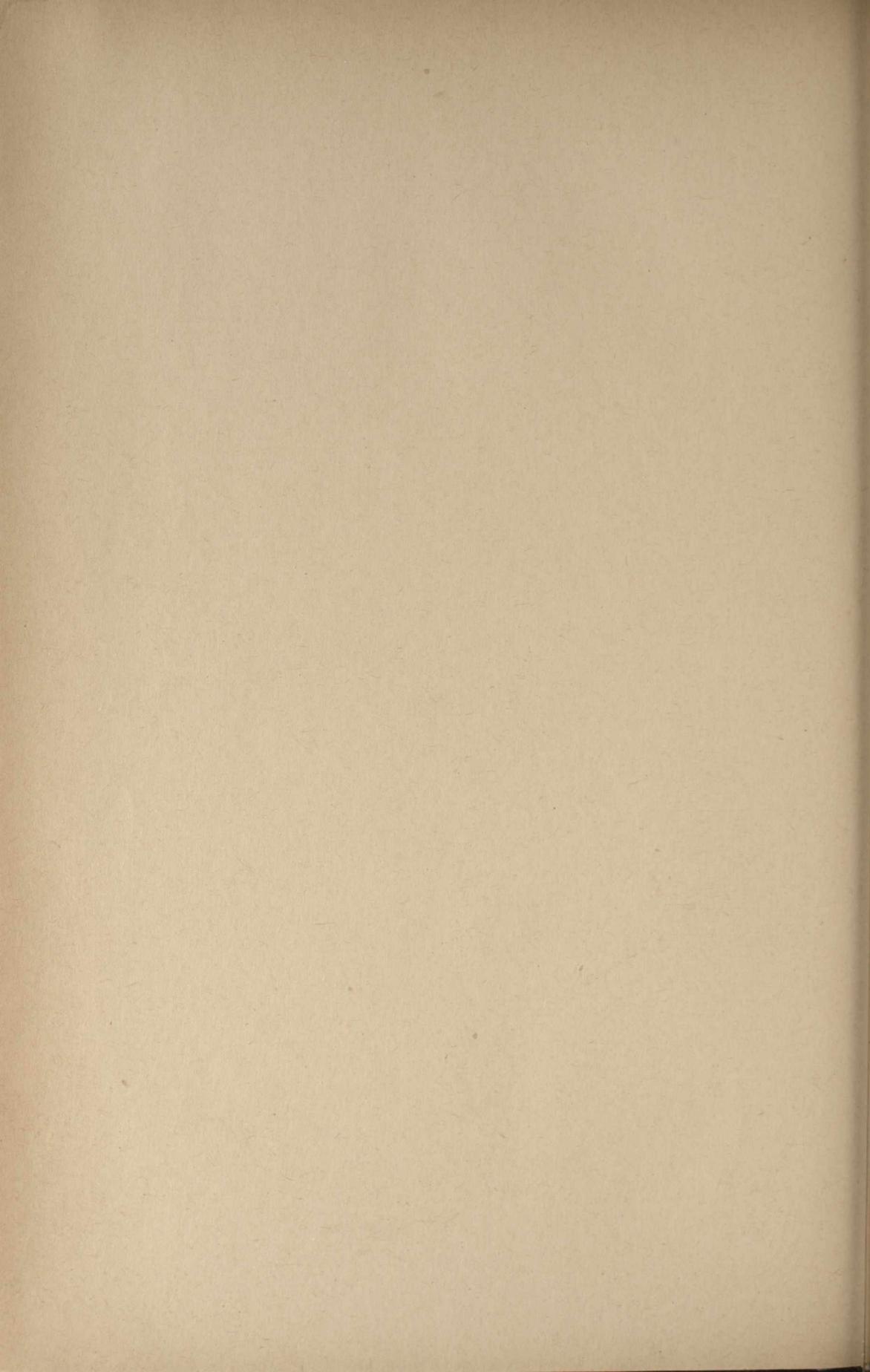
Nominal weekly pay roll.....	\$14,615 00
Nominal annual pay roll.....	\$759,980 00
Rate of contribution.....	5%
Estimated annual contribution.....	\$37,990 00

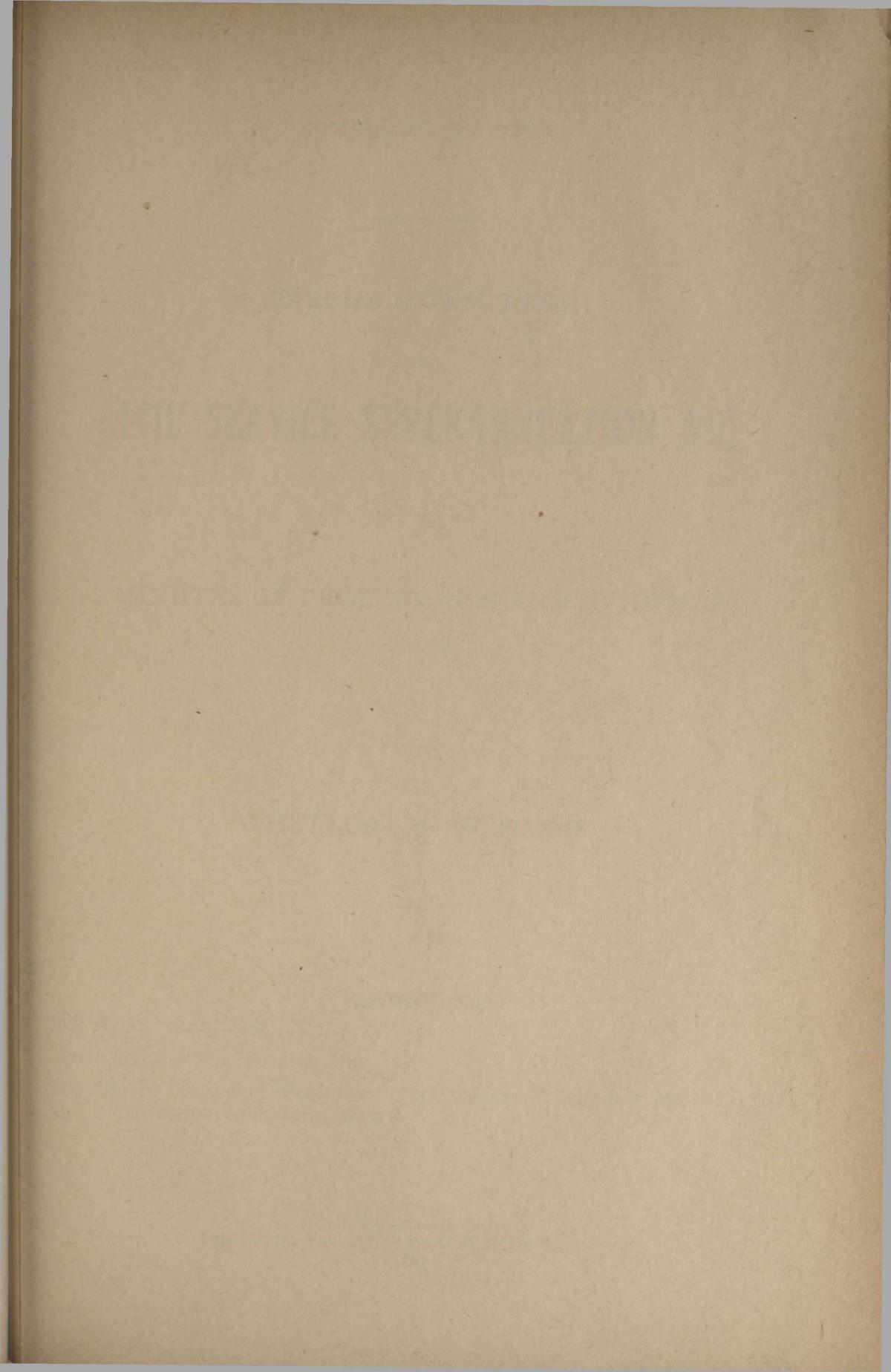
The known immediate cost to the Government would be a sum equivalent to the current contributions of the employees.

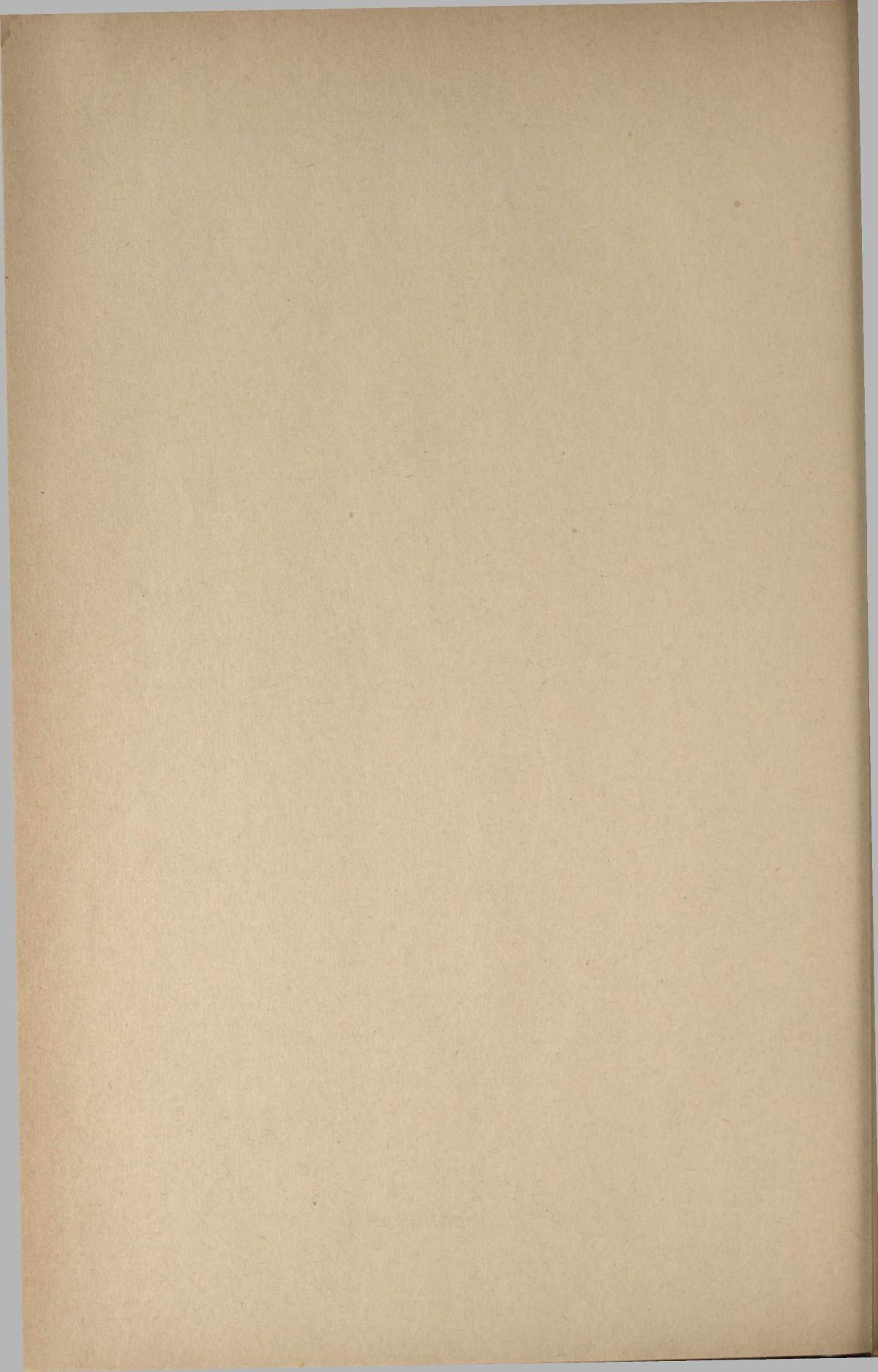












SESSION 1938
HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

CIVIL SERVICE SUPERANNUATION ACT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

THURSDAY, MAY 19, 1938

WITNESSES:

Mr. A. W. Neill, M.P.

Mr. Alex. Stewart, Ottawa, Ont.

Mr. Gerald Dennehy, President, The Dominion Railway Mail Clerks'
Federation, Winnipeg, Man.

OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1933

REPORT
HOUSE OF COMMONS

SPECIAL COMMITTEE

CIVIL SERVICE SUPERANNUATION ACT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

THURSDAY, MAY 12, 1922

WITNESSES

Mr. A. W. ...
Mr. ...
Mr. ...
Mr. ...

PRINTED BY THE ...
1922

MINUTES OF PROCEEDINGS

THURSDAY, May 19, 1938.

The Special Committee appointed to enquire into the terms and operation of the Civil Service Superannuation Act met this day at 11 a.m.

Mr. McLean (*Melfort*), the Chairman, presided.

Members present: Messrs. Anderson, Blanchette, Bradette, Davidson, Hansell, Heaps, McLean (*Melfort*), Mallette, Mutch, Pottier.

In attendance: Mr. A. W. Neill, M.P.; Mr. W. C. Ronson, Assistant Deputy Minister of Finance; Mr. G. L. Gullock, Chief of the Superannuation Branch, Department of Finance; Mr. V. C. Phelan, President of The Civil Service Federation of Canada; Miss E. L. Inglis, 1st President of the Civil Service Federation of Canada and of the Civil Service Association of Ottawa; Mr. J. C. G. Herwig, Assistant General Secretary of the Canadian Legion, B.E.S.L.; Mr. Gerald Dennehy, President and Mr. S. A. Thompson, 1st Vice-President, of the Dominion Railway Mail Clerks' Federation; Mr. Alex. Stewart, representing the Foremen and Assistant-Foremen of the Public Works Department, Ottawa, Ont.

Mr. A. W. Neill, M.P., appeared and made representations for the consideration of the Committee on behalf of Officers, Mates and Petty Officers of Government ships engaged on the Pacific Coast.

Mr. Alex. Stewart, representing the Foremen and Assistant-Foremen of the Public Works Department, of Ottawa, was called and sworn. He read a prepared statement, was questioned thereon and then retired.

Mr. Gerald Dennehy, President of The Dominion Railway Mail Clerks' Federation was also called and sworn. The witness read a prepared statement on behalf of the Federation, was questioned at length thereon and retired.

Mr. W. C. Ronson made a statement with respect to eligibility to the Superannuation Act.

The Chairman conveyed the thanks of the Committee to Mr. Neill, M.P., and Messrs. Stewart and Dennehy for their respective submissions.

The Chairman read a brief submission from the Canadian Postmasters' Association whereupon Mr. Mallette suggested and it was agreed that the Committee should express their appreciation for the courtesy extended by that association in addressing copies of their submission in both English and French.

The following corrections in the printed report were approved:—

In the minutes of proceedings of Tuesday, May 17, 1938:

Sixth paragraph, at the end of the line should read "and then retired."

Eleventh paragraph, the last word should read "presentations."

Page 113—2nd line from the bottom of page, substitute "submission" to the word "subdivision."

After some discussion, the Committee agreed that at its next meeting Mr. G. D. Finlayson, Superintendent of Insurance, be called as a witness.

At 12.55 p.m. the Committee adjourned to the call of the Chair.

ANTOINE CHASSÉ,

Clerk of the Committee.

Faint, illegible text, likely bleed-through from the reverse side of the page. The text is mirrored and difficult to decipher.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 497,

May 19, 1938

The Special Committee to inquire into the terms and operation of the Civil Service Superannuation Act met at 11 a.m. Mr. Malcolm McLean, the chairman, presided.

The CHAIRMAN: We have a quorum here this morning, gentlemen, and we shall proceed. Mr. Neill, M.P. is with us to present a brief on behalf of some employees in whom he is interested. We have a brief from the foreman and assistant foreman of the Public Works Department which will be presented by Mr. Stewart, at least, the communication is signed by him. When we finish these two briefs we shall take up the brief of the Dominion Railway Mail Clerks' Federation which will be presented by Mr. Dennehy and Mr. Thompson.

I shall now ask Mr. Neill to come forward and present his case.

Mr. A. W. NEILL, M.P. appeared.

The WITNESS: Mr. Chairman and gentlemen, I shall not detain you long, and before bringing forward the brief that I intend to put in later I should like to make one or two general remarks on some briefs that have been put in by other people.

In addition to the brief I shall present I should like to endorse some of the recommendations advocated by the various parties that have already appeared before you as follows:

The renewal of the opportunity for civil servants to come under superannuation. There is no question that quite a number of people were either misinformed or misinformed themselves as to the nature of the Superannuation Act when it was introduced, and they failed to take advantage of it. It is to the advantage of the scheme and of the service to have as many as possible join it, and I endorse the idea of giving them another opportunity.

As regards bringing those under prevailing rates: this is a perpetual source of trouble and always will be until adjusted.

I know where one man is looking forward in fifteen years to getting a comfortable superannuation and another man is looking forward in fifteen years to being thrown out with no superannuation, and it does not make for good work between them or good service. It is a perpetual source of trouble and nothing will be settled until it is adjusted.

I would suggest not so much changing it by way of bringing those under prevailing rates under the Act, but by making a material difference in what constitutes prevailing rates. It should be confined to people who work casually, such as labourers, mechanics and artisans, who work for a few weeks or months on one specific job and are certainly paid the prevailing rate, but cut out of that description those who work for a monthly wage all the year round and let them come under superannuation.

I am thinking of people who work 20 or 30 years in the service at a fixed monthly salary, and they are still on this fiction of prevailing-rate.

As regards the age of retirement: I would suggest that it should be optional, but not compulsory at 65, and final at 70, and I would even make it optional to the employee at 60, provided he has put in 35 years of service.

As regards the brief that I submitted to the secretary, I shall read it; it is quite short. I beg to submit the following for the consideration of your committee.

Officers, mates and petty officers of government ships:

There are only three items that I want to speak about. You will notice, Mr. Chairman and gentlemen, the people that I want to talk about are small in number, and therefore cannot make themselves sufficiently vocal, the same as some big civil service associations, but their grievance is equally important to them—

I suggest that the provisions of section 57, chapter 22, R.S. Canada, 1927, be amended to allow the above people to come under the Civil Service Act on stated annual salaries, or that the Civil Service Superannuation Act be amended to allow them to get superannuation without being under the Civil Service Act, and also enable them to have the usual annual vacation leave. I have heard of one civil servant giving evidence here—I do not know whether he said it here, but it was reported that he said it here—if these masters and mates were allowed to be put on a stated annual salary then they would automatically come under the Act. That is not so. Here is what the Act says:—

The provisions of this Act shall not apply to positions in connection with the government railways or to any position on any ship of His Majesty.

Why they put that in no one knows. The Act needs to be changed, and it is right it should be changed.

These men have to maintain a home on shore and their salaries do not allow them to set aside anything against the retirement age of 65.

The superannuation principle is recognized through almost the whole service of Canada and the big shipping companies have provision for superannuating their employees, and there is no doubt that if we granted it, it would encourage men to take up the government shipping service as a profession and stay with it.

I am more particularly alluding to the Pacific coast, where men are on duty twelve months in the year. On the Atlantic coast they do not work for the full year, but they do on the Pacific coast, and there is always a constant temptation to leave the government service and take positions with some of the local shipping companies, because they get superannuation and annual leave. On the government boats they do not even give these men annual vacations.

The men petitioned for this some years ago, and again last year and it seemed to receive the favourable consideration of the heads of the various departments concerned, the Ministers of Transport and Fisheries, and the Secretary of State. They have endorsed it. I shall file the petition which they put in. It is only a short one. I shall leave it with the committee. It was signed by everybody concerned and it states very much what I have stated here. That is the end of my presentation in regard to that matter.

I now come to the next one, telegraph linesmen.

These are men employed the year round to maintain the telegraph lines on the Pacific coast. These lines run in the most remote places because the government gets the remote lines and the good lines are all taken over by some local company. These men are men who are away from headquarters; they have to go from home for days at a time working on the line, and under the system

[Mr. A. W. Neill, M.P.]

under which they work they are called telegraph linesmen. They probably classify as prevailing rates although they receive a fixed salary paid monthly, year after year; but they are prevented from getting superannuation, because they have been excluded by order in council from coming under the Act.

Telegraphists, who were on the same basis, have just recently been placed by their department upon a stated annual salary and allowed to come under the Superannuation Act. Sometimes these linesmen are telegraphists. They put up a line when it is down and take in the messages received; or when he is away his wife does it. I suggest that the linesmen should be allowed to do the same thing as the telegraphists have done. The reason why these linesmen do not come under the Act is that a regulation made by order in council expressly excluded them from coming under the Act. I think that was due to a mistake. Sometimes the two used to overlap, a man may be both an operator and a linesman.

For some unknown reason, on the recommendation of the Civil Service Commission, under the provisions of what is now section 59 of chapter 22 R.S. Canada, the government passed an order in council, No. 1053 June 29, 1922, by which they specifically excluded linesmen from coming under the provisions of the Civil Service Act. It just says that they and some other classes were excluded. It does not give any reason whatever for the exclusion. There does not seem to be any reason given then, or any existing now, why this was done and I am wondering whether there has not been a mistake in the meaning of the word and that the linesmen therein referred to were part-time men employed on the canals as linesmen, which means "taking the lines from ships and tying them up." I believe they are called linesmen. They work only five or six months in the year. I am just wondering whether there was not a mistake in the language and that the word "linesmen" was inadvertently applied to these men I am talking about on the Pacific coast, and whether what was really intended was these canal attendants; whereas linesmen in British Columbia of whom I speak, are men having charge of and maintaining the telegraph lines through the bush. Their duties are so closely allied to that of telegraphists and they are employed the year round, that I suggest they should be allowed to come under the Act and be given stated annual salaries.

When I appeared before this committee two years ago along with Mr. Knowles of the Amalgamated Civil Servants Association, we were asking that superannuation should be given to telegraphists. That has now been done very satisfactorily. We had the spectacle of men and women who have worked for 30 years and are going to be thrown out without any superannuation. That has been adjusted and it is right. The three classes for whom I bespeak the sympathy of the committee, the masters, mates and linesmen, are very few in number. The cost would be very small indeed and the result would be that we as the public would get better service from these people.

By Mr. Pottier:

Q. I do not just quite get your point, that you could give these masters and mates superannuation without amending the Civil Service Act.—A. You have to amend it. The Act will have to be amended because it expressly excludes them. That is the trouble. You cannot put them under the Superannuation Act without amending it. It would have to be in the form, I presume, of a recommendation of your committee that the Civil Service Act be amended.

Q. The submission, then, in the first instance would be one for the civil service committee. I want to get this right.—A. Yes.

Q. Rather than to the superannuation committee. Am I right in that?—A. Yes.

Q. There are a number of these on the Atlantic, and I have much sympathy for them.—A. Yes. Well, it would be a recommendation to the government in

order to allow these men to come under the Superannuation Act, which I believe is right. I believe that the Civil Service Act should be amended; section 57 should be amended. I should like somebody to tell us why these two exclusions were put in.

Q. When were they first put in? This is not the first Act; this is a consolidating Act.—A. The one about the masters and mates appears to be put in in 1920; the other one was put in by order in council, as I mentioned, dated June 29, 1922. That was just after the Civil Service Commission was started, and then they excluded a number of lines that they thought would be too difficult to handle because their work was intermittent; but these men are not intermittent. They work permanently the year round. I know people who have been on these jobs for 35 years, and if we want to keep these men, particularly the masters and mates, to bring up a line of men that will stay by us, we have got to do something for them, because the C.P.R. and the Union Shipping Company say to them, "if you come over with us we will give you annual leave and superannuation."

Q. Did you appear before the civil service committee?—A. No; I am going to try to do so.

The CHAIRMAN: Are there any other questions to ask Mr. Neill? If not, I should like to ask him a question.

By the Chairman:

Q. Your proposal would include the chief officers and the petty officers?—A. I would go down that far, because it would prevent an answer being made that there are so many transients that it would be difficult to handle. I would limit it to the masters and mates, officers, and cooks, quartermasters, etc., what you would call petty officers.

Q. Men of that character?—A. Men of that character, anyone with the rank of an officer or above a seaman.

Q. The permanent men?—A. Yes, because the question may arise, if you include able seamen, that these men are more or less transients. They might be brought in later. The others are not.

Q. In the second paragraph of your presentation you say this, "these men have to maintain a home on shore and their salaries do not allow them to set aside anything against the retirement age of 65." Does that mean they would be asking for an increase of pay before they would be able to set aside anything?—A. No; I am just drawing attention to the fact that the man on the ship who keeps a wife and family in town has a greater expense than the chap who does not.

Q. Under this arrangement that you speak of they would have to pay at least 5 per cent—A. Yes; they are willing to pay that.

Q.: And it would be a means of compelling them to save the 5 per cent?—A. Yes, and they are not able to set aside such a sum on their present wages as would give them a superannuation.

By Mr. Mutch:

Q. Five per cent would not mean anything.—A. Five per cent would hardly be noticed, but they are able to pay and are willing to pay.

Q. Are we short of men on these boats at the present time?—A. No; we have good men, men who served during the war and who have nothing to look forward to in five or ten years when they are thrown out, and a seaman out of a job cannot do anything else.

Q. Has the service been running short of men?—A. Oh, no; competition is such that we can always get men, but we want to keep the men we have in the government service; we want to keep the best men, not reluctant men, not men who cannot get any other work.

[Mr. A. W. Neill, M.P.]

Q. Then, is your suggestion that the wages are very bad at the present time?—A. No, I would not suggest that. What is the real purpose of the Superannuation Act? The real purpose is to keep and retain good people. We have men who do their work well and put in long hours at it on these boats on the Pacific coast. They have to work long hours in order to get the work done.

Q. Have you any information about the number of officers and petty officers?—A. It is recorded in the petition that was presented to the Prime Minister. I am just guessing, but I should think the number would be something like 100. It is all recorded in the petition.

Q. I have one more question.—A. I am speaking of the Pacific coast, which is the only thing I know about.

Q. I have one more question in connection with the telegraph linesmen. In your brief you say: "Sometimes the two overlap, a man may be both an operator and a linesman." Can you tell us how such a man would be classified under the Superannuation Act?—A. My point was this: when the Civil Service Commission ordered a classification of telegraph people in order to put them under the Act it was discovered they had about 13 classes, and on account of the wording of the Act some were classified as agent operators or agent something-else. There were a lot of classification names, and some were not properly classified. Sometimes a man would be classified as an operator linesman, sometimes he would be classified as an agent linesman. That meant he had to keep up 15 miles of line and also that he at times took in telegraph messages, very often by phone, that came along. Then, when the Civil Service Commission classified these people they had to draw the line somewhere, and they drew it. They put in so many people under agents. Anyone that had the name of agent at the beginning of their title were classified as telegraphists, and those who were not were simply classified as linesmen. They had nothing to do but the upkeep of these lines. They are political appointees and they have no stability of tenure or anything else.

Q. So that there is no deliberation of the classification here in regard to a man who would be classified as an operator?—A. No; there is a line drawn, above which they are all superannuations now, and below which there are none; and the Civil Service Act uses the words "linesmen exempted from the Act," God knows why.

Q. They do not do the two kinds of jobs?—A. No; they will have to be classified in a dual sort of way.

Q. But they might still be doing the two types of work?—A. If he is an agent linesman he is classified as an agent now, because he does agent's work. There are a few men who do nothing but linesmen's work and therefore they could not get in.

Q. None of these men are doing operators' work?—A. No, one of these for whom I am appealing, otherwise they would not be appealing, they would be under the telegraphists; telegraphists and operators are the same.

Q. That paragraph with regard to overlapping.—A. They do not overlap now; they used to.

The CHAIRMAN: Are there any other questions to ask Mr. Neill? If not we shall thank him for the very concise way in which he has given his evidence and the very short time he has occupied.

The WITNESS: Thank you, gentlemen.

The CHAIRMAN: The next brief we are to hear is from the foreman and assistant foreman of the Public Works Department. The brief is signed by Mr. Stewart.

Mr. ALEX STEWART, called and sworn.

The WITNESS: I am not going to take up much of your time in reiterating all that has been said about prevailing rates; that has been pretty well covered by others. The foremen and the assistant foremen of the Public Works Department pray that they may be brought within the purview of the Civil Service and Civil Service Superannuation Acts, on a footing with other civil servants as regards superannuation, and, in so far as they may reasonably be made to apply, other incidents of the said Acts.

In support of such prayer, they respectfully request that the following representations be given due consideration. The petitioners herein base their request upon—among others—the following important grounds:—

1. *The Nature of the Work*

The foremen have clerical duties to perform. In the course of their regular employment, or at the request of the Superintendent of Government Buildings, or Chief Architect, they are often called upon to prepare and submit estimates of cost, and reports on requirements or work done, and to carry on inspectorial work with attendant oral and written reports.

2. *The Responsibility Involved*

A foreman's responsibilities will compare with branch heads in other departments, not only in managing, directing, and supervising his staff, but also in the carrying out of the government's policy of curtailing expenditure.

3. *Social Justice*

It is now more than ever recognized that, as a matter of social justice, provision for the superannuation of employees of long standing is an essential factor in any well organized industry. Yet, in the Public Works Department, foremen with over 15 and 25 years of faithful and continuous service will soon be retired without any kind of pension for their old age.

4. *Anomaly Rectified*

Under the present system, foremen are debarred from departmental promotion because they do not come within the purview of the Civil Service Act. It has happened more than once that a foreman who by his experience and special qualifications, would have been the logical man, and the best man from an efficiency viewpoint, to appoint to an important position, but his appointment has been denied, due to the rules governing civil service promotion. By granting the present request that anomaly will be rectified.

5. At the government Printing Bureau, where a system of prevailing rates is applied, the foremen come within the provisions of the civil service and Civil Service Acts, and when a man is promoted to the ranks of foreman he automatically is brought under the purview of the said Acts.

We therefore respectfully submit, that on account of the nature of our work; the importance of our responsibilities; as a matter of justice in conformity with the best practice, and as a means of securing greater efficiency, we, the foremen and assistant foremen should be blanketed under the provisions of the civil service and Civil Service Acts, in so far as these may be made to apply.

The CHAIRMAN: Are there any questions to ask Mr. Stewart?

By Mr. Bradette:

Q. In section 1 you say, "the foremen have clerical duties to perform in the regular course of their employment, or at the request of the Superintendent of Government Buildings, or the Chief Architect, they are often called upon to

[Mr. Alex. Stewart.]

prepare and submit estimates of cost, and reports on requirements or work done." These duties fall upon you as part of your work as foreman, because you are the man on the ground. Because of that the engineers are bound to get these reports from you as to your work. You do not want that special work?—A. I would say this, the foreman usually makes the estimates and someone else signs them and gets the credit for them.

Q. The engineer cannot be with you all the time. You do the work as foreman, and naturally the department would expect you to be able to handle some of these reports or else you would not be in the position as foreman.—A. They naturally expect we are able to do that, and we are able to do it.

Q. You would be qualified because you are the man on the ground?—A. That is correct, sir.

Q. Then, in section 4 you say: "Anomaly rectified—but his appointment has been denied due to the rules governing civil service promotion. By granting the present request, that anomaly will be rectified." I believe, Mr. Chairman, that that should go to the civil service committee rather than to the superannuation committee. That is what I would advise Mr. Stewart. I would advise that he take this request to the civil service committee rather than the superannuation committee.

Mr. MUTCH: His suggestion is that superannuation would remove that. That anomaly would be removed if the suggestion was adopted.

The WITNESS: Yes, it would be corrected by bringing us under the Superannuation Act.

By Mr. Hansell:

Q. Can you suggest what reason there is for the foremen of the Printing Bureau to be under the Civil Service Act and those outside not?—A. Well, I could not tell you the reason for that, sir.

Q. Is the Printing Bureau a larger department?—A. Yes, I think there would be more men employed in the printing department than there is in the Public Works Department.

Q. It seems strange it should apply to one department alone.—A. These are the things that we would like rectified.

By Mr. Bradette:

Q. Do you mean also that a foreman in the Bureau has been able to graduate to higher classes in the service?—A. Yes, they have under special conditions. Actually, if a position in clerical work becomes vacant and a prevailing rate individual applied he would be told he was not eligible; but if a clerk who has never had any building experience applied, under the Civil Service Act he could apply, and probably would get the job, that is all.

Q. Due to some lack of clerical knowledge, that would be for the Civil Service Commission to decide—

Mr. MUTCH: I know there is a rule in the Civil Service Commission that a temporary employee is debarred from applying for these jobs.

Mr. BRADETTE: These people are not temporary, they are permanent.

Mr. MUTCH: The same rules apply.

The WITNESS: There are people who have been employed there steadily for 35 years.

By Mr. Mutch:

Q. The rule affecting temporaries within the civil service is used against you?—A. That is the prevailing rate men, yes.

Q. That is your point.

By Mr. Hansell:

Q. How many would be affected?—A. Eight foremen in Ottawa, four assistant foremen, four foremen in Montreal and two in Toronto.

Q. A total of fourteen foremen and four assistant foremen?—A. Yes.

By Mr. Mallette:

Q. Are there not other foremen in other parts of the dominion doing such work as this?—A. They employ foremen when they require them, temporary.

By Mr. Hansell:

Q. Why would you make a distinction between foremen and other employees that are full-time employees?—A. I would not make any distinction.

Q. Men who have been employed for five or ten years and who may not be foremen.—A. I would not make any distinction. At the present time I am representing the foremen. The other men have men to represent them.

Mr. MUTCH: A separate organization.

By Mr. Pottier:

Q. How old is your organization? You have an organization?—A. The foremen have their own organization. The Public Works men have an organization but the foremen do not belong to it.

By Mr. Mallette:

Q. Then you are formed just for this purpose?—A. Yes, just for this purpose.

Mr. BRADETTE: We want to be able to deal with section 4 in the brief, you see.

The CHAIRMAN: I think nearly every section of this brief applies particularly to the Civil Service Act. He requests it to come under the Civil Service Act, with the exception of the request in section 5, the matter of social justice. Does this apply only to foremen steadily employed all the year round?

The WITNESS: Yes.

The CHAIRMAN: These men are employed all the year?

The WITNESS: Yes.

The CHAIRMAN: The other requests made here I think would be better made to the committee on civil service. Unquestionably we can deal with the request with regard to superannuation, section 3.

The WITNESS: That is the main thing to us, sir.

The CHAIRMAN: That is your main request?

The WITNESS: Yes.

The CHAIRMAN: Are there any other questions?

By Mr. Mutch:

Q. This petition has not gone to the other committee?—A. No, sir.

Q. You have two strings to your bow?—A. It has gone to other committees in former years, but this is as far as it has got, anyway.

Mr. HANSELL: They might interpret their responsibility the other way around.

By the Chairman:

Section 3 is the important section in your brief?—A. That is the important section.

[Mr. Alex. Stewart.]

The CHAIRMAN: We have power to deal with that.

Mr. RONSON: Yes.

Mr. HANSELL: The other suggestions in Mr. Stewart's brief involve amendments to the Civil Service Act. There is a civil service committee of the House of Commons sitting at the present time which is dealing with civil service matters. Would it not be well for the chairman, with the approval of this committee, to forward these recommendations to the other committee, so that they may deal with them, rather than wait for our recommendaion?

The CHAIRMAN: We can do that, Mr. Hansell, or Mr. Stewart can do it directly. One clause of the brief, I understand, contains an important request, and it can be dealt with by this committee.

Mr. HANSELL: It really comes within the jurisdiction of this committee?

The CHAIRMAN: The really important section has to do with superannuation. That comes within our jurisdiction, and Mr. Stewart and his associates can present the others to the other committee.

Mr. MUTCH: If our recommendation in respect to No. 3 is favourable, the others are automatically fixed.

The CHAIRMAN: No, not fixed.

Mr. MUTCH: If they come within the Superannuation Act?

The CHAIRMAN: No, it would not affect the others; it would not affect No. 3, anyhow.

Mr. MUTCH: You can hardly bring them under the Superannuation Act without bringing them within the Civil Service Commission.

The CHAIRMAN: Even if you brought them within the Civil Service Act the Superannuation Act would have to be dealt with, would it not? I think it boils down to the fact we will have to consider particularly the request made in No. 3. If there are no other questions I think Mr. Stewart can retire. He has presented his case quite clearly and the brief is explicit. Thank you.

The Witness retired.

Mr. RONSON: There seems to be a misapprehension which is quite general. I noticed a number of witnesses referred to it, that is eligibility under the Superannuation Act is dependent upon the application of the Civil Service Act. Now, that is incorrect. There are hundreds of people under the Superannuation Act to whom the Civil Service Act does not apply at all. There are certain requirements under the Superannuation Act, permanency and a salary of at least \$600 a year and above that. The application of the Civil Service Act is not a requirement of the Superannuation Act.

Mr. POTTIER: For example, these foremen could come under the Superannuation Act without being made part of the—

Mr. RONSON: Quite so, if they complied with the requirements of the Superannuation Act. They do not have to come under the Civil Service Act.

Mr. BRADETTE: How would you deal with section 4 of this brief? I believe the previous witness has a case to place before the civil service committee of the House of Commons.

Mr. MUTCH: In view of that statesment by Mr. Ronson it is perfectly clear.

Mr. BRADETTE: I am asking this for my information, and perhaps Mr. Stewart's information.

Mr. RONSON: That is the section referring to their being debarred from promotion?

Mr. BRADETTE: Yes.

Mr. RONSON: That is exclusively a civil service question and has no connection with the Superannuation Act.

Mr. BRADETTE: If Mr. Stewart appears before the civil service committee of the House of Commons they may have that rectified.

Mr. RONSON: As I heard the chairman read the section, it is only section 3 that applies to this committee.

Mr. BRADETTE: I just want to get information with regard to Mr. Stewart's brief. How can he deal with section 4, the removal of the anomaly, through the Civil Service Act?

Mr. RONSON: Subject to your view, I suppose, that is something that should be reported to the civil service committee, not to you people at all.

Mr. POTTIER: Mr. Neill is not here now, but I should like to get the record clear. He made a statement, as I understood it, that petty officers and other officers could not come under the Superannuation Act without coming under the Civil Service Act.

Mr. RONSON: That is a misapprehension that a lot of people seem to have.

The CHAIRMAN: We shall now hear from the Dominion Railway Mail Clerks' Federation. A brief will be presented by Mr. Dennehy, dominion president, assisted by Mr. Thompson, first vice-president.

Mr. GERALD DENNEHY, president, Dominion Railway Mail Clerks Federation, called and sworn.

Mr. F. A. THOMPSON, first vice-president, Dominion Railway Mail Clerks' Federation, called and sworn.

The CHAIRMAN: We will now hear from Mr. Dennehy.

Mr. DENNEHY: I want to thank you very much for giving us the opportunity to come before you to present our brief. Mr. Chairman and members of the committee, I want to say we believe that the 1924 Superannuation Act is an excellent piece of legislation, but nevertheless it admits of improvement. We are making certain proposals in our brief here for your consideration. May I read the brief?

The CHAIRMAN: That will be quite all right.

The WITNESS: Mr. Chairman and members of the committee, on behalf of the Federation of Railway Mail Clerks of Canada, the undersigned wish to submit the following:

Firstly. A request that the Superannuation Act of 1924 be reopened in order that those who had the option of coming under the Act and did not avail themselves of it should have another opportunity to do so; as the conditions brought about by the lowering of the interest rate from 5 per cent to 4 per cent would warrant this action. (See Index 1.)

Mr. BRADETTE: Is it possible to have the indices read as we go along? I think that would be the best way.

Mr. MUTCH: Yes; let us deal with one question at a time.

The CHAIRMAN: All right.

The WITNESS: Index 1. Reopening of the Act.

We submit that the reduction from 5 to 4 per cent of the interest rate of the Retirement Fund should in itself warrant a reopening of the Superannuation Act.

During the period of election to come under the Act railway mail clerks in the majority of cases had the option of electing to come under the Superannuation Act or remaining under the Retirement Act. The latter choice, by virtue of their own contributions, plus the prevailing rate of interest of 5 per cent thereon,

would purchase an annuity at retirement age of 65 years comparable with the superannuation allowance at retirement at the same age, or would allow the retirement accumulations to be invested as conditions would then warrant. By the government's action in lowering the interest rate, many of our men who elected to stay under the Retirement Fund lose between \$2,000 and \$3,000 when they reach retirement age of 65. It may be pointed out that no warning was evident of a possible reduction in interest; in fact interest rates mounted for some time after the Act was closed. Thus it will be seen that the rigidity of contract was hardly compatible with the arbitrary lowering of the interest rate and this latter was a major consideration in election to come under the Act. It may be pertinent to mention that the retirement age of 65 was not an inducement to us as a class to elect to come under the Act, as evidenced by the fact that 30 per cent of railway mail clerks are at present under the Retirement Act, as compared with about 16 per cent of the service as a whole.

By Mr. Pottier:

Q. How many men do you represent?—A. We have approximately 1,200 men in our service, sir, and about 95 per cent of them belong to our federation, are members of our federation.

By Mr. Hansell:

Q. What do you mean by "as a class" there?—A. As railway mail clerks. That will be explained in the other section. May I go on, Mr. Chairman?

The CHAIRMAN: Perhaps we might deal with index 1 before going on.

By the Chairman:

Q. Do you mean to say the lowering of the interest rate under the Superannuation Act from 5 per cent to 4 per cent would amount to a loss of between \$2,000 and \$3,000 on the part of these men?—A. In certain cases, sir, yes.

Q. Have you any figures to indicate that?—A. Figures will really come under index 2.

Q. You amplify this argument in the next section?—A. Yes, to quite an extent, because that will be taken in conjunction with the first clause, when we die younger—the whole thing will be amplified in index 2.

Q. This loss of \$2,000 to \$3,000?—A. Not particularly that argument. There is a certain relation to it in index 2.

Q. Have you got anything definite to indicate how you calculate that loss?—A. On a computation of men who come into our service at approximately 18 or 20 years of age, anywhere between 1908 and 1912, and when you figure out the accumulation in the retirement fund and the reductions that have been made, for 25 or 35 years, a matter of reduction of from 5 per cent to 4 per cent, it gives you an amount in the majority of cases of around \$2,000.

Q. You have no sample cases showing that 1 per cent reduction in interest would amount to between \$2,000 and \$3,000 in 35 years?—A. Not at hand, sir, no.

Mr. MUTCH: It is easily checkable.

The CHAIRMAN: Yes, but it does not look reasonable to me, but I may be all wrong on it.

The WITNESS: It would depend upon the accumulation in the fund, how much was in the retirement fund.

The CHAIRMAN: No; it would only depend on the difference in interest between 5 per cent and 4 per cent on the contributions of the men plus the contribution of the government or the contribution of the men alone.

Mr. RONSON: Yes, the men alone.

Mr. GULLOCK: There is no contribution by the government in the retirement fund.

The CHAIRMAN: That would be 1 per cent on the contribution of the men alone over a period of 34 years.

The WITNESS: Take a man who had \$2,500 in the retirement fund and it was earning 5 per cent thereon, and he had 35 years' service, and a reduction from 5 per cent to 4 per cent over a 35 year period, you will find that the reduction will be approximately \$2,000. There would be that difference in the total aggregate accumulations at the end of the 35 years.

The CHAIRMAN: Let us straighten that out while we are here, because the claim is made very definitely. Suppose a man had \$3,500 in the retirement fund after 35 years' service and then the interest was cut from 5 per cent to 4 per cent. What difference would it make annually?

Mr. RONSON: \$35.

The CHAIRMAN: After the change was made—

Mr. POTTIER: If you went down to ten years it would be \$350.

The CHAIRMAN: The interest would not be on the \$3,500; the interest would be on the sum accumulated at the time the reduction was made.

Mr. MALLETTE: It is not as simple as it looks. There are deposits year after year, and salary increases and so on have to be taken into consideration.

The WITNESS: I think, if you will allow me, sir—

Mr. MALLETTE: It should be figured out. \$3,000 seems to be a lot.

Mr. POTTIER: I take it to be only a general statement, and not a specific one.

The WITNESS: Yes, that is all.

The CHAIRMAN: That is what I tried to show, but it is made specifically here. This is what it says: "by the government's action in lowering the interest rate, many of our men who elected to stay under the retirement fund lose between \$2,000 and \$3,000 when they reach retirement age of 65."

Mr. BRADETTE: It is very important to go down to the bottom of this, because it will be a great injustice if these men actually lose that amount of money. It is very important to have definite figures on that.

Mr. MUTCH: The only way you can get definite figures is to take some man's earnings with the regular increases and work it out.

Mr. POTTIER: Perhaps Mr. Dennehy will be good enough to have that worked out.

The WITNESS: I was going to suggest to the chairman that I would be willing to do that.

Mr. MALLETTE: He can send it in either to-morrow or the next day.

The CHAIRMAN: It is either incorrect or correct, because figures don't lie. I should like to know what it is, but we can go on with the next paragraph.

Mr. POTTIER: It is understood we will have the memorandum?

The WITNESS: Yes, sir.

Secondly. A request that an optional retirement at 60 years of age be established for railway mail clerks, on the grounds that entirely different conditions prevail in our service as compared with the general body of civil servants and that—as is exhibited in index 2—it would be equitable from an actuarial standpoint.

Index 2. Optional retirement at 60 years of age for railway mail clerks.

It has been suggested that the railway mail clerks should be given the option to retire at an earlier age than the other members of the civil servants of the Dominion of Canada. In order to ascertain whether there is any statistical basis for this contention, it will be necessary to compare the actual experience of the railway mail clerks with the general body of civil servants.

The railway mail clerks who were members of the Railway Mail Clerks' Benevolent Association for the period June 30, 1932 to June 30, 1937, had a

[Mr. Gerald Dennehy.]

total of 42 deaths in the age group up to and including 65. From this exposure the first five years of service and corresponding deaths were excluded. (Note that there were over 1,000 members in this association, being over 90 per cent of those eligible.) Comparing this body with the Canadian men's ultimate table, based upon the experience of Canadian Life companies during the years 1900 to 1915 and considered a standard table in Canada to-day, the association should have experienced 40.05 deaths. The actual ratio was, therefore, 104.9 per cent.

The experience of the body of males who were included under the Civil Service Superannuation Act 1924, of which body the railway mail clerks form a part, was investigated for the years 1924-31 and it is our deduction that had these mortality rates been experienced by the railway mail clerks in the Benevolent Association, there would have been 32.59 deaths in place of 42 actually. The ratio is thus 128.9 per cent. The foregoing indicates rather definitely that the railway mail clerks as a body experience a heavier rate of mortality than do the general body of male civil servants. Whilst there is no certainty that this heavier mortality would continue to be experienced when these lives become pensioners, it seems logical to expect that it will. This would mean that these men as a class will live to receive less annuity payments than the general body. It also means that as they are paying the same contributions as other civil servants, an earlier retirement would simply compensate them for the shorter time they would live to receive pension payments.

It may be noted that the time investigated, 1932-37, does not cover the same period as that of the civil servants 1924-31. This, however, is an added point in favour of the railway mail clerks, for mortality has in general been decreasing so that the 42 deaths of 1932-37 would likely be an even greater percentage of the mortality of the civil servants generally for the corresponding years.

A further point to be noted in this connection is that life insurance companies charge railway mail clerks for disability benefits 50 per cent more than for standard lives, *such as postal clerks*. Similarly the premium for accidental death benefits in conjunction with life policies costs the railway mail clerks 50 per cent more than such benefits sold to *postal clerks*.

It may be of interest to consider the railway mail clerks of the United States, whose conditions of service should be much the same, although possibly slightly more favourable than those of the same class in Canada. So far back as 1911 in the United States it was thought that railway mail clerks as a body should retire earlier. The part of the Act reads as follows:—

Section 3. That the retirement age herein referred to shall be 65 years for group 1, 65 years for group 2 and 70 years for group 3. And the President of the United States shall designate the branches of the service to be included in the group.

Whilst it will be noted that the ordinary clerk did not retire until age 70, the special group retired at age 65, and that the railway mail clerks were placed in group 1. In a booklet entitled "Savings and Annuity Plans Proposed for Retirement of Superannuated Civil Service Employees" by Herbert G. Brown, presented to the third session of the Sixty-first Congress in 1911, there is the following:—

The employees coming within the scope of the bill whose duties make the most severe demands upon their physical endurance are the railway postal clerks. A large part of their work is performed during the night in light railway cars on swiftly moving trains under considerable physical and mental strain.

A further quotation from the same source reads as follows:—

With these facts in mind, the civil service employees have been divided into three groups. In group 1 are the railway postal clerks,

for whom retirement is proposed at the age of 65. A clause in section 11 of the bill also provides that employees of group 1 may receive the annuity at the age of 60 if they so desire.

The foregoing distinction between the railway postal clerks and other civil service employees was continued in an Act No. 279 of the Seventy-first Congress, approved on July 3, 1926, which stated as follows:—

Section 1. All employees to whom this Act applies who, before its effective date, shall have attained or shall thereafter attain the age of 70 years and rendered at least fifteen years of service computed as prescribed in section 5 of this Act shall be eligible for retirement on an annuity.

And further on in the same section it is provided that railway postal clerks, amongst others of the employees engaged in pursuits whose occupation is hazardous or requires great physical effort, shall be eligible at 62 years of age. Whilst the foregoing has been given, a quotation may be taken from a letter written by Mr. W. R. Williamson, Actuarial Consultant to the Society Security Board, which states:—

There seems no evidence that once these people have retired that their mortality is any lighter than that of later retirants.

This would appear to indicate that, as a body, their mortality is as heavy as the later retirants, who would ordinarily be expected to have a heavier mortality because of their retirement at a greater age.

Whilst the new bill presented to the first session of the Seventy-fifth Congress on July 29, 1937, did not continue the earlier retirement feature, as outlined in the foregoing paragraph, it did stipulate as follows:—

That any employee who has or may hereafter attain the age of 60 years and rendered at least 30 years of service computed as prescribed in section 5 of this Act may retire voluntarily and shall receive an immediate annuity having a value equal to the present worth of the deferred annuity beginning at the age of 65 years, computed as prescribed in section 4 hereof: provided that employees who under the law hereby amended were classified as 62 or 65 retirement age group shall be eligible to retire voluntarily after having rendered 30 years or more of service and having attained the age of 60 or 62 years, depending upon the retirement age group in which employed at the date of or prior to approval of this Act, without reduction in the annuity payable in respect of service rendered prior to the effective date of this Act.

It will be noted that although the new Act does not propose to continue the previous earlier retirement ages for railway mail clerks, it does to some extent recognize this feature by the provision that present employees may retire at the end of 30 years of service without reduction in their annuity if the age at retirement is less than 65 and proposes to allow in any event an early optional retirement age.

In Great Britain, owing to the relatively short distances, travelling sorters are only a small class and are, in fact, interchangeable with sorters on ordinary duties. In this connection, however, the following quotation from a letter by Mr. G. S. W. Epps, Government Actuary, is interesting:—

In Canada the age at retirement is at present 65 for civil servants generally. Over here the age at retirement is normally a good deal younger, though it varies in different departments and for different classes. For postal servants I think that the age is not much more than 60.

Thus, despite the fact that conditions generally are much easier, the retirement age is younger.

[Mr. Gerald Dennehy.]

Such evidence as is available appears to point to certain conclusions:—

(a) Railway mail clerks employed presently by the Dominion of Canada have a higher mortality than the general body of civil servants.

(b) The conditions under which this class works has an adverse influence upon their health and longevity.

(c) If this adverse experience is carried into the future, an earlier retirement age would seem essential to compensate for the shorter average period after 65 during which time these men will live to enjoy their pension.

By Mr. Bradette:

Q. There is no doubt that the railway mail clerks live a hard life on account of their sleeping accommodation and working at night and moving around on trains and so forth, but I know that locomotive engineers, brakemen and other trainmen generally live on the average a life longer than anybody else in the country, and I was wondering if you made a comparison of the mail clerks longevity with them? You know railway employees retire on pension at age 65 and many of them live to a very ripe old age. When they retire most of them would like to carry on. I have personal knowledge myself of railway men who would rather work than be retired because they are in perfect health although they are 65 years old. These people are working under the same conditions as are railway mail clerks.—A. Our argument is simply this: in a survey which was made, 42 railway mail clerks died and 32 other civil servants.

Q. Were there any accidents?—A. No—taking all figures into consideration—

Q. You might have struck a period when you had four or five railway wrecks in which there were fatal accidents.—A. We took a period over seventeen years.

Q. Seventeen years?—A. Yes.

By the Chairman:

Q. Why were the same years not chosen here?—A. That was owing to our Benevolent Association, sir; it was easier to take that, you see.

Q. Easier to take that?—A. Yes.

Q. It was not running during the years from 1924 to 1931 when the civil service as a whole was taken?—A. Yes. The data was easier furnished; it could be taken for any period.

Q. How many members have you in the Benevolent Association? You say 90 per cent were eligible.—A. About 1,000.

Q. You say 1,000 in the Benevolent Association and over 90 per cent of them were eligible. But is it not probable that many men would join your Benevolent Association who were not likely to live long? I know benevolent associations generally get a great many applications from men who believe they are not likely to live long.—A. Our actuary took that into account in making the comparison.

Q. He could not have taken that into account in the computation because he gave the gross number of deaths in the first five years.—A. He eliminated—yes, that is right.

Q. Is not it possible that would affect the civil service superannuation figures as a whole? You are taking the number of deaths over the whole of the service?—A. Yes.

Q. Now, was there not a possibility of those civil servants joining the association because they were in ill health and not likely to live long, and they joined the Benevolent Association for the purpose of obtaining benefits? You are liable to get a larger number of applicants to join this association than you would get for insurance?—A. We have a limit on that. We won't take in men in the Benevolent Association over 40.

Mr. POTTIER: That would be a stipulation as to why you would not get into the Benevolent Association when everybody was getting into the superannuation scheme.

By Mr. Bradette:

Q. At the end of the second paragraph on page 2 of index 2, you say: "whilst the foregoing has been given, a quotation may be taken from a letter written by Mr. W. R. Williamson, Actuarial Consultant to the Society Security Board, which states, 'there seems no evidence that once these people have retired that their mortality is any lighter than that of later retirants'." That is a very negative statement. You are referring to a statement by Mr. Williamson. He does not give you any lee-way there. He says they are no lighter and no higher.—A. That is a statement on the superannuation age.

Q. He states, no lighter or higher. That statement is a negative statement and does not help your case, I imagine. You mentioned the fact that they should retire after 30 years of service. There is no doubt in my mind that they should be retired at an earlier age than the average civil servant in the city of Ottawa. I would make it 35 years of service before he gets his superannuation.

Mr. MUTCH: Or age 60, whichever comes first.

Mr. BRADETTE: I would make it a minimum of 35 working years at least.

Mr. POTTIER: That is his intention. Make it 60, in any event.

Mr. BRADETTE: I would say not, if a man starts to work at a fairly advanced age.

Mr. MUTCH: You are talking of a principle.

Mr. BRADETTE: If a man started in to work at 20 years of age and served 35 years he would be 55.

Mr. MUTCH: The whole point is this: if you admit the principle that he should be retired earlier you cannot deny it to the unfortunate individual who starts to work a little later.

The CHAIRMAN: This is something we will have to go over again, as we are now carrying on a discussion, and I think we had better permit the witness to complete his statement.

Mr. MALLETT: I should like to make sure of one point. In making it optional to retire at 60 years of age, are you linking that up with the definite time of minimum service?

The WITNESS: I did not get that.

Mr. MALLETT: In asking for a request for an optional time limit of 60 years, are you linking that up with the minimum term of service? Perhaps you said it, but I did not get it.

The WITNESS: In our service any man who at 60 years of age would be—

Mr. MALLETT: Is there a limit upon which you can join the service?

The WITNESS: Yes, the maximum age is 35.

Mr. MALLETT: 35 to 60?

The WITNESS: That is the maximum age.

Mr. MALLETT: The man who enters at that age would work for 25 years only.

The WITNESS: I want to point out, Mr. Chairman, there are very few of this kind. That was a condition under which returned soldiers were admitted.

Mr. MALLETT: We are asking these questions to clarify the matter, that is all.

[Mr. Gerald Dennehy.]

By Mr. Mutch:

Q. Do I understand that the age limit was raised to 35 to include returned soldiers?—A. Yes.

Q. Are there any so-called civilians who came in at that age?—A. Not that I am aware of.

By the Chairman:

Q. What is the age prescribed?—A. Probably I should clarify this. The railway mail clerks are recruited from the postal clerks, you understand, and the limit at which an employee in the postal service can come into the mail service is 35 years of age. You understand, he would have former service for superannuation, but in our service we feel when he comes to 60 years of age he is slowing up considerably, and on our jobs on fast trains—trains are getting faster all the time—you have to work faster and keep in good physical condition; and when a man slows up, well, he is a certain loss to the government.

By Mr. Mutch:

Q. Would you be willing to change your recommendation to conform with other recommendations we have had? For instance, would you be willing to ask for voluntary retirement of a man who had completed 35 years of service, or when he reached the age of 60, whichever obtains first?—A. In our case we have—yes, we would be willing to do that.

Mr. MALLETT: That is exactly what the postal service officers asked for.

Mr. MUTCH: And certain others.

Mr. POTTIER: The trouble there is you are going to retire men at 50 or 55 when they are at their best. You are going to lose good men there.

The CHAIRMAN: You could not do that unless he had put in 35 years of service.

Mr. POTTIER: He is being asked to consent to 35 years of service or 60 years of age.

Mr. MUTCH: No.

The WITNESS: 35 years of service, provided he has reached the age of 60.

Mr. MUTCH: Yes, that is the proper wording.

The WITNESS: We want to be reasonable, and we believe that is reasonable.

By Mr. Mallette:

Q. What is your experience with regard to men who are asked to take superannuation? Don't you think that many of them would rather stay in the service? I believe 90 per cent of them would gladly stay in the service rather than be superannuated. I know conductors, brakemen, locomotive engineers and other men, and it applies to them. Do you have the same experience in your organization?—A. It is a rather peculiar thing, Mr. Chairman, we all, perhaps, want optional superannuation at 60 years, but we find our experience is this: in a great many cases when they come to 65 years of age they want an extension to 66.

Q. That is what I say.—A. But there are, nevertheless, a percentage of the men—I would say 15 per cent; I am speaking generally—who would leave the service when they are 60 years of age.

Q. Then your argument presented in this brief is not based on the will of the people who will eventually be superannuated? In most cases they will want to remain in the service.—A. Men change their viewpoints. When he comes along at 20, 30, 40 years of age he wants to get around, and when he gets up to 65 years of age, in the service, he has an idea he wants to still stay on.

Q. I have no doubt you find quite a lot like that?—A. We do. We have a percentage, a fairly good percentage of men, who would go away at 60, and we also believe that when a man has been in our service until 60 he does not want to go at 65, if you give him to 65 he does not want to go at 67. But we believe that most of them would go at 60 if they knew—

Q. This question may be irrelevant, but I shall ask it anyway. What is your personal opinion with regard to these men when they reach the age of 65; are they in a physical condition to fill their positions?—A. In our work, considering the conditions under which we operate, a man must be exceptional to be in what I would call fit physical condition, for these men have to stand on their feet all the time on a train going 70 miles an hour sometimes in this country, on trunk lines trains go 60 and 70 miles an hour on parts of the road. A man who is standing on his feet for ten or twelve hours and lifting heavy weights has got to be in top physical condition.

Q. What would be heaviest weight that he would have to lift?—A. Probably 150 pounds. Of course, there is a regulation in our department that there could not be more than 80 pounds in a sack. You understand that regulations are not always lived up to and cannot always be lived up to.

By Mr. Hansell:

Q. You were saying that these men were not of the same value to the government when they get older on account of their physical condition. Is there any provision made for a physical examination during the years at all?—A. No. When I say that, I am speaking purely from the physical point of view.

By Mr. Mutch:

Q. Your contention in short is that while they do not want to retire at 65, they should be retired and not upon an option at 60?—A. Our members want that provision in the Act, and they have given it to the United States clerks.

By Mr. Pottier:

Q. They want it optional?—A. Yes.

By Mr. Bradette:

Q. I would say that 99 per cent of them would want to remain after 65, if they were in a fairly good healthy condition. I know that from my relations with the railway men.

By Mr. Chairman:

Q. In view of the statement made a moment ago about the trains travelling faster and the men having to stand on their feet on these fast trains, would you be in favour, in the interests of the service, of compulsory retirements at 60?—A. Yes, definitely so. That is my personal view, of course. That is my personal view and while the members of our federation have got it optional, I will give you my personal view.

By Mr. Bradette:

Q. That is not the view of your organization but your personal view?—A. I will give you, Mr. Chairman, my personal view upon that, yes; but I want to emphasize the fact our organization says optional.

By Mr. Pottier:

Q. What about conductors and brakemen on trains? When do they retire?—A. Sixty-five.

[Mr. Gerald Dennehy.]

Mr. BRADETTE: And it is not optional.

The WITNESS: They can get an extension, I believe, for six months.

Mr. BRADETTE: It is almost impossible to get an extension.

By Mr. Pottier:

Q. I suppose one of the other difficulties you have on the trains is in the matter of accommodation. You make your own accommodation?—A. We just bolt our food, that is all. We have to accommodate our mealtimes to working conditions.

Q. What about your sleeping quarters; do you have any sleeping quarters on the trains?—A. We do not sleep on mail cars. There are odd times when a man sits down on a chair for a certain time, but as a general rule railway mail clerks do not sleep on mail cars. There used to be cases in terminal points where hotel accommodation was provided for a man to sleep in his car overnight and his car was switched off, but generally on trunk lines or heavy branch lines in this country men do not sleep.

Q. You said something about railway mail clerks having to pay fifty per cent more for insurance. It is at the bottom of page 1, index 2. It reads as follows: "A further point to be noted in this connection is that life insurance companies charge railway mail clerks for disability benefits fifty per cent more than for standard lives, such as postal clerks." You mean that is the average insurance risk?—A. Yes.

By Mr. Mutch:

Q. Insurance companies in Canada have a table to which they more or less all conform, and they have certain groups which are classed as sub-standard risks.—A. That is correct.

Q. And a higher charge is made in many instances for regular policies, as well as those other additional services such as double liability and disability benefits, and the railway mail clerks in all these lists have a substantially higher rating?—A. That is correct.

By Mr. Hansell:

Q. I should like to ask another question in regard to rates of pay. Are they any higher than postal clerks in other departments? What I am getting at is if it is higher would it not indicate a higher cost of living, more inconvenient?—A. No, not any higher. A railway mail clerk gets \$60 a year more, \$5 a month more than the ordinary postal clerk. Of course, you understand that postal clerks can go from a senior postal clerk to a principal postal clerk. The average mail clerk, even though in charge of a car, is still a railway mail clerk, and classified as such, and receives in salary \$1,800 a year and a postal clerk receives \$1,740.

Q. That brings in another point which does not benefit superannuation particularly. It will cost you more to live when you are away from home?—A. We have expenses for that. You were speaking of salary.

Q. Yes; I was wondering if that was taken into consideration—you gentlemen have to leave your homes, and therefore your expenses may be a little higher.

The CHAIRMAN: Are there any other questions? If not, I shall ask Mr. Dennehy to continue with his brief.

The WITNESS: Thirdly. A request that the provisions of the Act be made more flexible, with particular regard to optional benefits upon retirement. Index 3. Flexibility of the Act.

It is well established that all modern superannuation schemes allow the superannuate, or beneficiary, to exercise various options and it is our viewpoint that this provision would fill a decided need.

The Superannuation Act at the present time, as you all know, gives a definite annuity to the superannuant, and if his wife outlives him she gets also a definite percentage of his annuity. We think that there should be some option there. That, of course, would be a matter for an actuary to work out. In certain cases when a man feels that he has a hobby, whatever you might call it, if he is superannuated, that would keep his wife who might be an invalid and himself, and he fears that the amount of money which his wife would get would not be sufficient to keep her after he died, and he might prefer to receive less himself provided that his wife would get a little more. That is what I have in mind. It would cost no more, and it might be a very pleasant and a very good thing.

By Mr. Mutch:

Q. Might there not be the fact that he might want to draw more in the earlier years of his retirement in order to complete paying for a home, or in some way affect the security of his family, but that they would get less when he disappeared?—A. Yes. I have an idea in mind that there should be some option.

Q. I have an idea some people would want to take more in the earlier years than in the later years.—A. That is why we are making this suggestion. We are just making the suggestion.

By the Chairman:

Q. You made a statement, Mr. Dennehy, that it would not cost any more. Have you any figures to indicate it would not cost more?—A. We are just leaving it to be worked out by the actuaries. Naturally, any scheme they would bring in would be along the basis—

Q. You say your scheme would not cost any more. Your scheme is admirably fitted to your argument, but it might go the other way.—A. We are not saying exactly what form the option should take. We believe it should be more flexible.

By Mr. Mallette:

Q. Whatever deposits the fund may bring in you want an option as to how it shall be paid out?—A. Exactly, sir.

Fourthly. A request that the service of persons employed in the railway mail service as day labourers or manual employees at a per diem rate of pay from 1903 to 1912 be deemed service which comes within the purview of the Act. (See Index 4.)

Index 4. That service of "labourer" or in other like capacity be allowed for purposes of the Act.

The passing of the qualifying examination required by the civil service legislation was a condition of eligibility for appointment as a permanent railway mail clerk from 1903 to 1912. There were, however, employed in the railway mail service during this period, persons, who were to all intents and purposes, railway mail clerks but who were paid a per diem rate of pay and ranked as "labourers" until they succeeded in qualifying and were appointed to the permanent staff.

The Justice Department has ruled that under the legislation existing at the time these persons could not be employed in the capacity of railway mail clerks, and therefore, that their service under the circumstances could not be allowed for the purposes of the Act.

[Mr. Gerald Dennehy.]

Apart altogether from our submitting that this ruling is technical as it deems this class an "illegal" class and, in our viewpoint, not in accord with the intent of the Act, it also creates an anomaly, as railway mail clerks are now recruited from postal clerks. This means that of two persons who entered the Post Office service prior to 1912, one as a postal clerk and the other as a railway mail clerk, both having passed the preliminary examination set by civil service legislation, the postal clerk's service is allowed from date of entry but the railway mail clerk is only allowed from date of qualification. As it is now possible for the postal clerk to get promotion to a railway mail clerk, the higher qualification was removed in 1912, the postal clerk, now a railway mail clerk has his service allowed for purposes of superannuation, whilst the person who originally entered as a railway mail clerk and studied to attain the higher educational qualifications finds that he is not allowed service prior to 1912.

Under the circumstances we think that the ruling of the Justice Department ought not to hold.

By Mr. Mutch:

Q. What do you mean by saying, "until they succeeded in qualifying and were appointed to the permanent staff?"—A. It was obligatory to pass a qualifying examination before you became a railway mail clerk.

By the Chairman:

Q. Those who were appointed as labourers?—A. They were temporary appointments, and tried to pass qualifying examinations, and some of them succeeded.

By Mr. Mutch:

Q. That situation did obtain at that time, and men in temporary appointments had to try qualifying examinations?—A. Yes, before he passed the examination.

By the Chairman:

Q. Were they patronage appointments in the first place?—A. I do not know, sir; I cannot answer that.

Q. They were not examination appointees?—A. No, because they had no examinations at that time; but they were permitted to try all these qualifying examinations. I may say at that time there were two examinations, one was a preliminary examination which was simply a test in reading, writing and arithmetic, and the other was a qualifying examination which was equivalent to, I would say, a senior matriculation qualifying examination.

By Mr. Pottier:

Q. They had to pass a preliminary examination to get in as labourers?—A. No. We have approximately, Mr. Chairman, in our service about 108 to 110 men affected by this.

By the Chairman:

Q. A moment ago you said these men who were classed as labourers between 1903 and 1912 did not take the preliminary examination?—A. I said, did not have to take it, sir.

Q. Later on you quoted a case of men entering the service, one having taken the preliminary examination and one who did not.—A. I may say many of them took it. It was not obligatory, but many of them took it, as they were in the service.

Q. Were those who took the preliminary examination successfully classified as labourers?—A. In the railway mail service, but it would entitle them under the post office service to clerkships, but in the railway mail clerks service they were still labourers.

Q. The same preliminary examination would entitle them to be clerks in the post office?—A. Yes, to permanent employment service, which would come under the Act, post office service.

Q. These postal mail clerks would have to take the qualifying examination later on?—A. Yes, they would have to take the qualifying examination or they would not get permanent employment as railway mail clerks. Their service did not count. We think that is a matter which we would like very much for your committee to consider, sir.

By Mr. Pottier:

Q. Was not there a revision of that particular class—I do not know just how it worked out?—A. Yes; we understand the Finance Department—I am speaking from memory—accepted these men and then they made contributions with the interest rate for temporary service, and after the ruling of the Justice Department they were not allowed that service; the service was not allowed, and of course the money was sent back by the Finance Department, whatever amount they contributed.

Q. When was that done?—A. I believe that was around 1925, about the year of the passing of the Act, or 1926.

Q. I understood it was in 1930.—A. Yes, it may be; I am speaking from memory as to the year.

The CHAIRMAN: Are there any other questions to ask with regard to the index?

By Mr. Pottier:

Q. I have a general question to ask.

The WITNESS: If there are no other questions I might say simply this: we, of course, endorse the other organizations' brief that I have seen that they have sent in regarding the contributions, and especially those civil servants who are temporary employees. We fully endorse the brief that was presented. There was a case here, which if I may be permitted to bring to your attention, has special reference to that particular aspect. We have some railway mail clerks who actually received temporary appointments, were allowed leave from the Post Office Department to go overseas and did go overseas and found out when they were in France that their service was not allowed. May I read this letter, or would you like to see it?

The CHAIRMAN: It is all right. You are giving it as evidence.

The WITNESS: We have a case here of a certain railway mail clerk in our district.

By Mr. Mutch:

Q. Is that Captain Cameron?—A. That is Captain Cameron.

Q. That is the only case, is it not?—A. There was another case in the east.

Q. He was killed?—A. Somewhat similar.

Q. I have the file of that case.—A. Captain Cameron, one of our men—shall I read this? Here is a letter from the department, and it reads as follows:—

I have your letter of the 5th instant relative to the case of Captain H. T. Cameron, railway mail clerk in the Winnipeg district, in connection with the matter of counting his war service for superannuation purposes.

[Mr. Gerald Dennehy.]

In reply I wish to say that a review of the departmental file indicates that this matter was submitted to the Department of Finance, which administers the Superannuation Act, under date of October 24, 1927.

Full particulars were furnished the Department of Finance as to the condition of the employment of Mr. Cameron from his appointment as a temporary railway mail clerk on the 16th January, 1914, together with information regarding his term of service with the overseas military forces of Canada during the great war.

Attention was drawn at that time to the fact that on the outbreak of war a number of temporary employees made application for leave to enlist, which leave was granted without pay. However, shortly afterwards, a decision was reached to the effect that temporary employees enlisting severed connection with the department concerned.

By Mr. Mutch:

Q. At that point, is it not a fact that there were not more than four temporary employees who actually did receive official permission to leave their job to enlist—that is, who got leave of absence.—A. I think that number would be right, yes. Continuing with this letter:—

It was further pointed out that the granting of leave without pay to Mr. Cameron was done before the decision above-mentioned was reached—

That is a point that I would like to stress.

—and that Mr. Cameron was always in receipt of a per annum rate of pay while on duty, returning to his former duties as a railway mail clerk on being demobilized from the army. One point that was particularly stressed was the fact that Mr. Cameron applied for and also was granted leave without pay and that he occupied a permanent vacancy on the date of enlistment and upon his return was reassigned to that position.

The decision given by the Department of Finance was to the effect that the time spent by Mr. Cameron overseas could not be recognized for purposes of the Superannuation Act.

Mr. MUTCH: That is a definite breach of contract.

The WITNESS: There is no doubt about that. This man went overseas, and there was no question about his not being made a permanent railway mail clerk. He was filling a vacancy and in due course he knew he would be made a permanent railway mail clerk; and he got leave to go overseas and he went overseas; and he finds out that that service that he put in is not allowed now. It was after he went that the ruling was made.

By Mr. Mutch:

Q. The ruling is made retroactive?—A. Yes.

Q. The other gentleman who enlisted in the same place, either fortunately or unfortunately, was killed, so he does not enter into it?—A. That is correct.

Mr. BRADETTE: Could we deal with a case of that nature before this committee?

Mr. MUTCH: It will have to come before a select committee on individual cases.

The WITNESS: It was the wish of the association, of our members, that this thing would be brought to the attention of the committee here.

Mr. MUTCH: I will undertake to see that the select committee hears about that. I propose to do so, as a preliminary step.

By the Chairman:

Q. You have no other presentation to make, Mr. Dennehy?—A. Nothing else, sir.

Q. I notice, in the questions that were brought up, something about the figures of loss—two or three thousand dollars. You will submit figures on that. In the evidence I do not see anything that touches on it.—A. Yes, I will do that.

Q. Then, if there is nothing else, let me thank you very much, Mr. Dennehy.

By Mr. Pottier:

Q. I do not want to stress this point at all, but in a submission by the Professional Institute of Civil Servants they suggest that a board of administration be established instead of the present advisory committee. The difficulty, apparently, with the advisory committee, as the Institute sees it, is that it is held in secrecy; they feel that if a board of administration was set up to advise the civil service, it would be more agreeable and more suitable to the civil service. Have you any views on that, Mr. Dennehy?—A. Well, I believe that the proposal of the Professional Institute is a good one. I think that there was a certain element of what I would call secrecy connected with the whole superannuation—the administration of the Superannuation Act. Probably certain parts of it had to be. But I believe that, generally speaking, the proposal of the Professional Institute in that regard is pretty sound.

Q. You are a member of the advisory committee yourself?—A. Yes. I represent our men on the advisory committee.

By the Chairman:

Q. And the decision to hold matters confidential, both discussions and recommendations, was made by the committee itself—by the advisory committee itself?—A. Yes.

Mr. MUTCH: Without prejudice to anybody else.

Mr. POTTIER: It was a decision of the advisory committee that they should be secret.

By the Chairman:

Q. A decision arrived at by themselves—unanimously, I presume?—A. Well, I believe so. I was not there for the first few meetings when that was made.

By Mr. Mutch:

Q. There is no suggestion that there was any coercion at all in respect to that?—A. I beg your pardon?

Q. I say, there is no suggestion from you that there was any pressure brought to bear on anybody?—A. No, I would not suggest that.

Mr. MUTCH: We want to make that clear.

The CHAIRMAN: I think that is all, Mr. Dennehy, and I am sure the committee appreciate very much the manner in which you have presented your opinions, and they will be given full consideration.

The WITNESS: Thank you.

Witness retired.

The CHAIRMAN: I have here a letter from the Canadian Postmasters' Association that it is their desire to appear later if circumstances warrant it, when they appear before the Civil Service Committee. But we have a few minutes, and it might be well to put it on record along with these other cases. This is dated at the office of the secretary-treasurer, Estevan, Saskatchewan, April 23rd, 1938. The letter reads as follows:—

CANADIAN POSTMASTERS' ASSOCIATION

OFFICE OF THE SECRETARY-TREASURER

ESTEVAN, Sask., April 23, 1938.

Brief for the consideration of Special Committee of the House of Commons on the operation of the Civil Service Superannuation Act.

It is the desire of our Association that consideration be given the case of Postmasters, who are changed from a commisison basis of payment to a grade office. It is requested that they be given the privilege of contributing for some years of previous service to the Superannuation Fund, if they wish. Otherwise, no deductions for superannuation purposes should be made.

In most cases, those postmasters have served many years and are past middle age, leaving them only a few more years in office, during which time a 5% deduction is made from their salaries towards the Fund, thereby necessitating their retirement at the age of sixty-five with a pension that is totally inadequate.

Charles D. GRIFFITH,
Dominion Secretary.

The same letter, in French, reads as follows:—

MÉMOIRE POUR ÊTRE PRIS EN CONSIDÉRATION

Par le comité spécial de la Chambre des Communes sur le fonctionnement de la Loi des Pensions du Service Civil

Cette Association désire que l'on examine le cas des Maîtres de Poste qui sont rémunérés sur une base de commission et qui subissent une permutation, pour diverses raisons, et qu'il leur soit donné le privilège de contribuer, pendant un certain nombre d'années de service antérieur, au fonds de pension s'ils le désirent. Dans le cas contraire, aucune déduction pour fonds de pension ne devrait être faite.

Dans la plupart des cas, des Maîtres de Poste ont servi pendant nombre d'années; ils ont dépassé l'âge mûr et n'ont plus que quelques années de service devant eux. Pendant ce temps une déduction de 5% est faite sur leurs appointements, ce qui les porte à donner leur démission à l'âge de 65 ans, avec une pension qui est tout à fait insuffisante.

Charles D. GRIFFITH,
Dominion Secretary.

I think probably most members of the committee are familiar with the situation.

Mr. MUTCH: Do I understand this is an appeal from men who are given political appointments and have income through the offices?

Mr. BLANCHETTE: Not political.

Mr. MUTCH: All right. They are offices, at any rate, appointed outside of the civil service. I have some tendency to call a spade a spade. But in any case, they are appointed outside of the civil service. The income of the office grows to the point where they have to come under the civil service. Is not that the situation?

The CHAIRMAN: My understanding is that it is in cases where the postmaster already in office has his office graded because it has developed to a certain revenue—nothing to do with the manner of his payment at all. In such cases, they would have, at the present time, to come under the Superannuation Fund because they become civil servants—in a different category

to what they were before. They are asking that, if they do have to come under the Superannuation Fund, they be given the privilege of paying arrears of contribution for part of the time during which they were postmasters of revenue offices—I think the term used is “revenue offices”—where they are paid by commission. Otherwise, that they be given the option of being exempted from the operation of the Superannuation Fund.

Mr. MUTCH: I stand corrected, and withdraw the allegation.

Mr. BRADETTE: There might be other cases—for instance, where a postmaster has been holding his position under the Civil Service Commission before a public building was constructed. Then when the public building is constructed by the government, he becomes a salaried civil employee then. I think it is necessary for us to deal very intelligently with certain phases of that question. In the case I just mentioned, in addition to his primary occupation, he was getting some revenue from the renting of boxes and so on, which he loses the moment he gets into the public building. These are facts that you must be very sure of, and some of these revenues were very high. Take for instance the town of Timmins that I have in mind at the present time. That revenue came to thousands of dollars to the postmaster. That was personal revenue. Of course, that is something that is stopped when he comes into the new building.

The CHAIRMAN: I think it might be well to wait for them to come before us, if they are before the other committee.

Mr. BRADETTE: Yes.

The CHAIRMAN: If not, I think it well, in any case, to have this on the record. I do not believe there is anything else before the committee to-day. I arranged with Mr. Finlayson, in pursuance of the authority given to me by the committee, that he would appear before us at the next meeting, which seems to me would not come before Thursday next—there are so many committees sitting; Monday is a bad day; Tuesday there is the Treasury Board. But at this meeting when Mr. Finlayson is going to come, the minister will be anxious to be with us, so that probably Thursday would be the next day. Is that satisfactory?

Mr. MUTCH: Adjourned to the call of the chair.

The CHAIRMAN: At that time, too, I think it would be well for us to appoint a small committee—usually called a steering committee—to deal with isolated individual cases—letters and other representations that have been made here before us; and also at that time we probably should appoint a vice-chairman, because the sub-committee might be sitting at a different time from the committee and the chairman might not be there.

There are two clerical corrections to be made in the record. The clerk will read them.

The CLERK: In the Minutes of Proceedings of May 17, No. 5, we read:—“The following witnesses were called, examined under oath and the retired.” It should read: “The following witnesses were called, examined under oath and they retired.”

Then in the third last paragraph, “for their respective presentation,” should be “their respective presentations.”

On page 113, in the last paragraph on the page, they say, “with the subdivision of the Canadian Legion.” That should be, “with the submission of the Canadian Legion.”

The CHAIRMAN: Will someone move that the committee adjourn?

Mr. MALLETTE: You gave credit to the Canadian Postmasters' Association for supplying us with a memorandum in French?

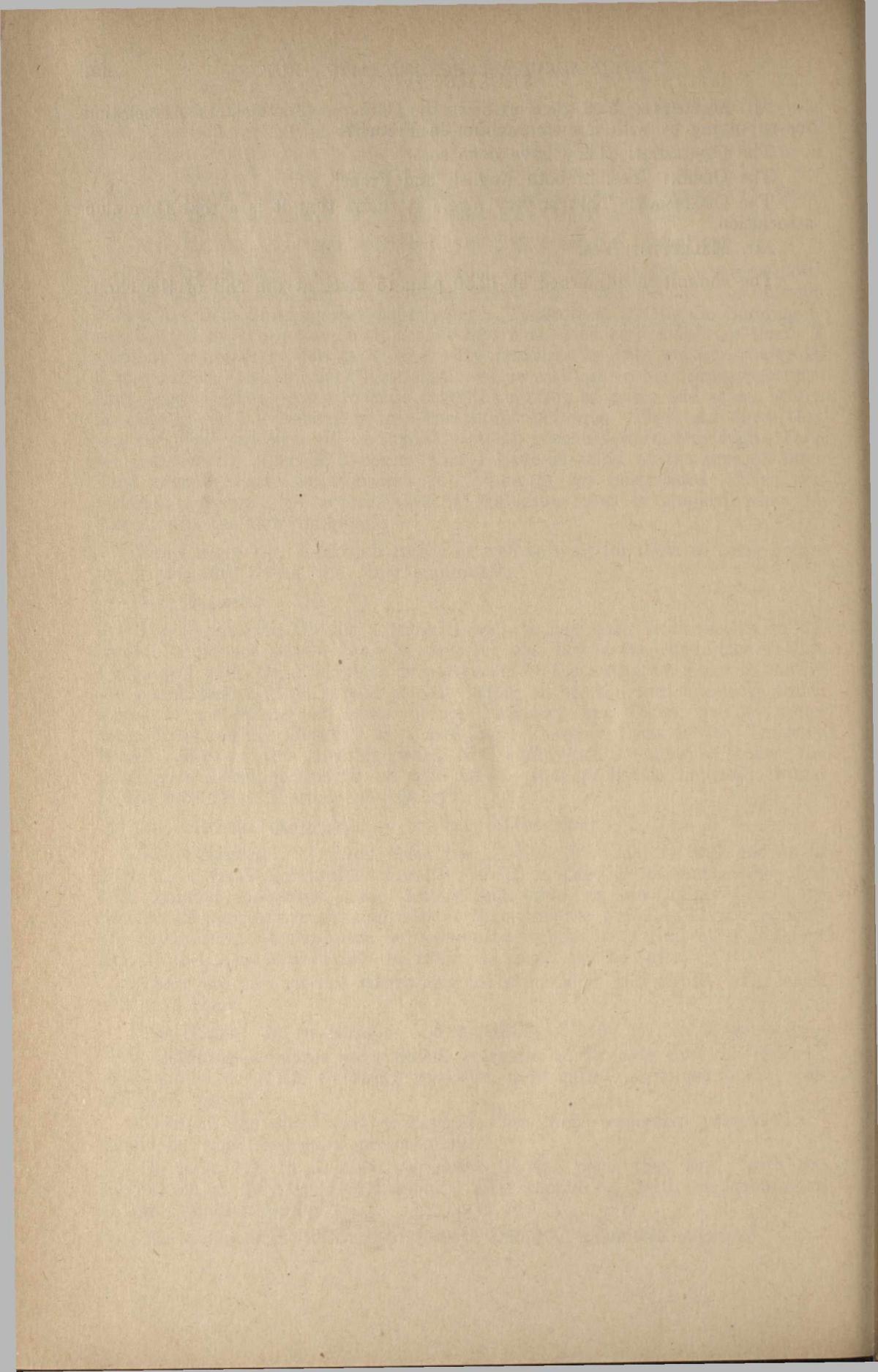
The CHAIRMAN: They have done so.

The CLERK: Yes, in both English and French.

The CHAIRMAN: That is very nice. It shows that it is a real Dominion association.

Mr. MALLETTE: Yes.

The committee adjourned at 12.50 p.m. to meet at the call of the chair.



SESSION 1938
HOUSE OF COMMONS

SPECIAL COMMITTEE
ON
CIVIL SERVICE SUPERANNUATION ACT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

THURSDAY, MAY 26, 1938

WITNESS:

Mr. G. D. Finlayson, Superintendent of Insurance, Ottawa.

OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1938

REPORT OF THE

CIVIL SERVICE SUPERANNUATION ACT

STATUTES OF PROCEEDINGS AND EVIDENCE

THURSDAY MAY 16 1901

U.S. DEPARTMENT OF JUSTICE

OFFICE OF THE ATTORNEY GENERAL

MINUTES OF PROCEEDINGS

THURSDAY, May 26, 1938,

The Special Committee appointed to enquire into the terms and operation of the Civil Service Superannuation Act met this day at 11 a.m.

Mr. McLean (*Melfort*), the Chairman, presided.

Members Present: Messrs. Anderson, Baker, Bradette, Davidson, Dunning, Heaps, Hill, McCann, McLean (*Melfort*), Mallette, Mutch, Wood.

In attendance: Mr. G. D. Finlayson, Superintendent of Insurance; Mr. W. C. Ronson, Assistant Deputy Minister of Finance; Mr. G. L. Gullock, Chief of the Superannuation Branch, Department of Finance.

Mr. G. D. Finlayson, Superintendent of Insurance, was called. The witness made a review of the legislation respecting Superannuation, was questioned thereon and then retired.

The Chairman conveyed the thanks of the Committee to Mr. Finlayson for his valuable assistance.

On motion of Mr. Wood:

Resolved: That Mr. Bradette be named Vice-Chairman of the Committee.

On motion of Mr. Davidson:

Resolved: That the Chairman with the Vice-Chairman be empowered to select four members including the Vice-Chairman to form a sub-committee for the study of the submissions received from various associations and individuals and to formulate a plan for the committee as to whether and when they should be invited to appear. Also, that the said sub-committee shall later engage in the preparation of the Committee's report.

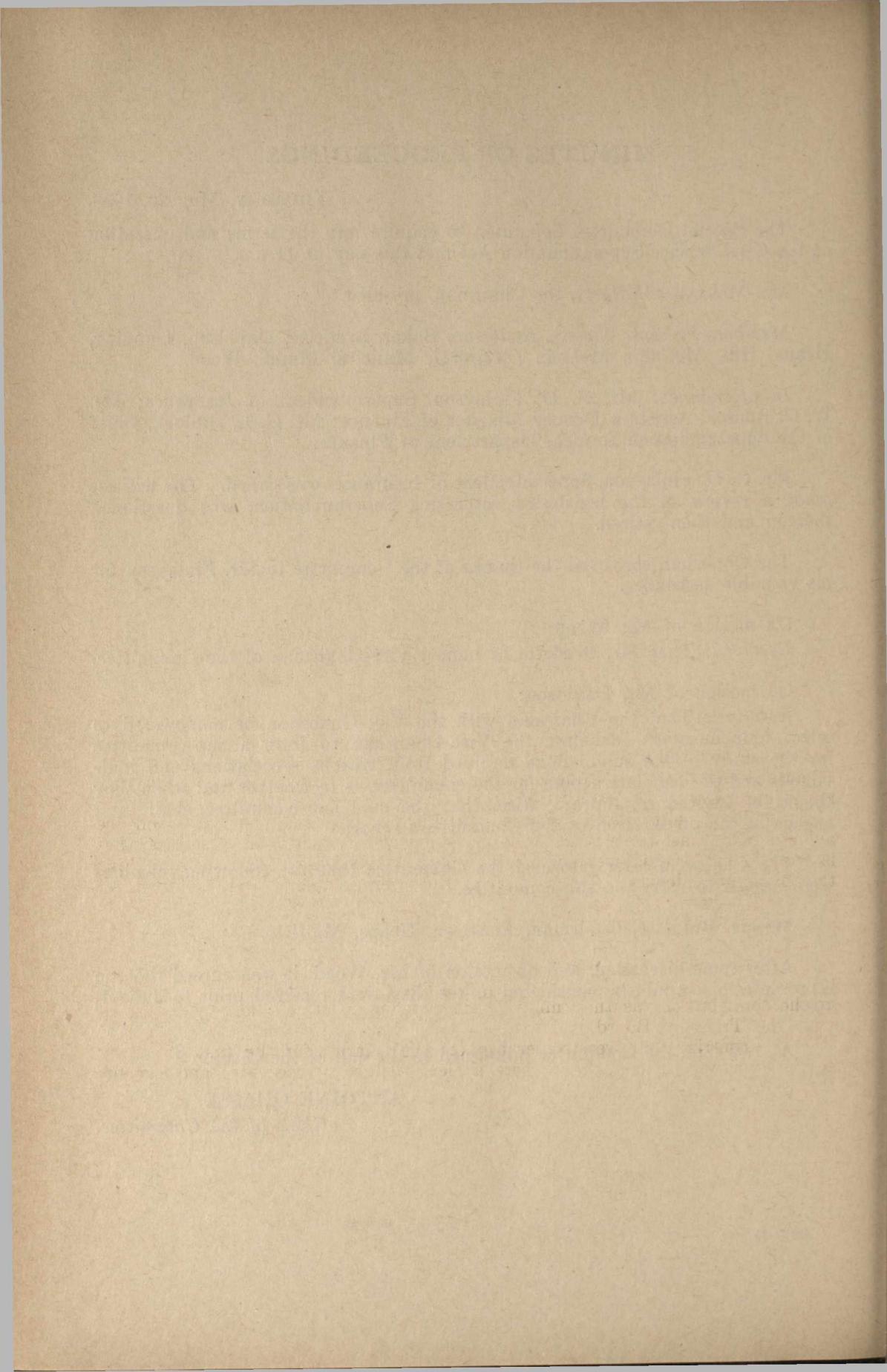
The Chairman later informed the Committee that the following members were named to form the sub-committee.

Messrs. Bradette, Chairman, Andersen, Heaps, Mallette.

After some discussion, and on motion of Mr. Wood, it was agreed that no representations would be considered unless they were received prior to June 1, 1938.

At 1.05 p.m. the Committee adjourned to the call of the Chair.

ANTOINE CHASSE,
Clerk of the Committee.



MINUTES OF EVIDENCE

HOUSE OF COMMONS,

May 26, 1938.

The Special Committee appointed to inquire into the terms and operation of the Civil Service Superannuation Act met at 11 a.m. Mr. Malcolm McLean presided.

The CHAIRMAN: Gentlemen, we are prepared to proceed with our meeting. The Superintendent of Insurance, Mr. G. D. Finlayson, is here and he will deal with many matters with which this committee is interested.

Mr. G. D. FINLAYSON, called.

The WITNESS: Mr. Chairman and gentlemen, unfortunately I have been unable to attend the sessions of the committee except the first session, much as I should have liked to do so, and, perhaps, I am not entirely familiar with what has taken place up to date. I have, however, endeavoured to keep in touch with what has happened here by reading the proceedings of evidence taken. I think there has been submitted a very comprehensive view of earlier superannuation legislation. I am not sure that the committee has had placed before it a review of attempts in the intervals of legislation to get amending or new legislation, which attempts came to nothing. It might be well very briefly to refer to these, because we will find in some of those bills which never reached the statute books the background of our present Act as to rates and benefits. The Superannuation Act of 1870 as amended was practically abolished as to new entrants in 1897. In 1910 there was a bill introduced in the Senate by Senator Power. That bill was referred to a standing committee on civil service administration. It was very carefully studied and reported back to the House; but nothing came of it. It proceeded no further. I mention it because it contained in outline the scale of rates and benefits which is provided for in our present Superannuation Act.

The Power bill provided for an allowance to the employee, based on the average of the last three years salary, 2 per cent for each year of service, that is one-fiftieth for each year of service up to a maximum of 35 years, making the maximum allowance 70 per cent of the average salary for the last three years. There was a provision for allowance to widows of one-half the allowance which the husband was receiving or would have been entitled to if he had been superannuated before his death. There was also provision for children's allowances, \$100 or in some cases \$200. The Treasury Board was given discretion to pay to the personal representatives of the contributor such portion of the contributions as they might deem expedient. It was left discretionary with the Treasury Board.

The contributions were 5 per cent of the salaries for the first 35 years; so that you will see you have there a clear picture of the rates and benefits that we have now in our present Act.

That bill provided for the contributions forming part of the consolidated revenue fund and for payment in and out of the revenue fund, but for the maintenance of an account to show the progress of the fund.

In 1912 there was an investigation into civil service conditions here by Sir George Murray, and he recommended a superannuation act. His recommendation was that there be no contribution required from employees; that it be a non-contributory scheme, very much the same as they have in Great

Britain. In 1914 Sir Thomas White, who was then the Minister of Finance, introduced a superannuation bill. It departed somewhat from the Power bill, although it was in the main similar, and provided for allowances to the employees at the rate of $2\frac{1}{2}$ per cent of the total salary received over the whole 35 years. That is, instead of taking the average salary for the last three years and applying 2 per cent to that average for the years of service, the total salary was taken into account and $2\frac{1}{2}$ per cent applied to that total as the allowance. Widow's allowance was one-half the employee's, and child's allowance not to exceed \$300. The contributions under that bill were graded according to the age of entry, 5 per cent for age of entry up to twenty-five, $5\frac{1}{2}$ per cent from twenty-five to thirty, and then proceeding upwards by five year ages, increasing half of 1 per cent up to maximum of 8 per cent for those entering above the age of forty-five.

That bill also provided for payment in and out of the consolidated revenue fund. But here again it provided for an accounting and an actuarial valuation to show the progress of the fund and for the addition to the fund of such amount as was shown to be necessary by that actuarial valuation. The bill was given first reading, but as it had been introduced very late in the session, due, I think, to Sir Thomas' illness, it was proceeded with no further. By the time 1915 arrived there were other things to occupy the attention of both minister and parliament, and nothing more was heard of that bill.

I think you have had a complete reference to the Calder Act of 1920. That was to deal with an emergent condition in the service. It was a temporary measure renewed, from year to year, and there were no contributions, of course. It provided for an investigation by the Civil Service Commission to find out who should be retired, with the graded scale of benefits according to the age attained and length of service. That was a good measure, a splendid measure. It served the need of the time very well, but there was no assurance of permanence, there was no provision for dependents, and there was the fact that the government lost the benefit of the stability which would have resulted from a permanent superannuation measure. So that in 1923 there was drafted the present bill.

Hon. Mr. DUNNING: The present Act.

The WITNESS: Yes, the present Act. It was held over until 1924 and was then enacted. The Act, as you know, follows very closely the summary I have given of the power bill. The question arose in 1923 and 1924 as to the nature of the fund that was to be set up. In the first place the civil servants wanted to contribute. They did not want a free pension. They wanted to be able to say, "We are paying for this pension. This is not a free gift." They supported the proposition that they should contribute one-half or approximately one-half, and the government approximately one-half. The question arose then as to what kind of fund should be maintained; and I might state here very briefly the two views of a contributory superannuation measure.

According to the one view, a superannuation allowance is merely deferred pay. Instead of paying all that the employee earns year by year, something is held back and it is continued to him after his retirement. But on that view, whether there is contribution or not, there is probably little object of a fund if it is merely pay, although deferred. It might very well be treated as a charge on the annual revenues of the year in which it is paid out. That was the course adopted by the British government in its Civil Service Act up to 1909. There was a slight amendment made in 1909 so as to conserve some portion of the accruing allowance for the dependents of the contributor. That is one view of superannuation allowance,—merely deferred pay.

The other view, in the case of the contributory superannuation scheme is that the contribution made by the contributor is in the nature of a trust, money that he brings to the government with the view that the government will conserve

[Mr. G. D. Finlayson.]

it as a trust for him and his dependents. If that view is taken, then of course there is everything to be said against dealing with that money as part of the consolidated revenue fund. It should be carried to a separate fund and invested for the benefit of the employee and his dependents. To take the analogy, of a trust company on which there are two or more funds. It has its company fund and its trust or guaranteed fund. In the company fund you will find the shareholders' capital, and reserves and there is credited to the revenue of that fund the ordinary receipts from interest on the capital, and there is charged the running expenses of the company. That is a separate and distinct fund. Then in the guaranteed fund or trust fund you have the moneys received from the public over the counter or on investment certificates running for three, five years or, ten years. These certificates are paid for by instalments, in many cases. Now, the company invests that money as if this department was a separate company. It has the guaranteed fund invested. The interest thereon is used to make other investments or to pay interest on the obligation. On that view, no one would say—certainly no trust company would ever say that it should take those payments on certificates to pay their running expenses, trusting to luck to have some money to redeem the certificates when they fall due. Those perhaps are two extreme views of two sides of the question.

In 1923 that question arose. There had been expression given to those two views; but we found that the Department of Finance, the Minister of Finance who was then, in 1923, the Hon. Mr. Fielding, the deputy minister of finance and the officers of the Department of Finance were opposed to the separate invested fund. In that, as I have already indicated, he was merely taking the same position as all previous ministers of finance, I think, have taken. Now, I do not know whether you are interested in my view of the objections that were raised or not. I will give them very briefly, if you wish.

Some Hon. MEMBERS: Surely.

The WITNESS: As far as I could find out, the objection is this: These funds mount to very large figures in time. The annual contributions coming into the fund are accumulated at compound interest. One of the arguments that was advanced in favour of the separate invested fund was that there would be opportunities of making investments at rates of interest higher than the rate involved in the computation of the rates and benefits. That is, if a scheme was set up on an interest basis of say 4 per cent there would always be opportunities of investing the fund at rates of more than 4 per cent, thus yielding a profit and reducing the net cost to the contributors or providing additional benefits. Now, the view taken by the Minister of Finance at that time, was that he did not want to be charged with the responsibility of making investments, and he did not think any board to be set up should be charged with that responsibility. I think it was realized that there would be pressure from the different provinces, the different municipalities, and different corporations—industrial corporations—and others, to have a portion of this fund invested in those particular securities; and he felt that that was a kind of pressure that the Minister of Finance should be relieved of.

Now, as I say, at that time I argued for a separate fund. I think actuaries always prefer a separate investment fund. It is the better way of doing it.

Hon. Mr. DUNNING: What would you have had with the present rate of interest the government is giving?

The WITNESS: I am just coming to that.

Hon. Mr. DUNNING: The fund would be in a mess.

The WITNESS: I must say that I took the other view then. In the light of experience since I must admit that there was more to be said for the first view than was then realized. Had the fund been invested in some of our provincial government securities, and more particularly in some of our municipalities, and

still more perhaps in some of our corporation securities which it might have been invested in without criticism at the time the investments were made, it might create a very great problem now.

Now, that I think is the objection which was taken then, and which made those interested in getting the measure framed reach the conclusion that if a separate invested fund were insisted upon they would not get the legislation; so it was a choice whether they should adopt the consolidated revenue provision or do without the legislation.

Hon. Mr. DUNNING: It came down to this didn't it; a choice between having the faith of the whole state behind a sustained rate of interest of 4 per cent on the one hand, or on the other hand the risk of investing a very large and constantly accumulating sum of money.

The WITNESS: That, I think, was it.

Hon. Mr. DUNNING: That was the choice. I know to-day the fund would be greatly better off at a rate of 4 per cent, which is higher than money costs the government, than it would have been otherwise.

The WITNESS: Of course, it would have been invested, and there would have been valuations from time to time; and any deficit would be made up by the government.

Hon. Mr. DUNNING: Of course the government had to guarantee it anyway.

The WITNESS: They naturally had to guarantee it anyway.

Mr. McCANN: If the scheme went wrong you were falling back on them.

The WITNESS: Now, when the bill was introduced in 1924 there was a great deal of negotiation and consultation with the civil service organizations to have a measure which would introduce the existing civil service to take advantage of it. A bill which would operate only for new employees and which would leave this large aggregation of employees outside would be unsatisfactory. It was found then that the Power bill had commended itself to the civil service. It was agreed on as a basis for the bill with some variations. One of the variations made was that instead of basing the allowances on the average of three years' final salary, as in the Power bill, or basing it on the whole 35 years' of service as in the White bill, the middle course was adopted of basing it on the salary for the last 10 years' service; and 2 per cent for each year of service up to a maximum of 35 years, meant a maximum of 70 per cent of the average salary for the last 10 years as the contributors allowance. Now, as the bill was introduced that applied both to new entrants to the service and to those who might transfer from the retirement fund. The committee changed that by basing allowances on the average salary for the last 5 years in the case of Retirement Fund Contributors. There were other changes made in committee, and I may say that all of the changes were in the direction of increasing the benefits; that is, all the changes worked against the government. The basis of the scheme was to get an equal division of the cost between the employee and the government. That is a difficult problem at any time in the case of a measure that affords benefits, to the employees, to the widows of the employees, and to the children of employees. It is a difficult problem to arrive at a basis from which to start. In respect of new entrants it is much easier than it is in respect of existing employees. However, the conclusion was reached that a contribution of 5 per cent each from employee and the government would provide the benefits in the bill. For new entrants, an assumption had to be made as to the probable age of entry as a basis for the rate of contribution. If the rate of contribution varied with age of entry there would be an ascending rate, as in the White bill. The service seemed to prefer uniformity; and making such assumptions as we could of the probable entry age,—at say 20, 25, and 30. And also assumptions as to the division in the service, into low salaried classes and higher salaried classes, and the

[Mr. G. D. Finlayson.]

proportion in each class, the conclusion was reached that contributions of 5 per cent each by contributors and the government would produce a fund sufficient to provide the benefits. Of course, it was realized, that there would be entrants at higher rates. The soldiers' preference was in operation, although it was not then expected it would continue to operate as long as it has done. It therefore appeared that there might be a total contribution of 11 per cent required. The assumption was that all withdrawals were to be allowed their full contributions regardless of when they retired, whether with one year's service or with twenty years' service, whether they were dismissed or whether they voluntarily retired to take other positions, they would in every case get the full return.

Now, there was the question of that added one per cent, and there were a number of suggestions as to how it should be got rid of. One suggestion was that instead of having the basis of the allowance thirty-five fiftieths, it might be made sixtieths. That would reduce the liability. It was found that that would be unacceptable to the service. They wanted to have the "fiftieths" basis. What was done was to scale down the allowances granted to those retiring from the service.

The Act now, as you know, provides that with some exceptions a person retiring with less than ten years' service leaves his contributions with the fund. In other cases, the contributor dying without dependents of any kind leaves his contributions with the fund. In all cases the interest is left with the fund.

Hon. Mr. DUNNING: That is the present law.

The WITNESS: Yes. So that the trimming, as you might call it, to get rid of the additional one per cent was done in that way rather than by reducing the main benefits to employees or their widows.

It was realized that there might be uncertainty as to whether the right basis had been adopted, even in respect of new entrants. It was very much more difficult when you came to deal with those who transferred. If provision had been that every person was to be swept under the new Act without option to remain out, it would have been possible to have made a more exact estimate, although it would have meant a very long investigation. When we did come to get the data together for the purpose of a valuation, I think it took about five years to get the necessary information. It could have been done, but it would have been very prolonged.

But when it was left optional to the existing service to come in or stay out, so that no one could know who was going to come in, it was impossible to know the conditions as to service, age of entry, and salary of those with whom we were going to have to deal. However, the assumption made as to the retirement fund was this, that the initial liability created for the government at the date of transfer would be the amount standing to the credit in the retirement fund of those transferring. The retirement fund had been made up of contributions of five per cent, which is exactly the employee's contribution under the new Act. Those contributions had been accumulated up to 1920 at four per cent.

By Mr. McCann:

Q. That was non-contributory?—A. The retirement fund was all contributed by the employees and nothing added by the government except interest. Interest had been added up to 1920 at four per cent. But in 1920, due to high interest rates then prevailing on government bonds, there was an amendment made to increase the rate of interest to five per cent. That amendment contained provision that the Governor in Council might at any time, if he saw fit, reduce the rate again to four per cent. As a matter of history, it was raised to five per cent in 1920 and, I think, reduced by order in council about 1932 or 1933.

By Hon. Mr. Dunning:

Q. That is on the balance of those in the old fund?—A. Yes.

By Mr. Mallette:

Q. There has been no reduction since? Is it still four per cent?—A. It cannot go below four per cent. It was originally in the Act four per cent. The amendment of 1920 said it should be increased to five per cent and gave power to the Governor in Council to reduce it again to four per cent, but not below.

Q. It was increased to five per cent on account of the money market being high, but if the money market is low it does not go below four per cent?—A. No, not until parliament rules. Now, the assumption was this, that the contributor to the retirement fund having already provided his five per cent of his contributions, which had accumulated at four per cent and in the latter years at five per cent, had provided his share of the benefit he would get under the new Act, and that the government should duplicate that amount.

By Mr. Dunning:

Q. Nobody could tell how much would be involved?—A. No. It was not known who was going to transfer or how much he was going to have to his credit. It was realized that the assumption made might be faulty. The five per cent had in many cases been contributed on a much lower salary scale. Prior to the war salary scales were lower, and the five per cent had been made in respect of those salaries. So that there would be a deficiency on that account. On the other hand, many of those transfers would no longer involve say, the children's benefit because the children had reached the exemption age, over eighteen years. So that there were off-setting considerations which, while not very definite, led to the conclusion that the best estimate, if an estimate had to be made, was that the government's liability in respect of past service would be the amount to the credit of those transferring.

The bill was introduced with provision for the option to transfer being exercised within six months of the date of coming into force. That, no doubt, was short, but it was realized that it was necessary to make it short if an adverse selection was to be avoided. You can easily see, if a long period to elect was given, conditions would be continually changing. A man who was unmarried in 1924 might by 1925, 1926 or 1927 be married and he would then be anxious to transfer to the fund, whereas if he remained unmarried he might prefer to remain out of it. So the bill as introduced made that period six months. The committee of the House extended it to one year. It was then renewed successively by parliament for two more years, and the door was finally closed in 1927. Until the door was closed there was no possibility of getting data on which to make a valuation.

Shortly after the Act passed, there was a revision of salaries. Again I think in 1927 there was a more or less general revision of salaries, and those revisions were always upwards.

It was quite apparent to all concerned with the fund that these changes would operate to increase the cost to the government. The estimate that was placed before the House was that there would be an equal division of cost. However, it was stated that on a valuation being made, if it was found that the contributions were inadequate, the cost could be re-distributed. The chairman of the committee, I think, is on record as saying that if the cost had been under-estimated higher contributions could be called for from the civil service.

[Mr. G. D. Finlayson.]

However, the hope was expressed and the belief was expressed that the cost would be found to be equally borne by the five per cent deduction. As I say, it was a very difficult matter to get the data selected, especially in the larger departments with large numbers of employees. It was necessary to get information concerning every person transferring as to his salary and changes in salary in order to compute the arrears of contributions which he would have to make and to permit of valuation.

The collection of the data took a long time. I think it was not until 1930 or 1931 that the data was completed in respect of those transferring during 1924 and 1925, and it was some further period before it was completed. However, it was possible to get a valuation made as at March 21, 1931. We had the data up to 1931, but it was 1932 or 1933 before that was completed. There, again, arose the question as to the basis on which the valuation should be made. The mortality experience of the civil service had never been investigated, and there was danger in applying another experience to the civil service because it might not fit. What was done—it was realized that it was a very narrow basis to adopt—was to take the experience of the fund itself from 1924 up to the valuation date.

By Hon. Mr. Dunning:

Q. Just the seven years?—A. Just the seven years.

Q. A very slim basis.—A. It was realized that it was an unsatisfactory basis, but it might be better than the adoption of any other basis having no relation to the civil service.

By Mr. McCann:

Q. In determining or attempting to determine the rate, was the life expectancy based upon a physical basis ever taken into consideration?—A. You mean in the original calculation of the contributions and benefits?

Q. Yes.—A. What you would have to do in a case of that kind is to get an experience, wherever you can, which looks like fitting the problem you are dealing with.

Q. Can any fund such as this, which is practically an insurance fund, be on an actuarially sound basis without taking into consideration the physical side of it?—A. You mean the mortality side?

Q. Yes, the mortality side.—A. Yes, there must be a mortality basis.

Q. What is the mortality basis in this case?—A. What I think was used in 1924 was mainly a New Zealand experience—the New Zealand civil service experience as to employees in service. For the retired civil servant, I think a British experience was taken; some other experience still as to rate of marriage and as to children's benefits.

By Mr. Heaps:

Q. As regards those entering the civil service, whether they enter before age twenty or age forty, they all pay the same flat rate of 5 per cent, do they not?—A. Yes.

Q. That is not in keeping with some of the other funds where they pay a higher rate?—A. No. I think I dealt with that before you came in, Mr. Heaps. It was the provision in a bill of 1914, and it was also in some other Acts. I have stated the basis adopted for the valuation. The experience of the fund itself as to mortality for those six or seven years was taken. Then, as to salary scales, an assumption has to be made as to the future. I stated that the conditions in that respect had changed since 1924, and it was believed more satisfactory to take the salary experience for three years—I think from 1927 to 1931. There again it is a rather narrow basis, but for many reasons it seemed the best possible.

By Mr. Wood:

Q. Would the tables of expectancy of life as adopted by the Canada Annuities Act not be valuable to apply?—A. The Canada Annuities Act deals with the general population.

Q. Is there a difference?—A. Yes.

Hon. Mr. DUNNING: There is a joke back of that, Mr. Wood, which you do not know of.

The WITNESS: I do not think it would be any more satisfactory than lots of other experience.

By Mr. Wood:

Q. Has it been revised recently?—A. Yes, there has been a partial revision.

Now, the valuation confirmed the fears that we have entertained in respect of all these changes which have taken place; but I may say, in the first place, that the valuation disclosed anomalies that I am sure do not reflect the permanent experience of the civil service. For that reason I should prefer to see a valuation on some other basis before giving the figures that have resulted from the valuation. However, perhaps this will be sufficient indication to the committee—and I imagine this is what the committee wants—as to whether the government is paying more or less than 5 per cent of the salaries.

Now, in a word I can give you my own conclusions that so far as new entrants to the service are concerned—

Hon. Mr. DUNNING: Since 1924.

The WITNESS: —since 1924—persons coming into the civil service for the first time since 1924,—and assuming now that there is no reduction in the average retiring age that was then assumed by the law, an equal division of cost is fairly well confirmed by the valuation. If you can assume that 4 per cent is a proper valuation rate—and that is another question I shall have to deal with.

The CHAIRMAN: As an interest rate?

The WITNESS: Yes.

By Hon. Mr. Dunning:

Q. From the standpoint of the country, 4 per cent is now too high.—A. Yes.

By Mr. McCann:

Q. But take it over the years since its introduction?—A. On the average it is probably below the average.

Hon. Mr. DUNNING: I am not complaining about the rate.

The WITNESS: Assuming that 4 per cent is a fair rate as an interest rate, and assuming that the average retiring age would remain as it was in 1924 and for some years after that, the assumption as to new entrants to the service is fairly well confirmed by the valuation. I do not very much fear that a 5 per cent contribution by the employees and the government's equal contribution and interest at 4 per cent will be found inadequate to provide the benefits.

By Mr. McCann:

Q. You would not expect anything else when it has been in operation fourteen years?—A. Unless there are violent changes as to retiring age.

Q. Unless you took in consumptives—A. There was no very great change in the retiring ages up to 1931. There was some, but nothing very great.

[Mr. G. D. Finlayson.]

As to those who transferred, the estimates have not been borne out. The result is that as far as one can see the government, with respect to these people who transferred to the new fund—is bearing more than its share of the cost. I think it may be found that the government should have contributed 7 per cent of the salaries instead of 5 per cent.

Q. In respect of those who already transferred?—A. Who transferred from the other funds.

Q. The government is paying—A. The government is paying more than the 5 per cent which the contributors are paying. I think it might be that the government should have been contributing 7 per cent in order to produce a balanced fund. If the cost were divided equally it might be 6 per cent each. I think, possibly, it would have been a fairer division of the cost if in respect of that section contributors had paid 6 per cent instead of 5 per cent.

Q. The reason for that is, I suppose, that those who came into the fund contributed their aggregate payments for a period of years?—A. Yes.

I might deal with the change as to retirement. In 1932-33 there was a large number of abolitions of positions in some of the departments. I think nearly 600 positions in all were abolished, some of them in 1931; and you can easily see that instead of getting more contributions from those men, the fund commenced payments to them. Naturally the liability to the government is increased. The assumption made by the 1931 valuation was that the maximum retiring age might be taken as 71. In a later estimate carrying forward the valuation to 1937, age 67 was assumed and it may be that the tendency will continue. You have had representations before the committee to the effect that retirement should be optional at age 60, I think.

Hon. Mr. DUNNING: We have had them.

The WITNESS: Of course, you can see the effect of that on the valuation from this point of view. If the government adopts these suggestions for earlier retiring it will save, of course, in current salaries. It may allow a man to retire and he does not need to be replaced; if he is replaced he may be replaced by a man in the lower brackets of the service, so there would be a saving from current salaries. But when that is done the average retiring age for the future is reduced and that change would be taken into account in valuing the superannuation fund, so that what the government gained on current salaries it would have to make up in part in an increased liability in the fund.

By Mr. Heaps:

Q. That is on the assumption that the fund is not sound?—A. No, that will be true whether it is sound or unsound. If you are going to reduce the average retiring age you are going to increase the liability of the government in the fund.

Q. If the fund were self-sustaining would you not take into consideration that very factor?—A. It would be self-sustaining on a certain basis. If you say that people are to retire at age 70, the fund would get the contributions to age 70, and only then would it begin to pay out; but if the condition is changed so that men retire at age 65, the fund loses the contributions between 65 and 70 and instead of getting the contributions pays money out as allowances.

Q. I am assuming that if we are going to start now on a new basis we will take into consideration that very factor and that perhaps a retiring age should be earlier.—A. Then, supposing ten years from now a still earlier retiring age prevails. Then your basis is disturbed.

Q. I quite agree it is impossible to interfere with the basis of retiring and benefits without in some way altering the basis of the whole payment to the fund.—A. Perhaps what I have given is an indication of what I suppose the committee is concerned with. You are having representations for additional benefits. You want to know, I should think, whether the government is paying more or less than its share which was assumed when the Act was passed. As I

have indicated, I think in respect to new entrants the original assumption is fairly well confirmed; but in respect of those who transferred—remember that is the great bulk of the liability—from 1924 to 1927, the government is paying more than its share, and I take it that is a matter which the committee would want to consider when dealing with the representations that have been made. I have taken too long in this survey, gentlemen.

Hon. Mr. DUNNING: It will be very useful in the record.

Mr. HEAPS: I came in late and I apologize. Unfortunately these days we are having two or three committee meetings at the same time, and it is impossible to be here when one would like to be here. Possibly I am asking a question which might have been dealt with prior to my coming in.

The CHAIRMAN: You have been a regular attendant on other occasions so we will overlook it this time.

By Mr. Heaps:

Q. What I should like to find out from Mr. Finlayson is something about the actual soundness of the fund at the present time.—A. Well, perhaps I can indicate it. As I say, owing to the basis we have adopted and the unsatisfactory nature of the basis, I should prefer not to put on the record figures showing the soundness or unsoundness of the fund. Of course, you can quite easily see there is a deficit in these funds. If the government in respect of those who transferred had been contributing say 7 per cent instead of only 5 per cent, the situation would have been different. Naturally there is a deficit in the fund.

Q. Of course, we will have to have information, privately or otherwise, before we can give an intelligent report on our proceedings here. I cannot see, Mr. Chairman, how we can make a report to the house on what the future basis of the superannuation fund by the employees and the government should be unless we know exactly how the fund has worked out in the past. I know, perhaps, it is asking a great deal to give it at this particular moment. It might be well at some time in the future to have a memorandum of that kind submitted for the information of the members.—A. I should prefer not to give figures at the moment. No actuary likes to put forward figures which may be disproved later. I shall be very glad to submit the documents to the members of the committee if desired.

Mr. McCANN: Is it not sufficient to know that the fund is always solvent because you have the country behind it?

Hon. Mr. DUNNING: Of course, the solvency of the fund from the point of view of the contributors rests upon the obligation of the state to pay. Personally, I, of course, know the very unsatisfactory valuation which has been made. I know all the weaknesses of it, and I have reached a conclusion that no good purpose can possibly be served by giving a valuation which is not a valuation in fact, but which is based upon a series of assumptions, some of which have already changed since the work was commenced.

Mr. HEAPS: What date did you go back to in that statement?

Hon. Mr. DUNNING: I do not think it is a question of going back, I think it is a question of going forward. I believe personally that an entirely new basis of valuation should be adopted. You see, when they started the valuation they had just seven years experience with all these variants that seven years had produced. Now, a further seven years has elapsed and I think I am correct in saying, Mr. Finlayson, that the variants in the last seven years have been greater than the first seven. Mr. Finlayson mentioned the fact of the returned soldier preference entering the service, his age of entry and the degree of contribution as a liability and so on. That has been cumulative. It has been cumulative so long as it has existed. Frankly, in going over it with Mr. Finlayson shortly after I assumed the position of Minister of Finance, I do not believe any

[Mr. G. D. Finlayson.]

insurance organization would accept the figures secured up to 1931 as any sort of guide whatsoever; because the valuation is based on a limited experience during a constantly changing period, and the assumption used has changed since. Now, Mr. Finlayson can speak for himself; he is perfectly free to speak, but I suggest to the committee that the work done up to date does not provide a basis for conclusions.

By Mr. Baker:

Q. Would an insurance company take over the fund in the position it is now and carry on?—A. As I said, I think there has been used in the valuation probably the best basis that could be got at that time. I doubt whether there is any other experience which could have been obtained from other countries or other funds which would have reflected our problem here in the future. The valuation is a good valuation, and the actuary that made it is a good actuary, and I have no doubt whatever as to the accuracy of the valuation on that basis; but I think he himself realized the basis was a very narrow one and that the results may be disproved by further experience. A census made of the service which is just about completed now, should, I think, be of some assistance in the valuation. A new valuation can be made, but it is a fairly long process. It is a difficult job at any time, and much more difficult with these changes in conditions. I think any actuary or any insurance company or any other body dealing with a problem of this kind would be very much puzzled as to what basis to adopt and would prefer to wait until there is a volume of experience brought together in respect of the civil service itself.

By Mr. Hill:

Q. You stated the fund as regards new entrants was actuarially sound. Has not the returned soldiers preference had an effect on the fund, because they are coming in at an older age?—A. To a certain extent, but I do not know whether it is becoming more or less a factor in current years.

Q. A lot of them are coming in?—A. I should think the entry of returned soldiers will be getting less year by year now.

Hon. Mr. DUNNING: The only real problem would be the effect upon the ultimate retiring age of those who came in under the returned soldiers preference. I do not believe the numbers coming in now accentuate the problem, do they?

The WITNESS: No, but they should probably be contributing more.

Hon. Mr. DUNNING: Yes.

The WITNESS: I may mention this also, that if the policy is continued, of retiring men at age 65 as contemplated by order in council passed in 1933, the average retiring age will be decreased still further.

By Mr. Hill:

Q. Just the same as now, 65 and 70.

Mr. HEAPS: What I want to find out is this; I suggest it might be rather difficult, but I want to know when the civil servants are making their contribution and the government is making a like contribution with the added interest accumulated on these contributions, if the fund is on a reasonably sound basis?

Hon. Mr. DUNNING: That is what we all want to find out.

Mr. HEAPS: There may be some difficulty in being able to arrive at a conclusion on that point on account of the changing conditions over a period of years. A great many requests come to us from the employees of the government, some suggesting that the retiring age be earlier and others wanting to come within the ambit of the fund itself. It would be impossible for me to say whether it would be the proper thing, taking into consideration the actuarial soundness of

the fund, whether these people should come in or not. Personally I am anxious for them to come in. I remember some years ago, going back about 19 years, I was a member of a committee of the civic council which tried to put into effect a superannuation fund. I will admit it was a smaller group of individuals than is concerned here. There were about 1,500 employees affected, and after the fund had been in operation for six years, during changing conditions, there was some doubt as to the actuarial soundness of the fund. They always tried to keep it on a basis where the amount contributed by the employer and the employee and the accumulated interest that accrued would be sufficient to take care of the whole situation in regard to retiring allowances. I should like, if it were possible, for it to be on a similar basis here.

Mr. Finlayson suggested a new valuation. I know it will take a long time before we can have the result of such a valuation; but I should like to know how long it would take for that, so that we might have a somewhat scientific basis on which to work.

The WITNESS: I think I can answer Mr. Heaps' question to his satisfaction. Is he considering the case of a man coming into the civil service, for the first time?

By Mr. Heaps:

Q. No, I am thinking of the whole of the service, without any particular individual case.—A. Yes.

Q. You said a few moments ago that you expected to have a new valuation made.—A. I think it might be desirable, yes.

Q. How long would that take?—A. Well—

Q. You do not know that, to answer my question?—A. In part, yes, I think I can answer it to your satisfaction. I think this fund is solvent so long as the Dominion of Canada can meet its obligations. That is one answer. Regardless of changes which may be made in contributions, the fund is solvent because the government has over and over again expressed its intention of honouring its obligation. Now, to that extent the fund is solvent. That involves also, Mr. Heaps, the question of the nature of the fund. I think I explained before you came in two methods of operating a superannuation fund. This fund is simply a bookkeeping account, and payments are made in and out, of the consolidated revenue fund.

Now, if I had to express my preference I would still in principle argue for an invested fund, and invest only in Dominion government bonds. I would make that a condition, to invest only in Dominion government bonds.

Hon. Mr. DUNNING: It comes to the same thing.

The WITNESS: Probably.

By Mr. Mallette:

Q. You would not get so much interest?—A. At the same time it would be a self-contained fund; it would be better, but there is this objection. Perhaps I should deal with this, the objection that there is to continuing on the present basis. At the present time the receipts and disbursements operate on the consolidated revenue fund. If the receipts are more than the disbursements, the excess goes to meet the ordinary requirements of the government. Conceivably it does not need so much taxation to square its budget.

Q. Do you say there is profit from the investment?—A. No; but up to date, Mr. Mallette, the contributions from civil servants and from the government exceed the disbursements.

Hon. Mr. DUNNING: Each year.

The WITNESS: Each year, so that there is a net gain in income.

[Mr. G. D. Finlayson.]

Hon. Mr. DUNNING: It is credited in the account.

The WITNESS: It is credited in the account.

Hon. Mr. DUNNING: And earns 4 per cent for the future.

By Mr. Mallette:

Q. It belongs to the fund; it does not belong to the government?—A. That would be so if we had a separate invested fund.

Q. There is a little mystery there. Who does it belong to? Who does the money belong to?—A. It always belonged to the consolidated revenue fund; and there is nothing improper in doing what is being done, having regard to the provisions of the Act.

Q. It remains with the trustee.

Hon. Mr. DUNNING: No.

By Mr. Heaps:

Q. Suppose after a period of years, since 1924, the whole fund was a self-contained fund, and you had the right to determine your own investment—I mean, the employees had the right to determine their own investments, and there would be no government guarantee behind the solvency of the fund; as I said a few minutes ago, would you say the fund was in a state of actuarial solvency.—A. And the government had only contributed 5 per cent?

Q. Had contributed as it has been contributing up to now?—A. Up to now, contributing the same?

Hon. Mr. DUNNING: It would depend on the nature of the investments.

Mr. HEAPS: Government investments.

Hon. Mr. DUNNING: Government bonds?

Mr. HEAPS: Yes.

The WITNESS: What rate would be earned?

By Mr. Heaps:

Q. Could you still tell us as to whether, in your opinion, the fund would be actually sound?

Mr. McCANN: Not as much as now.

The WITNESS: Having earned 4 per cent?

Hon. Mr. DUNNING: Having invested in government bonds and taken the chance.

Mr. McCANN: At current rates.

The WITNESS: You raised so many questions. If you can tell me exactly what you invested in, then we could make a computation.

By Mr. Heaps:

Q. You made a statement a few minutes ago that the fund is solvent in so long as the government are behind the fund.—A. Yes.

Q. That is so long as the Canadian National Railways are solvent—so long as the government is behind them?—A. Yes.

Q. We have a great many "if's" and "but's." I was trying to find out if the fund stands entirely on its own feet and the government makes these contributions on the basis of the employee, 5 per cent, and there was a board of employees and the government appointed by some method, to determine the character of the investments you invest in—in government bonds, say nominally at 4 per cent?—A. Just earn an even 4 per cent?

Q. Yes.

Hon. Mr. DUNNING: If you had a guaranteed rate, then, of course, it is different.

Mr. HEAPS: Let us say you had a guaranteed rate of 4 per cent.

Hon. Mr. DUNNING: You would not get it.

Mr. HEAPS: Take it just as an assumption.

Hon. Mr. DUNNING: Oh, yes.

By Mr. Heaps:

Q. I want to find out if there was no government guarantee behind it, and with all the disbursements you have to make now, and the obligations you have, without creating new obligations, do you consider that the fund would be actuarially sound?—A. In respect of new employees, entries since 1924, if you could segregate them, I think the answer is "yes." But for the very reason I have explained, in respect to the fund arising from those who transferred for whom the government should have contributed 7 per cent and has only contributed 5 per cent, and the fund lost the interest that would accrue on the additional 2 per cent, then naturally there would be a deficit.

By the Chairman:

Q. I want to deal with the statement made by Mr. Finlayson. He told us a little while ago that a 5 per cent interest on the contributions of the employees.—A. Not 5 per cent.

Q. But some time ago 5 per cent was allowed?—A. On the old retirement fund.

Q. Not on the new?

Hon. Mr. DUNNING: No.

The WITNESS: No.

By Mr. Bradette:

Q. The fact that the government contributes 5 per cent to-day is public property. I am in full agreement with Mr. Heaps on that score. Several civil servants have spoken to me since the committee started, and they are under the impression that there is at least a half a billion dollar surplus in the fund. On that assumption, they think they are being bled white by their 5 per cent contribution. Otherwise, if this becomes public property, once it is known that this fund is, we will say, bankrupt, for the sake of argument, then perhaps they would be willing to increase that contribution to 6 per cent as Mr. Finlayson mentioned a few minutes ago.—A. I am afraid that the impression you have just mentioned may have been fairly widespread, that the government was making a great profit out of this fund.

Q. Oh, yes.—A. In fact, I have had it stated to me not very long ago that the fund would be quite safe if no further contributions were received from the employees.

Q. Quite so; I have been told that by civil servants.—A. I think possibly that impression may have deterred a great many people from transferring into the new fund; because, naturally, if they were going to be called upon to pay 5 per cent when it was not needed, they would not be anxious to join it. That may have accounted for the considerable number which has held out from transferring to the new fund; and I think perhaps what I have said will give a fair view of the situation.

Mr. HILL: This committee has before it a request to allow a number who are out of the fund to come in, and the estimated average age was about forty-six or forty-five.

[Mr. G. D. Finlayson.]

Hon. Mr. DUNNING: That is, about 4,000?

Mr. HILL: Yes. If these people are allowed to come in, is it not a fact that they will have to contribute a large lump sum or the government will have to contribute a large lump sum to keep the fund solvent?

By Mr. Baker:

Q. May I ask Mr. Finlayson this: The bookkeeping in connection with this fund must be a tremendous expense. Did the government take care of that, or was it charged in against this fund?

Hon. Mr. DUNNING: The government provides the whole service.

Mr. BAKER: It is too bad.

By Mr. Mallette:

Q. It is quite possible I have missed some of the fine points. The entire evidence has been given in English, and it is possible I have missed some of the fine points, although I understand the language fairly well. It seems to me that Mr. Heaps has been trying to get what we want to know. How can we tell whether these additional requests for more membership in the pension fund should be granted until we know definitely yes or no whether this superannuation fund is itself sound? We have not had it yet. Can we have a "yes" or "no" on that?

Hon. Mr. DUNNING: It is awfully difficult.

Mr. MALLETT: Well, yes, it is difficult.

The WITNESS: I think I have answered Mr. Heaps' question, that on the basis he gave, that fund would be unsound; and considering now what you have in mind as to whether new entrants, new transfers, are to be permitted, then I should think that the committee would want to say that they come in on conditions fixed in the light of what we know now.

By Mr. Mallette:

Q. They take their chance?—A. No, not taking a chance, but coming in under conditions which would be fixed in the light of what we know now; that is, their contributions adjusted so as to comply with what we know now.

Q. Will you permit me two more questions. I understand there is an advisory board supervising the workings of the superannuation fund?—A. Yes.

Q. Are you a member of the board?—A. No. Have they not been before the committee?

The CHAIRMAN: Yes—but not as a board.

The WITNESS: You have had individual members?

The CHAIRMAN: Yes.

Mr. MALLETT: I understood there were seven members.

Hon. Mr. DUNNING: Ten members.

By Mr. Mallette:

Q. Has that board ever called in actuaries from outside for advice?—A. Oh, yes. They have had actuarial advice on the board—our actuary is a member.

Q. Your own. But none from outside?—A. I do not think so.

Q. We are trying to do what is right by the civil service employees and by the government. That is why we are asking so many questions. We are not actuaries ourselves, and we find it very difficult to come to the point.

Hon. Mr. DUNNING: The difficulty is in getting a basis from which to start.

Mr. MALLETT: That is it, absolutely.

Hon. Mr. DUNNING: That has been my point. The committee will remember that during each of the two previous sessions, this matter has been up in various forms, and I have always found it very difficult to start to do anything because of the lack of that very thing which Mr. Heaps is seeking for, a place to plant our feet. Insurance generally did not become a science until there was available for it statistics of mortality and all sorts of things relating to the classes of people which it was supposed to cover. We have here a special condition in the civil service, not comparable with the condition among employees of any large corporation so far as I know. There is quite a wide difference in the experience, so far as we have got it, actuarially speaking, of the service and the experience applicable to any other large class, either insurance-wise or annuity-wise or pension-wise, with respect to any other institution. The thing I am afraid of is doing again what was done in 1924—that is, taking an assumed basis and starting again from here and finding ourselves a few years from now in the position of doubting our basis because of changes which have occurred and having to do it all over again. I really do not call it a valuation. I am not detracting at all from Mr. Watson's work, which I think is splendid—but I doubt very much if any company in business for the purpose of earning anything for its policyholders, if a mutual company, or earning anything for its shareholders, if a stock company, would begin to take the risk of basing its rates upon the kind of experience and the kind of fluctuation which we have had in the civil service up to date. Why, on the things that come before us, that is by way of request—Mr. Finlayson has dealt with one, and has expressed his personal opinion which he is perfectly free to do; he has not expressed the opinion of the government, but his own opinion. As the head of the insurance department of the government, he points out that if these four thousand who now request to have their right restored to them, which they failed to take advantage of when they had it, of transferring to the fund, are now permitted to transfer, undoubtedly that will mean a further load upon the fund, because the average age of that four thousand is now around forty-six, someone said; and there is the principle of selection involved. They have had all these years to determine whether or not it would be better for them to come in or stay on the old retirement fund. Undoubtedly, that four thousand, Mr. Finlayson, would represent an ascertainable liability, would it not?

The WITNESS: Yes, if you could be sure they would all come in.

Hon. Mr. DUNNING: If you could be sure they would all come in, it would represent an ascertainable liability.

The WITNESS: Leaving it to them to say, then you could not ascertain it.

Hon. Mr. DUNNING: If we could assume that the whole four thousand would come in, the committee could say if this four thousand comes in, it is going to cost so much more, and that so much more ought to be paid in such-and-such a fashion.

Mr. McCANN: Excuse me—if they come in now, would they come in on a new basis or would it be a part contribution?

Hon. Mr. DUNNING: That is what I am pointing out, that the conditions would have to be set by this committee. Naturally, what they are asking for is to come in "as is." So far as the load on the fund respecting this four thousand is concerned, it is ascertainable; and therefore the committee could consider the basis under which they should be permitted to come in—undoubtedly, if they all come in. But the committee cannot arrive at an accurate basis if these four thousand have the right of selection left to them, left to the individual; because, of course, that changes the average cost.

Mr. McCANN: It should be on an all-or-none-basis.

[Mr. G. D. Finlayson.]

Hon. Mr. DUNNING: That is apparent to everybody. If we have an all-or-none basis—I am not making suggestions now; I am trying to put the facts—if we have an all-or-none basis for the four thousand, then Mr. Finlayson's office can tell us in a very short time what the added cost to the fund of that four thousand will be; and then the committee can probably recommend whether they should be permitted to come in "as is" on the present basis of contribution or whether they should come in on some other basis. Now, similarly—and this is a matter of very great difficulty because it is not under the control of the superannuation organization in any way—how shall we determine what the retirement age from the civil service will be for a sufficient period ahead to determine the bearing of that factor upon the present cost? How shall we determine what the retirement age from the civil service will be for a sufficient period ahead to determine the bearing of that factor upon the soundness of the fund—Mr. Heaps, you are following my point, aren't you?

Mr. HEAPS: Oh, yes.

Hon. Mr. DUNNING: —if within the lifetime of civil servants now contributing, as a matter of policy the government determines that the retirement age shall be reduced to sixty. Well, quite obviously, that is going to add tremendously to the cost, even with respect to those who came in since 1924. There is no escaping that. We can, therefore, deal with prospective added liabilities if we know what these prospective added liabilities are. We find it difficult to base anything on experience actuarially because of the length of experience of this fund and because the variants which have come into its operation have been too great in number and amount.

Mr. HILL: You could cover that by making the retiring allowance at age sixty less than it is at age sixty-five.

Hon. Mr. DUNNING: But you cannot control what the parliament five years from now may do.

Mr. HILL: Even so, it is possible to make the retirement at age sixty-five higher than the retirement at age sixty. The retiring allowance could be reduced.

Hon. Mr. DUNNING: You could do that, but my point is that parliament five years from now might change that. Unfortunately, these things do change, and parliaments act upon their responsibility at the time. You are asking for an exact thing based upon a mass of variables. That is my difficulty, Mr. Heaps. Your thinking has been precisely along the lines of my own; but always I run up against such a tremendous number of variants—I have cited only a few—that I find it difficult to lay down any basis. I have asked the Superintendent of Insurance if he thought that the added seven years experience with the added groups of variants which have come in in that time might make it possible to start as from the year 1936 or the year 1937 and make a new valuation; but, of course, we have always got the fact that we are more in a state of flux with regard to economic conditions than ever; and is there more likelihood of efficient progress within the next few years than there was in the last ten? In my opinion the question is a serious one. And I just wonder whether our position would or would not be strengthened—and really, I wanted the members of the committee to give attention to that aspect of it—as to whether in the light of conditions now prevailing and the constant change it would be advisable to consider, to try to get a basis on the fourteen years—isn't it now fourteen years experience?

The WITNESS: Yes.

Hon. Mr. DUNNING: The question for us is, would it be worth the trouble by the time we got it; would there be gain, because of world conditions now prevailing, and the way they affect Canada and all of us? Would there again

be a group of variants which would render that basis inaccurate? I do not want anything I say, however, to give to any civil servant the idea that his interest in the fund is unsafe. The thing that is really behind it is the faith of the people of Canada represented through parliament by their government; and at no time and under no basis can you really get any other basis for that fund than that. It will be reliable with respect to the civil service. If you had a separately invested fund what would happen if the investment went bad, or if the fund failed to yield a profit? We all know what would happen. Parliament would be asked to make up the difference; and if history means anything parliament would make up the difference. At the present time the money goes into the consolidated fund. It is credited with four per cent interest; and the consolidated fund, Mr. Mallette, has the use of that money because it pays four per cent interest on it.

Mr. MALLETTE: Quite.

Hon. Mr. DUNNING: The consolidated fund pays 4 per cent interest on this fund whether or not it is able to borrow money elsewhere at 2 per cent, or 3 per cent, or whatever per cent it may be.

Mr. BAKER: It is a good rate.

Hon. Mr. DUNNING: That is a matter of opinion, of course; I think myself it is a fair average over a period of years. At the present time, and looking forward to the future I think it is particularly good. I think it is a comparatively high rate in relation to what money is costing, or is likely to cost as far ahead as I can see.

Mr. HEAPS: Do you think it is worth while taking into consideration with respect to the Superannuation Fund that the payments into the fund by the employees should depend upon the age at which they enter the service? What I mean is this: that a person entering at the age of 20 should pay a lower percentage than a person entering the service say at the age of 45?

The WITNESS: That was a provision in the White bill. Perhaps I should now add what I had intended to say; that one of the proposals made in 1924 was that instead of making transfer optional every person be brought in, all contributors to the retirement fund be brought in and their contributions with them; then they would get full benefits because presumably they had contributed already one-half of the cost of their benefits. Non-contributors could have all been brought in and given benefits at one-half of the regular rate. Now, that was considered, but the decision of the committee was that everything necessary was done when they were given the option to transfer. Now, that may have been right or wrong.

Hon. Mr. DUNNING: It provided a tremendous variation in the fund.

Mr. HEAPS: I am referring to the fact that persons entering at the age of 20 should probably pay less. Might I just give as an example—not as a fair figure—that a person entering at age 20 or earlier should pay 3 per cent to the Superannuation Fund, and that a person entering at a later age should make a higher contribution.

Hon. Mr. DUNNING: That was the basis of Sir Thomas White's bill that didn't get through.

The WITNESS: Perhaps I had better read for Mr. Heaps' benefit the basis of the bill introduced in 1914. The rate of contribution for age 25 or under was 5 per cent; from age 25 to age 30, 5.5 per cent; from age 30 to 35, 6 per cent; from age 35 to 40, 6.5 per cent; from age 40 to 45, 7 per cent; and above age 45, 8 per cent. That recognizes the principle you have in mind.

Mr. HILL: Isn't the great difficulty really the basis of payment being on the last ten years of service? I do not think that is sound. This fund I think

[Mr. G. D. Finlayson.]

was intended to some extent by the government to help civil servants after they retire. I think if the retirement pay was based in some way to have a direct relation to the amount the individual paid into the fund that it would be actuarially more sound.

Hon. Mr. DUNNING: You cannot base it upon a factor which has no bearing whatever on your payment.

Mr. HILL: The situation is that the contribution by the government to the fund supplementing the payments by the civil servants to-day make it a government responsibility, rather than having the effect of putting it on an actuarially sound basis.

Hon. Mr. DUNNING: Just imagine what would be the situation if there should be special increases in civil service salaries because of inflation, or any one of a dozen things which might bring about a substantial increase in the rate of pay throughout the service, say as much as 20 per cent in the average salary received by civil servants. Obviously that would operate immediately to increase the average salary received by civil servants in the last ten years of their service. It would operate as Mr. Hill has pointed out. We are bound to base this fund on something which has no relation to its actuarial soundness; that is, the amount of the salary that the employee is receiving during the last ten years of his service; and that is determined by a set of conditions apart all together from the Superannuation Fund itself; and it would be actuarially "crazy" I maintain to try to devise what changes should be made to follow that salary increase should it take place. I hope the civil servants will not get the idea that I am contemplating anything of the sort; that would be raising false hopes. As a matter of fact that factor has operated adversely to the fund since 1924. Of course, as every civil servant is approaching the retirement age he would be less than human if he did not fight like the dickens to demonstrate his efficiency and desirability to get into a higher grade for superannuation purposes. Having those variants in mind you cannot establish under those conditions any sound basis. And, these general increases have operated adversely to the fund.

Mr. HILL: I think this committee should get as near as possible to a sound basis and let the government take the balance of the load, but not too much.

Hon. Mr. DUNNING: That is the provision now.

Mr. HILL: Get it as near as we possibly can to a basis which is sound.

Mr. BAKER: The viewpoint really now is that this is an old age pension on the basis of the employer paying 5 per cent of the salary value and the employee paying 5 per cent. That is about what it is.

Hon. Mr. DUNNING: But with this addition, that the employer undertake to make up any of the balance that may be required to pay the additional amount.

Mr. McCANN: Over a period of years, since the fund has been in operation, what has been the variation in yearly payments? Is it gradually going up each year?

The WITNESS: There is a table in the record.

Hon. Mr. DUNNING: I think it is on the record, doctor.

By Mr. McCann:

Q. Is it a fairly uniform increase?

Hon. Mr. DUNNING: There is an increase in numbers and an increase in the salary-scale. I am sure it is an increase.

Mr. GULLOCK: He had reference to the service?

Hon. Mr. DUNNING: No, the payments into the fund each year.

Mr. GULLOCK: That is, from all sources?

Hon. Mr. DUNNING: That would be all right.

Mr. GULLOCK: In 1924 and 1925 the revenue was \$5,000,000.

By Mr. McCann:

Q. How much has been paid out?

Mr. GULLOCK: Oh, the expenditures?

By Mr. McCann:

Q. Yes, each year.

Mr. GULLOCK: It starts in 1924-25. Only \$8,000. 1925-26 \$180,000. 1926-27 \$345,000. 1927-28 \$392,000.

By Mr. McCann:

Q. What about last year?

Mr. GULLOCK: Last year, 1937, \$3,754,000.

Mr. McCANN: With reference to your statement, Mr. Dunning, about collecting it on the salary of the last ten years, would it work out a better basis than taking the average salary over the period of employment?

Hon. Mr. DUNNING: The latter would provide a sounder basis of calculation for the fund. But I can see all sorts of objections from civil service organizations to that.

The WITNESS: In connection with the bill of 1914, that was the basis of the benefits, the entire salary over the thirty-five-year period. But instead of taking two per cent a year, as is done at the present time, over the average for ten years, the percentage was two and a half per cent and the allowance was two and a half per cent of the total salary received for thirty-five years. At the present time you take two per cent per year for thirty-five years and apply it to the average salary for the last ten years. The object of the White bill was to produce a benefit just about the same as would be produced from two per cent a year applied on the last ten years' salary, assuming normal experience, but it did give some protection against fluctuations in the salary scale.

By Mr. Bradette:

Q. Perhaps it is not relevant, but Mr. Finlayson stated a moment ago that they have applicants entering the service between the ages of forty and fifty years. I thought the Civil Service Act did not allow anybody over forty years of age to enter the service.

The WITNESS: Soldiers preference.

Q. Only?—A. There may be some specialized positions.

Mr. BRADETTE: If there are, this committee would be in order to suggest in their report making the contributions from those employees higher than had they started at a younger age.

By the Chairman:

Q. Mr. Finlayson, while it would affect the employees in the higher brackets if their superannuation benefits were based on the whole of their service rather than on the last ten years, would it be more equitable to the service as a whole if their benefits were based on the whole term?—A. Well, I can only express my own view. I think it would be a preferable basis. But, remember, you would probably have to use a higher percentage and apply it to the salaries so as to produce about the same benefit in relation to the contributions. It does prevent the abuse which Mr. Dunning has mentioned. That is exaggerated, of course, when you take the average of the last three years' salary. That was probably one reason why the old Act of 1870 was abolished in 1897, the abuses from last minute increases in salary in order to increase the retiring allowance.

[Mr. G. D. Finlayson.]

Then, of course, there was the abuse at that time by the addition of ten years' service. The old Act provided that a man, if he was brought in at over forty years of age, could have ten years of service added when he came to retire. The charge was made that men were being brought into the service at the age of forty, forty-five, and fifty, and ten years' service immediately added and their positions were abolished or they were allowed to retire at sixty. That was the sort of practice that brought discredit on the old Act.

Q. My question was based on the fact that the great bulk of the civil servants cannot have any great increase in salary in the last ten years?—A. No.

Q. So that it should be more equitable?—A. That is the reason why the ten year average was adopted instead of the three year average. It would not be so open to that objection.

Q. If this committee recommended that the 4,000 now outside the fund were brought in, would there be any difficulty legally, or perhaps equitably, in the way of compelling them to come in?—A. Well, it is a question of whether you are going to respect the principle of free-will or compulsion. I suppose there might be some men who would complain very loudly against being brought in, and they would invoke the right to choose. Anyone might say it was a hardship for him to be brought in. That was the view that was taken in 1924 and it was decided simply to give him an option and to give him a reasonable time to choose.

Q. And of course the employees coming in now know the conditions beforehand?—A. Yes.

Q. The 4,000 are under a definite contract that would be altered if we made that provision?—A. Yes.

The CHAIRMAN: Are there any further questions to ask Mr. Finlayson?

Hon. Mr. DUNNING: Mr. Finlayson will be in attendance whenever possible at the committee meetings or will always be on call if the committee desires to get any further information from him. It is one of the most complex things with which we have had to deal.

The CHAIRMAN: That being so, I might present to the committee the matters that are still before us and the communications from those who wish to appear or make representations that would have to be considered by a sub-committee.

There are quite a number of communications here. I will not read them all because they can be handed to the clerk:

Mr. Raymond M. Comb, London, Ontario.

Mr. T. K. Doherty, Ottawa, Ontario.

Mr. C. Fraser Elliot, K.C., on behalf of employees of the income tax division of the Department of National Revenue.

Mr. Charles Ewen, on behalf of employees concerned in the amalgamations which now constitute the Department of Mines and Resources.

The Halcyon Club, Ottawa, Ontario.

The Federated Association of letter carriers.

Lt.-Col. C. E. Morgan, Cayuga, Ontario.

Mr. J. R. Phillips, Carleton Place, Ontario.

Mr. J. W. Sheppard, Hamilton, Ontario.

Dominion Civil Service War Veterans' Association, Hamilton, Ontario.

Mr. H. Brooker, St. James, Man. I believe that is the case in which Mr. Mutch is interested.

Miss M. Louise Speer and Miss M. E. Branson, former employees of the Department of the Interior.

Miss E. A. Sawyer, re Mr. MacDonald.

In addition to those individual letters and requests, a brief has been presented with the request to appear from Mr. Peart, Secretary of the Dominion Ex-civil servants' Committee, Edmonton, Alberta.

The Canadian Postmasters' Association.

The Maintenance Staff of the Chief Architects' branch of the Department of Public Works.

I also think there are some representatives of the service in the House of Commons, the temporary service. I do not believe they have appeared before us yet.

There is also a supplementary brief from the Canadian Postmasters' Association supplementing the brief which has already been presented and read. They wish to appear before us at a subsequent meeting.

Mr. MALLETTE: The Printing Bureau asked to be heard again.

The CHAIRMAN: I think the printing bureau finished their representations.

Mr. MALLETTE: One of the officials whom I met in the corridor last night said he was going to apply for a further hearing. I advised him to see you, Mr. Chairman, and I assured him that very likely he would have a chance to make further representations.

The CHAIRMAN: Yes. I do not think we have anything further.

I think it would be a good thing to appoint a sub-committee to go over these individual matters and formulate a plan for the committee as to when they should appear.

Hon. Mr. DUNNING: Might I ask whether the committee has decided at any time it will hear individual representations?

Mr. BAKER: In writing.

Mr. McCANN: We will never get through.

The CHAIRMAN: We had a brief before from the Postmasters' Association, but it was impossible to set a date that would be satisfactory because they wished to appear before the Civil Service Committee.

At least three members of the House of Commons wish to appear on behalf of individual correspondents, Mr. Brown of Hamilton, and Mr. Maybank of Winnipeg, and Mr. MacKinnon of Edmonton.

Mr. BAKER: If we start that, there will be no end to it.

The CHAIRMAN: No. It was intended that they should make their representations before the sub-committee, and that the sub-committee would sift it out and decide what should be done.

Mr. BAKER: They should be in writing only.

The CHAIRMAN: That would be satisfactory.

Mr. BAKER: If you allow any individual to be heard who thinks he has a complaint, we would be here for 22 years.

The CHAIRMAN: There was no intention that these individuals should appear before the committee unless the sub-committee recommended that they should be heard.

There are three organizations that would like to be considered, the Canadian Postmasters' Association being the largest one. They had already presented part of their case, but they wanted to be heard while attending the Civil Service Committee. Also Mr. Peart, Secretary of the Dominion Ex-civil Servants' Committee, Edmonton, and the maintenance staff of the chief architect's branch of the Department of Public Works wanted to appear before the committee.

Is it satisfactory to the committee that a sub-committee be appointed at this time, also a vice-chairman who would be a member of that sub-committee?

Mr. MALLETTE: Yes.

[Mr. G. D. Finlayson.]

Mr. WOOD: Mr. Chairman, I move that a vice-chairman be appointed, and I nominate Mr. Bradette, who has had considerable experience in these matters, to act as vice-chairman.

The CHAIRMAN: Carried. Would you suggest that the sub-committee consist of five members?

Hon. Mr. DUNNING: Mr. Chairman, this is not a controversial matter. I suggest you could get along very well with a committee of two others associated with Mr. Bradette, regardless of political affiliations. If you try to set up a sub-committee of five or seven, when you have a quorum of nine for this committee—

The CHAIRMAN: There is that difficulty; if the committee is down to three, that is, two and the vice-chairman, I would hate to have the responsibility of naming them. Has anyone any suggestions?

Mr. HILL: Make it three and the vice-chairman.

The CHAIRMAN: Three and the vice-chairman? That should be satisfactory.

Hon. Mr. DUNNING: That is, for the purpose of sifting these communications?

Mr. BRADETTE: That would be the exact duty of dealing with those briefs?

The CHAIRMAN: The exact duty of dealing with those briefs and communications. Also later on it is possible that that sub-committee would be charged with the duty of drafting the report for the committee?

Mr. BRADETTE: What would the committee do in the meantime? We will have to get a committee to do that.

The CHAIRMAN: Well, a sub-committee could probably do that.

Mr. DAVIDSON: I move that the chairman and the vice-chairman name the sub-committee.

The CHAIRMAN: Would you limit that committee to four? It is moved by Mr. Davidson that the chairman and vice-chairman name the sub-committee of four members, including the vice-chairman. Is there any other suggestion? That appears to be satisfactory.

Hon. Mr. DUNNING: The vice-chairman and three others?

The CHAIRMAN: Yes.

Mr. BRADETTE: I would like to have Mr. Mallette, Mr. Anderson and Mr. Baker.

Mr. BAKER: I am sorry, I am on too many committees now, and I do not think I could act.

Mr. BRADETTE: Then I should like to have Mr. Heaps, if that is satisfactory.

The CHAIRMAN: Is there any other suggestion? Carried.

Mr. BRADETTE: I would be in favour of setting a date for the reception of briefs.

Hon. Mr. DUNNING: I suggest to the subcommittee that they set a date after which no representations will be received by the committee; otherwise, you will not have time to present your report.

The CHAIRMAN: And have that dead-line noted in the press.

Mr. MALLETTE: And do not make it too far distant. We have a lot of briefs now.

Mr. BRADETTE: Should we set the date as the 10th or 15th of next month?

The CHAIRMAN: That is allowing a lot of time. Will that not be making it pretty late? Suppose the press were to notify the public that no representations will be received after a week from to-day?

Hon. Mr. DUNNING: That includes briefs as well as representations?

Mr. BRADETTE: Yes; otherwise there would be no end.

The CHAIRMAN: Some briefs have already been presented and witnesses wish to appear—the postmasters, for instance, want to appear here when they

are before the Civil Service committee. I understood that the setting of a dead-line referred to new representations; that you are not setting a dead-line for witnesses such as I have indicated to be heard.

Mr. MALLETT: No; because there will be witnesses following the report of the sub-committee.

The CHAIRMAN: Is it satisfactory that the press should be advised that the dead-line will be a week from to-day?

Mr. MALLETT: Yes.

Mr. BRADETTE: For new representations only.

Mr. WOOD: Why not make it the 1st of June?

The CHAIRMAN: Very well, the 1st of June.

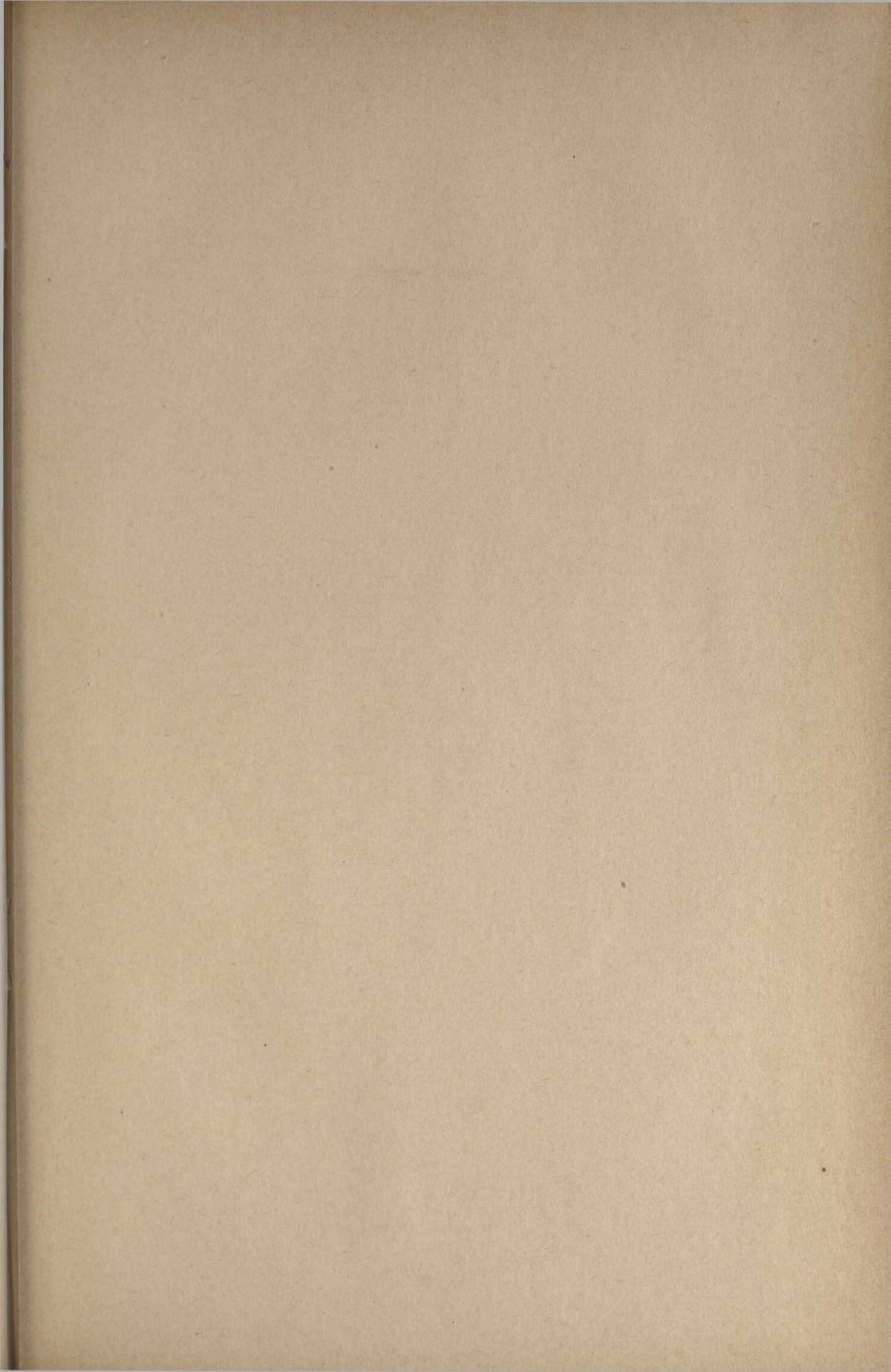
Mr. MALLETT: With regard to the Dominion Railway Mail Clerks' Federation, did you receive a brief from them?

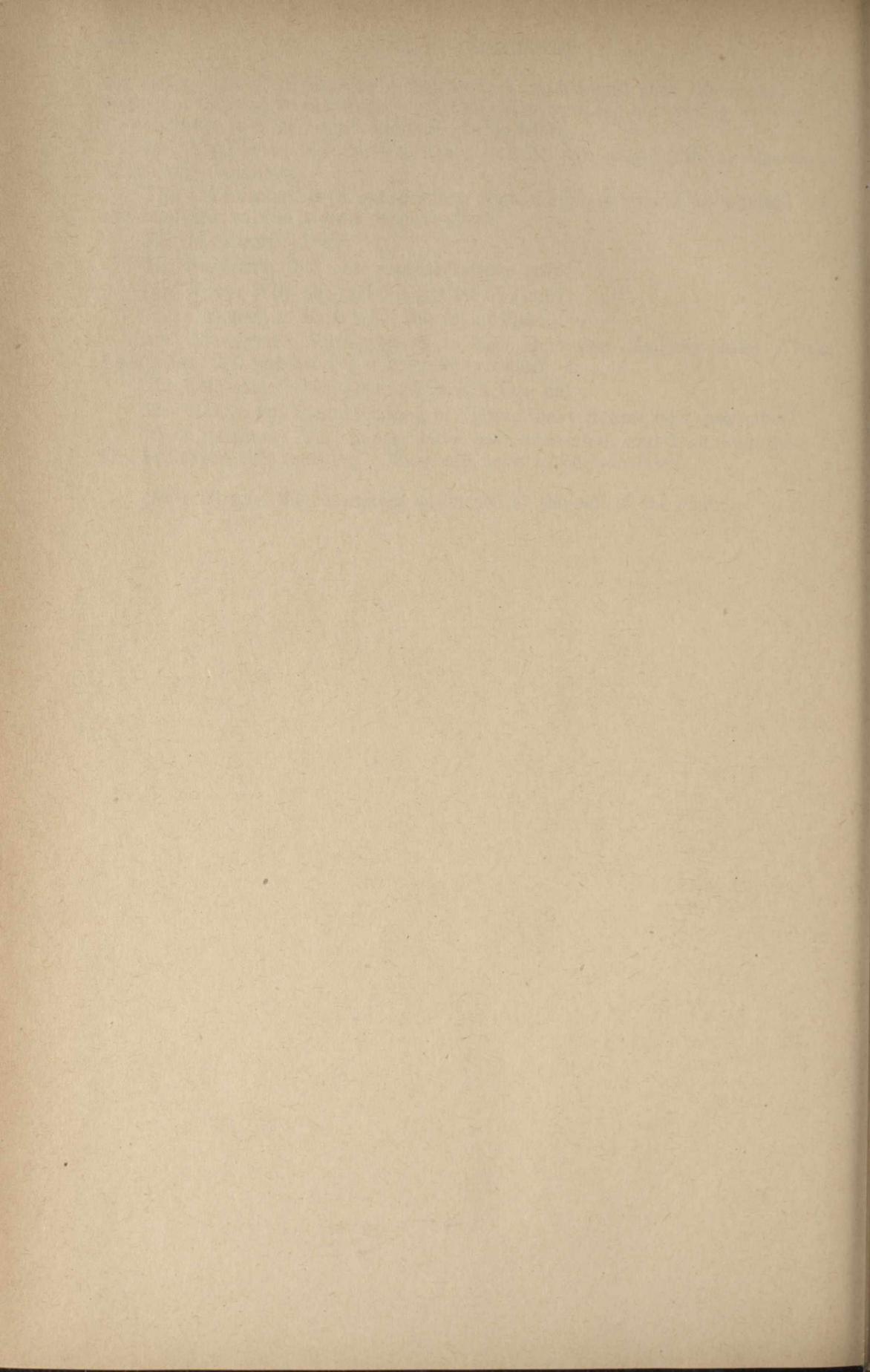
The CHAIRMAN: Mr. Dennehy was before us.

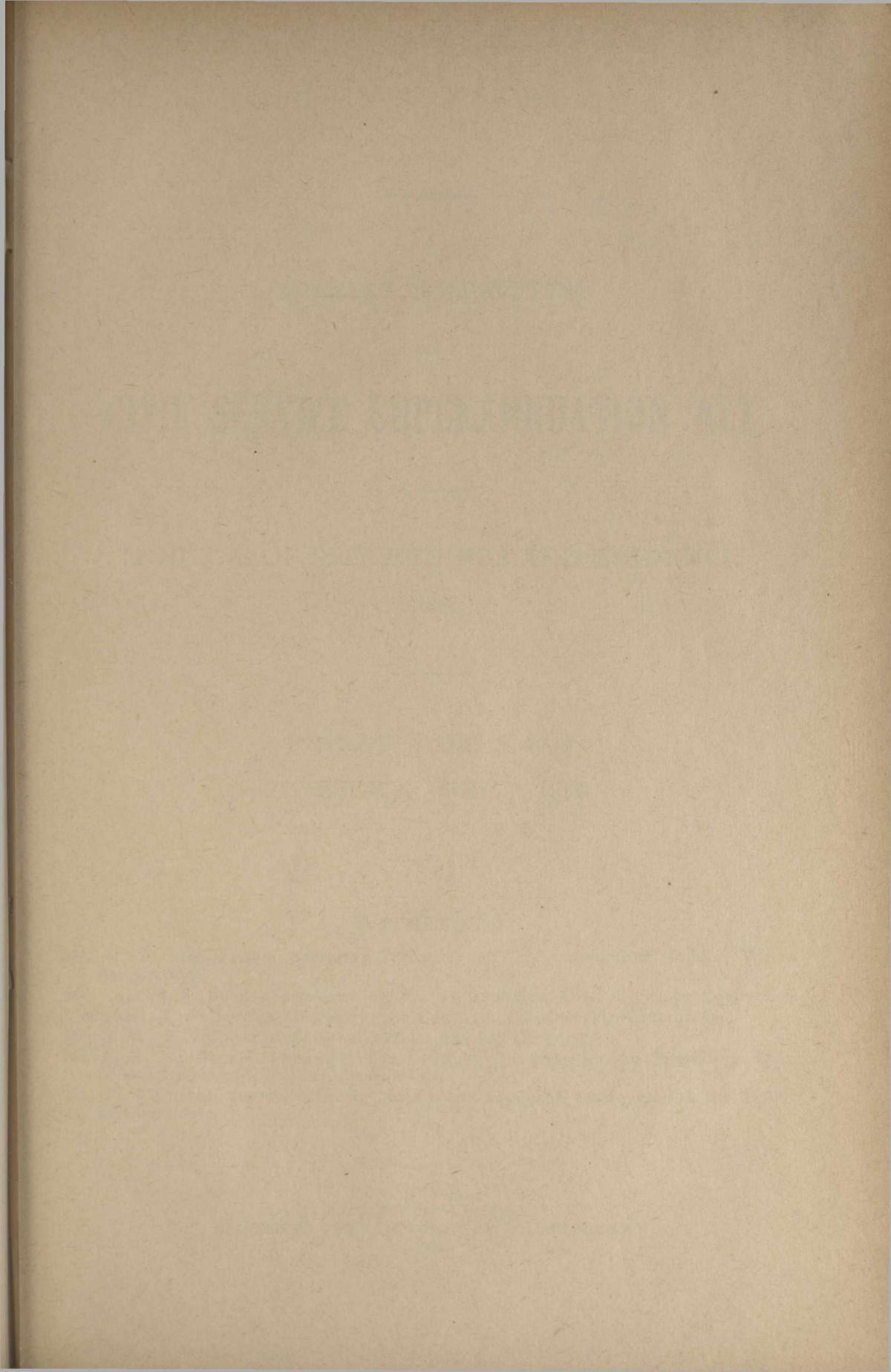
Mr. MALLETT: I am speaking of figures; have figures been presented?

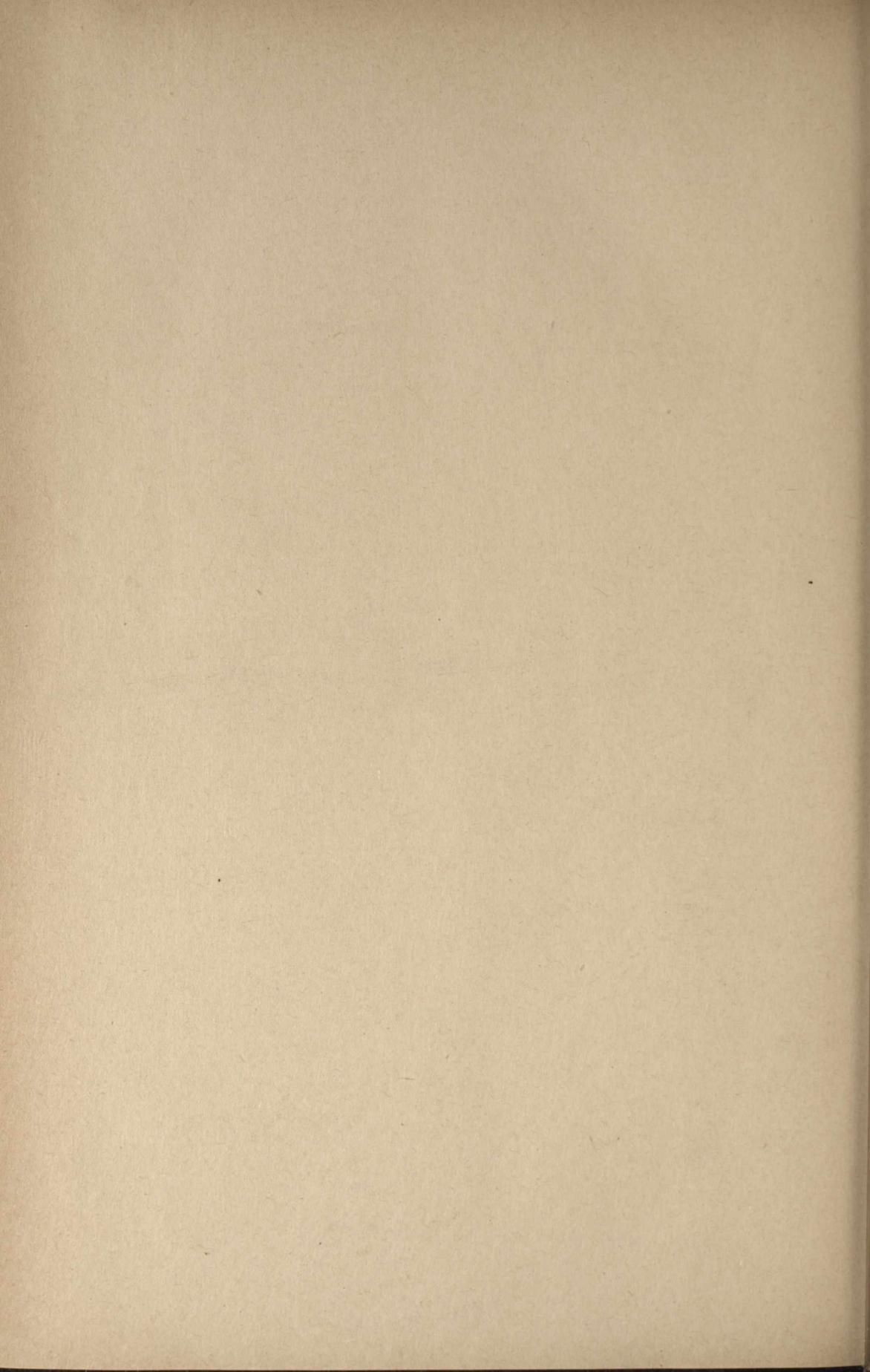
The CHAIRMAN: Yes, figures have been presented, and I showed them to Mr. Finlayson this morning. They will have to be calculated.

(At 1.05 p.m. the committee adjourned at the call of the chair.)









SESSION 1938

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

CIVIL SERVICE SUPERANNUATION ACT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 8

FRIDAY, JUNE 3, 1938

TUESDAY, JUNE 7, 1938

WITNESSES:

- Mr. H. A. Hodgkinson, Secretary-Treasurer of the Dominion Public Works Association.
- Mr. Charles F. Spence, representing the ex-Dominion Civil Servants Committee.
- Lieut.-Col. R. P. Landry, Secretary, the Canadian Broadcasting Corporation.
- Mr. G. W. Richardson, the Canadian Broadcasting Corporation.
- Mr. A. H. MacDonald, President, The Dominion Printing Bureau Prevailing Rates of Pay Employees Welfare Association.
- Mr. H. Vallières, representing the permanent sessional employees of the House of Commons.

OTTAWA

J. O. PATENAUDE, I.S.O.

PRINTER TO THE KING'S MOST EXCELLENT MAJESTY

1938

OFFICIAL COMPLETION

CIVIL SERVICE SUPERANNUATION ACT

STATE OF TEXAS

1917

I, the undersigned, being duly qualified, do hereby certify that the within and foregoing is a true and correct copy of the original as the same appears in the files of the Civil Service Commission, State of Texas, at the date hereof.

WITNESSED

My hand and the seal of the State of Texas, this _____ day of _____, 1917.

GOVERNOR OF TEXAS

MINUTES OF PROCEEDINGS

FRIDAY, June 3, 1938.

The Special Committee appointed to enquire into the terms and operation of the Civil Service Superannuation Act called to meet at 11 a.m. this day, resulted in the following members of the Committee being present:—

Messrs. Anderson, Blanchette, Bradette, Franceur, Heaps, Lockhart, Mutch, Wood. (8)

The clerk of the committee having called attention to the fact that a quorum was not present, the Vice-Chairman, Mr. Bradette, announced that the Committee would meet again on Tuesday, June 7, 1938.

TUESDAY, June 7, 1938.

The Special Committee appointed to enquire into the terms and operation of the Civil Service Superannuation Act met this day at 11 a.m.

Mr. Bradette, the Vice-Chairman, presided.

Members present: Messrs. Blanchette, Bradette, Davidson, Franceur, Hansell, Heaps, Hill, McCann, Mallette, Mutch.

In attendance: Mr. W. C. Ronson, Assistant Deputy Minister of Finance; Mr. G. L. Gullock, Chief of the Superannuation Branch, Department of Finance; Mr. H. C. Nolan, President, and Mr. H. A. Hodgkinson, Secretary-Treasurer, of the Dominion Public Works' Association; Mr. Charles F. Spence, representing a group of retired employees from the Department of the Interior; Lt.-Col. R. P. Landry, Secretary, the Canadian Broadcasting Corporation; Mr. G. W. Richardson, of the Canadian Broadcasting Corporation; Mr. A. H. MacDonald, President, The Dominion Printing Bureau Prevailing Rates of Pay Employees' Welfare Association; Mr. H. Vallières, representing a group of permanent sessional employees of the House of Commons; Miss Edna L. Inglis, 1st Vice-President of the Civil Service Federation of Canada and of the Civil Service Association of Ottawa.

The Clerk read the report of the sub-committee which is as follows:—

WEDNESDAY, June 1, 1938.

The Sub-committee on the Civil Service Superannuation Act met on May 31 at 11 a.m. and again on June 1 at 11 a.m.

Complying with the resolution adopted by the Committee at its regular meeting of May 25, 1938, the Sub-committee has had under consideration a number of communications received from various associations and individuals as follows:—

1. Communication from Mr. Raymond M. Comb, London, Ont.
2. Communication from Mr. T. K. Doherty, Ottawa, Ont.
3. Communication from Mr. C. Fraser Elliott, K.C., Commissioner of Income Tax—concerning certain employees of that Division of the National Revenue Department.
4. Petition signed by D. H. Christie, E. R. Eastman, Chas. Ewen, A. W. Grant, Hazel D. Smith, Mary Craig.

5. Memorandum from the Halcyon Club of Ottawa.
6. Communication from the Federated Association of Letter Carriers.
7. Communication from Lt.-Col. C. E. Morgan, Cayuga, Ont. (Transmitted through Mr. G. E. Wood, M.P.)
8. Letter from Mr. J. R. Phillips, Carleton Place, Ont.
9. Letter from J. W. Sheppard, Hamilton, Ont.
10. Copy of resolution passed by the Dominion Civil Service War Veterans' Association, Hamilton, Ont.
11. Copy of correspondence concerning Mr. Donald MacDonald.
12. Communication from Mrs. Mary Goodridge, Ottawa, Ont.
13. Copies of correspondence concerning Misses M. L. Speers and M. E. Brandon. (Transmitted through Mr. J. A. MacKinnon, M.P.)
14. Communication from Mr. Gordon B. Isnor, M.P., concerning Officers and other ratings engaged on Government-operated steamships.
15. Communication from Mr. V. J. Pottier, M.P., concerning Officers and other ratings engaged on Government-operated steamships.
16. Communication from Mrs. Mary E. Woolcott, Hamilton, Ont. (Transmitted through Mr. A. A. Brown, M.P.)
17. Communications from Mr. Jules L. Boucher, Postmaster, St. Hyacinthe, P.Q. (Transmitted through Mr. T. A. Fontaine, M.P. and Mr. V. Mallette, M.P.)
18. Brief submitted on behalf of ex-Dominion Civil Servants and signed by A. Peart, S. Grimwood, F. W. Elliott.
19. Communication from Mr. Ralph Maybank, M.P., concerning Mr. H. Brooker, St. James, Man.
20. Petitions by Officers and employees of the Canadian Broadcasting Corporation and signed by R. P. Landry, G. W. Richardson, G. Paradis, G. Appleby, I. Kirby, M. C. Lynch, J. Danis.
21. Brief by the Canadian Postmasters' Association.

The Sub-committee also heard representations on behalf of some of the above as follows:—

Mr. J. A. MacKinnon, M.P., on behalf of Misses Speers and Brandon and also the ex-Dominion Civil Servants.

Mr. A. A. Brown, M.P., on behalf of Mrs. Mary E. Woolcott.

Mr. T. A. Fontaine, M.P., on behalf of Mr. J. L. Boucher.

Mr. E. A. MacLean, M.P., on behalf of Officers and other ratings engaged on Government-operated steamships on the Atlantic Coast.

The Sub-Committee after carefully studying the above individually begs leave to report as follows:

In the case of Mr. T. K. Doherty (No. 2) the Sub-Committee recommends that Mr. Finlayson, Superintendent of Insurance be asked to make a report concerning such case.

The Sub-Committee is of opinion that the following cases cannot be considered as the matters therein referred to do not come within the scope of the Order of Reference; viz:—

No. 17—Mr. J. L. Boucher.

No. 18—Mr. H. Brooker.

In the case of the Canadian Broadcasting Corporation, the Sub-Committee recommends that a representative of the Officers and employees concerned be called to give evidence before the Committee.

In the case of the Canadian Postmasters' Association, the Sub-Committee recommends that a report be obtained from the Post Office Department to ascertain the number of persons affected by the representations made by that Association.

The Sub-Committee is of opinion that all matters referred to in all the other cases are somewhere contained in the submissions already dealt with and under consideration by the Committee, and that in these cases no further submissions are necessary.

All of which is respectfully submitted.

JOS. A. BRADETTE,
Chairman.

On motion of Mr. McCann the report was adopted.

The Committee thereafter proceeded to examine the following witnesses:

Mr. H. A. Hodgkinson, Secretary-Treasurer of the Dominion Public Works' Association, called and sworn.

Mr. Charles F. Spence, on behalf of ex-Dominion Civil Servants, called and sworn.

Lt. Col. R. P. Landry, Secretary, The Canadian Broadcasting Corporation, called and sworn.

Mr. G. W. Richardson, The Canadian Broadcasting Corporation, called and sworn.

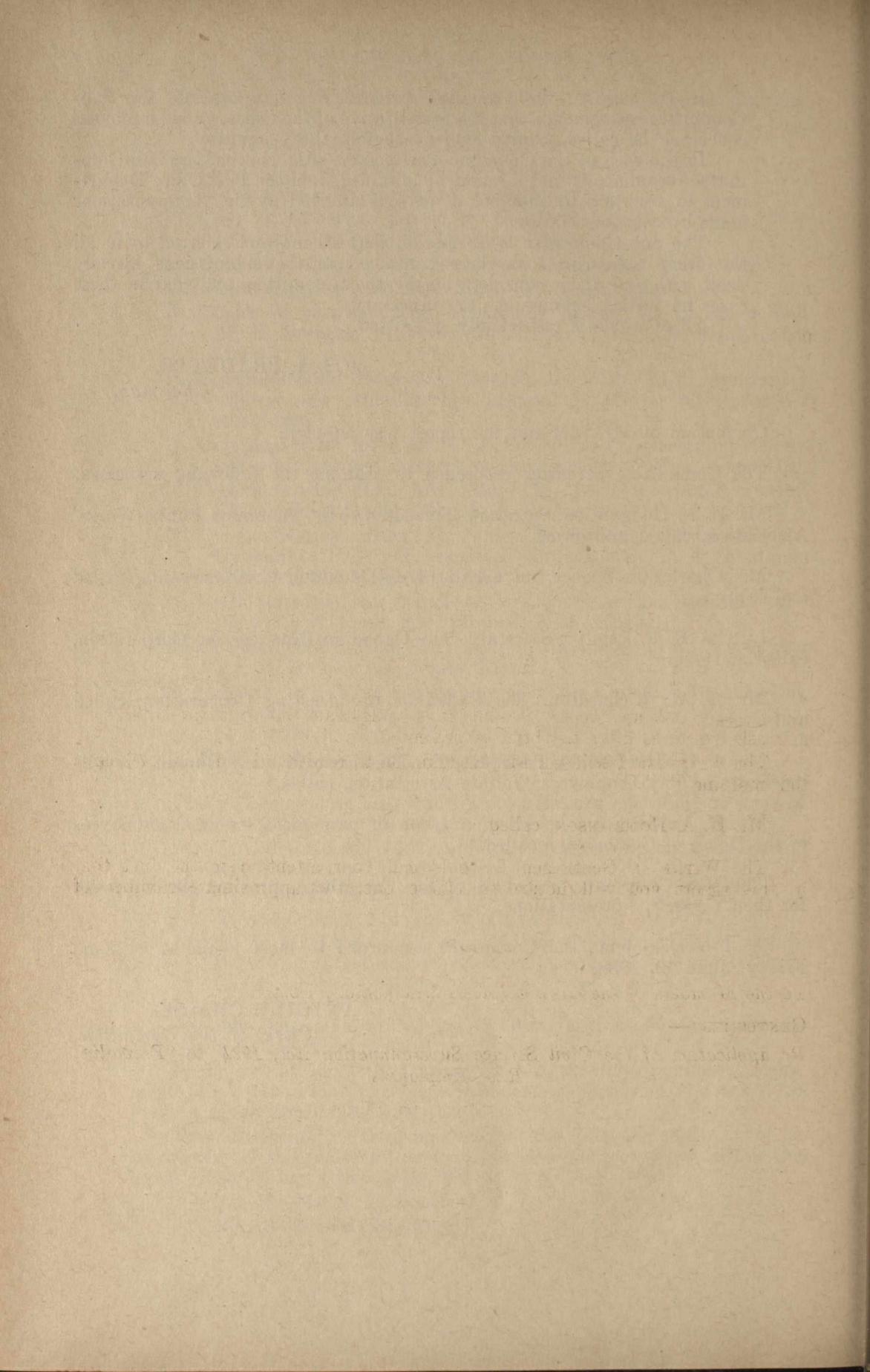
Mr. A. H. MacDonald, President, The Dominion Printing Bureau Prevailing Rates of Pay Employees Welfare Association, called.

Mr. H. Vallières, on behalf of a group of permanent sessional employees of the House of Commons, recalled.

The Vice-Chairman, on behalf of the Committee, thanked the witnesses for their respective presentations.

At 1 o'clock, p.m., the Committee adjourned to meet again at 11 a.m., Friday, June 10, 1938.

ANTOINE CHASSE,
Clerk of the Committee.



MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 497,

June 7, 1938.

The Special Committee to inquire into terms and operation of the Superannuation Act met at 11 a.m., Mr. J. A. Bradette, the acting chairman, presiding.

The ACTING CHAIRMAN: Gentlemen, I think we will call the meeting to order. Mr. McLean is away. In his absence, if you will allow me, I will take the chair. We will have Mr. Heaps here in a few minutes, and that will give us a quorum. I would ask all the members and the witnesses to come forward. I think it would be much easier if the members would sit in the front rows, and the witnesses right behind them.

Gentlemen, this morning I believe we are to hear the last of the presentations of briefs. There are a number of witnesses here. I believe it would be in order to call, first of all, on the Department of Public Works, Chief Architect's Branch, Ottawa. If they have representatives here, I would ask them to come forward.

H. C. NOLAN, called.

The WITNESS: I wish to thank you gentlemen on behalf of the Department of Public Works for the opportunity of being present to lay our case before you. This is quite a lengthy one. If the committee wishes, I will read it. I believe every member has a copy of it.

The ACTING CHAIRMAN: I will ask you to read it. I would ask the committee not to ask any questions while it is being read, but to make some notes and ask questions after the brief is presented.

The WITNESS: I will ask Mr. Hodgkinson to read it. I am kind of hoarse this morning.

Mr. H. A. HODGKINSON, called.

The WITNESS: Gentlemen, I would call your attention to the fact that in this report you will notice, in clause one, the approximate number of employees is given as 125. That should be 144; and in clause 4, where it says approximately 20 years service, it should read 15 years. With these corrections I shall read the brief, which is as follows:—

To the Members of the Civil Service Parliamentary Committee

GENTLEMEN:—

Re application of the Civil Service Superannuation Act, 1924, to "Prevailing Rate Employees"

We, the undersigned, representing the Maintenance Staff of the Chief Architect's Branch, Department of Public Works at Ottawa, hereby respectfully submit to your Committee the unanimous request of the Dominion Public Works Association, urging that the Committee recommend legislation amending the Civil Service Act and the Civil Service Superannuation Act, 1924, so as to bring within its scope certain non-clerical employees of the Department who are now debarred from its benefits on merely technical grounds.

In support of such prayer they respectfully submit the following representations:—

1. *Employees Concerned*

The employees concerned number approximately 144 and are classed among the various artisan trades and occupations and are generally referred to as "Prevailing Rate Employees."

2. *Reason for Request*

It is the desire of these employees to secure for themselves and their dependents some measure of protection against the infirmities of old age and disease upon their retirement from the service. They feel that their social responsibilities are equally as onerous as those already under the Act.

At present they do not come under any superannuation scheme. When the present Act was enacted in 1924, representation was made that they be included in the Act, but without avail. Since then the association has repeatedly made representation on their behalf.

3. *The Objection*

The exclusion of the above employees from the benefits of the Superannuation Act rests on a mere technical interpretation of the Statute. These men, by virtue of the Acts, or Orders-in-Council appointing them, are paid at prevailing rates on an hourly basis and not "*a Stated Annual Salary*" as required by the Act. Another obstacle is the fact that they are not legally permanent. The Department of Justice has ruled that under such conditions of employment, they are not eligible to come under the Act.

4. *Objection a mere technicality*

We feel that the above objection is merely technical, justified perhaps under the *letter* of the law but not in accord with the *spirit* of the scheme.

Virtually, their wages are annual salaries.

The year is set at 2,252 hours, for which the remuneration is divided into 24 semi-monthly payments, without any extra allowance for work after regular hours or on Sundays or holidays.

While these employees are not legally permanent, many of them have been in the employ of the government continuously over a long period and their positions are established by Order-in-Council. The average service of all employees is approximately 15 years. Clearly your petitioners are in fact, permanent employees to the same extent as other civil servants.

5. *Stability of Salaries*

Salaries on prevailing rates do not fluctuate to any great extent, and as a matter of fact, the rates are often fixed for a period of several years. There is no more variation in their wages than obtains with other classes of civil servants, whose salaries fluctuate through promotions, i.e. classifications and statutory increases.

6. *Industrial Precedent*

By extending the benefits of superannuation to manual workers, the government would be following the example set by many of the more progressive employers of labour, and would anticipate the inevitable conclusion of the League of Nations as regards the protection of wage earners against the infirmities of old age and disease.

[Mr. H. A. Hodgkinson.]

7. *Example*

In 1932, eighty-one prevailing rate employees were retired with no superannuation or gratuity. Many of these employees were elderly men and it was obvious that in some cases they were not able to wholly provide for themselves and their dependents. If they had been permitted to pay superannuation, considerable hardship would have been avoided.

8. *Provisions under Calder Act*

The Calder Act, repealed in 1924, included under its retirement provisions such Public Works employees, and 150 of them coming within its scope by reason of sickness, old age or length of service were superannuated to the evident betterment of the Service.

9. *Conclusion*

Your petitioners therefore humbly pray that your Committee be pleased to recommend as fair and legitimate and in the public interest the said amendment bringing all Public Works' employees within the provisions of the Civil Service Act and the Civil Service Superannuation Act on such conditions as the Government may deem reasonable and just.

In conclusion, may we express the sincere appreciation of the employees for the Government action now being taken in this matter, the result of which we earnestly hope may be successful.

All of which is respectfully submitted on behalf of the employees.

DOMINION PUBLIC WORKS' ASSOCIATION.

per.

(Sgd.) H. C. NOLAN, *President*.

D. JOANISSE, *Vice-President*.

H. A. HODGKINSON, *Sec.-Treas.*

The ACTING CHAIRMAN: It will be in order now to ask questions, if the members wish to do so.

The CLERK: Do you want the other documents read?

The ACTING CHAIRMAN: If the committee wants to, we can have them read.

The CLERK: I was going to suggest they might be printed in the record.

Mr. HEAPS: It is not necessary for him to read the other documents.

The ACTING CHAIRMAN: That is what we thought. But we want them in the record. It will be understood we will have them in the record.

The WITNESS: That is P.C. 1,816.

The ACTING CHAIRMAN: It will be placed in the record, so you do not need to read it now. That is the opinion of the committee, that there is no need for it to be read.

The CLERK: There are two schedules there.

The ACTING CHAIRMAN: Well, we will include the whole of them.

The documents accompanying the brief are as follows:—

(Copy)

P.C. 1816

CERTIFIED copy of a minute of a meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 7th October, 1925.

The Committee of the Privy Council have before them a report, dated 2nd October, 1925, from the Acting Minister of Public Works, submitting as follows:—

That, under the authority of an Order in Council (P.C. 1053) dated June 29th, 1922, certain classes of employees mentioned therein were exempted from the operation of the Civil Service Act,—the compensation clause in the said Order in Council reading as follows:—

That the compensation shall not exceed the salaries provided in the classification schedules and that where prevailing rates are provided as compensation for a class or where no class schedule exists, the rates of pay shall be such as are recommended by the Department and approved by the Governor in Council and that the compensation in these cases shall carry no bonus.

That the employees of the Department of Public Works now paid at "Prevailing Rates" have made strong representations to the Department, asking to be paid a fixed yearly prevailing rate, to be paid semi-monthly, and allowed holidays with pay;

That the Minister of Public Works, who has looked into this matter, submits the following proposal, the acceptance of which is to be made optional with each employee, those rejecting the proposal to continue to be paid as at present;

1. The employees of the Department of Public Works, now paid at prevailing rates, to be paid a fixed yearly salary, payable semi-monthly.

2. The yearly salary rate to be established by multiplying the total possible standard working hours in the year, including statutory holidays, namely, 2,296 hours, by the prevailing rate of pay per hour the employee is now receiving, and deducting therefrom two weeks' holidays of 88 hours. at the prevailing rate per hour the employee is now receiving, and adding thereto one week of these holidays, 44 hours with pay, at the prevailing rate per hour the employee is now receiving.

3. That any further time lost from any cause whatsoever be deducted from the fixed yearly salary or monthly salary at an hourly rate, established by dividing the yearly salary the employee is receiving by the total working hours in the year, namely: 2,296.

4. As the employee is to receive payment for statutory holidays, no payment for overtime worked will be allowed.

The Minister, believing the above arrangement to be in the public interest, recommends, under the provisions of the Compensation Clause above recited (P.C. 1053), that the necessary authority be granted accordingly, the said arrangement to be effective from October 1st, 1925.

The Committee concur in the foregoing recommendation and submit the same for approval.

(Sgd.) H. A. MAY,
for Clerk of the Privy Council.

DEPARTMENT OF PUBLIC WORKS. CHIEF ARCHITECT'S BRANCH. OTTAWA
AGE GROUP OF EMPLOYEES ON PREVAILING RATES, AS AT MAY, 1938.

Age group	35 George St.	Experi- mental Farm	Rideau Hall	Total
25 to 30 years	5	0	0	5
31 to 35 "	5	1	1	7
36 to 40 "	4	0	0	4
41 to 45 "	18	1	2	21
46 to 50 "	23	4	2	29
51 to 55 "	24	3	1	28
56 to 60 "	23	1	0	24
61 to 65 "	14	2	0	16
Over 65 "	7	2	1	10
	123	14	7	144

[Mr. H. A. Hodgkinson.]

DEPARTMENT OF PUBLIC WORKS, CHIEF ARCHITECT'S BRANCH, OTTAWA
SERVICE GROUP OF EMPLOYEES ON PREVAILING RATES, AS AT MAY, 1938

Service group	35 George St.	Experi- mental Farm	Rideau Hall	Total
5 years and under	26	3	2	31
6 to 10 years	13	1	0	14
11 to 15 "	23	6	1	30
16 to 20 "	29	0	0	29
21 to 25 "	13	4	4	21
26 to 30 "	10	0	0	10
31 to 35 "	4	0	0	4
36 to 40 "	2	0	0	2
41 to 45 "	3	0	0	3
	123	14	7	144

Mr. HEAPS: Mr. Chairman, would the gentleman who has been giving evidence this morning explain to the committee any proposal that he or his organization may have in regard to a method under which he would suggest that these 144 people would come under the provisions of the superannuation fund?

The WITNESS: I am sorry, I did not just get your point.

By Mr. Heaps:

Q. I am wondering if you would have any information or could give any enlightenment to the committee as to how or by what method you or your organization propose that these employees should come under the superannuation fund?—A. Well, as we understand it, two things are necessary: One is they must either come under the Civil Service Act or the other is to amend the Superannuation Act to include these classes of employees.

Q. I am speaking now for the moment from the financial side of the picture.—A. You mean increase the salaries?

Q. No, in regard to the payment into the fund. Do you want the government to take the whole responsibility for their pensions under the superannuation scheme?—A. Well, as far as that goes, our association felt that these employees should be brought in under much the same lines as the other employees were brought in.

Q. But the other employees, for instance, paid so much—5 per cent of their salary?—A. Yes.

Q. You have men here, according to your statement, with service of forty or forty-five years; in fact a great many—the majority, probably—have over twenty years' service. What do you propose as to bringing those people within the financial provisions of the Superannuation Act?—A. I think in that case a lot will depend on the age of the men. A man may be of considerable age when he comes into the department, and he may not have any great length of service.

Q. This is not really in age groups. You give the number of years they have been in the service, and you show here men who have been from five years up to forty-five years in the service. I am just wondering. Take a man who has been twenty years or over in the service of the government; assuming we want to make them eligible to come within the superannuation fund, what do you suggest in regard to their making payments to make the fund actuarially sound? If we start putting under the fund which is maintained by the government and the employees, a large number of employees, it will take no time before the fund is bankrupt. I am wondering if the organization or you yourself have given any thought to the idea, as to the basis under which these employees should come within the provisions of the Act?—A. Our association has felt right along that these employees should come in under pretty much the same conditions that the other employees have come in under. I may say we have not given the question much thought, though.

By Mr. Mutch:

Q. May I interrupt and put a question which will answer, I think, what Mr. Heaps wants to know. Suppose these people come in under this scheme, with say ten years of service; are you willing to pay a contribution, the back contribution on the number of years that you worked, or half the number of years? Or under what circumstances do you anticipate coming in, in the matter of paying back contributions for your years of service, to bring you in line with the present employees?—A. Well, I think some of the employees would be willing to pay the whole thing back, whereas perhaps some of them would be only willing to pay half of it back.

Q. It cannot be an individual matter. Would you be satisfied with the terms under which the employees switched over from the Calder Act to the present Act?—A. Yes. That has been our contention right along.

By Mr. Heaps:

Q. Let us take this on the basis of fairness to the fund and the employees who have paid in. Take the case of a man who has been under the fund and paid in for twenty-five years, one who has been drawing a salary of \$2,000 a year, to make it an even number. He has paid in 5 per cent of \$50,000. You have a man here with twenty-five years' service who may be almost eligible to be pensioned off. Do you want men such as him to be entitled to pension without paying anything in?—A. Along those lines, we thought that perhaps some other provision might be made to include these employees; that is, take care of these employees who perhaps were of that age, of retiring age.

Q. What provision do you suggest?—A. We perhaps suggest something along the lines of the Calder Act.

Q. Would you make it a little more definite?—A. I do not know just what the terms of the Calder Act were.

Q. You do not know what the Calder Act is yourself?—A. No. The number of employees went up under the Calder Act.

Q. Yes; but in the case of the men you are representing here to-day, and who to-day are almost eligible for pension—because when a person has worked for thirty years in the government service or more, he probably is at an age where he is considering or contemplating retiring?—A. Yes.

Q. I am just wondering what you can do in a case of that character. I, personally, want to treat the men with absolute fairness. We also have to be fair to the fund. Otherwise, the fund would not last for a very long time. You have not got any recommendation at the moment or any suggestion to make in that respect?—A. No, we have none, sir.

The ACTING CHAIRMAN: From what I gather, Mr. Heaps, the committee would not be in favour of these men unless they came in, in paying a certain amount of money, the same as the others.

Mr. HEAPS: The first point we have to make is this: if these men came in without paying anything into the fund, how unfair it would be to the men who have paid in for all these years to make the fund sound.

The ACTING CHAIRMAN: There is no doubt about that.

Mr. HEAPS: If we allow anyone to come in who is not going to make any contribution to the fund, and allow him to take money out of the fund, the fund will be in an insolvent position in a very short period. I think we have to bear those things in mind on the whole question of superannuation.

The ACTING CHAIRMAN: It all has to be considered in cases like that.

Mr. McCANN: I do not think there is any body of the civil service here at all which make submissions before this committee asking to come under the organization under those grounds at all. You are taking a hypothetical case that means nothing. In every submission that I have heard here, those who

[Mr. H. A. Hodgkinson.]

want to come under the Act are perfectly prepared to pay the back amount in order to start in with those who did take advantage of the Act years ago. I take it for granted that this organization is in exactly the same position.

The WITNESS: That is the ground.

Mr. McCANN: I object to it going on the record—building up a hypothetical case and having it going out to the public that under these conditions, the fund will be insolvent, as has been suggested by Mr. Heaps.

Mr. HEAPS: Mr. Chairman, I think we have had statements made by the officers of the treasury, at least of the Department of Insurance, that it would be insolvent if these things were done, and it was stated by Mr. Finlayson—

Mr. McCANN: But nobody wants them done.

Mr. HEAPS: No. But let us get down to the absolute facts.

Mr. McCANN: Exactly.

Mr. HEAPS: There are men here who have had forty years' service. You cannot expect them to pay back forty years of back payments into the fund.

Mr. McCANN: Why not?

Mr. HEAPS: I do not think the most of them are in a position to do so.

Mr. McCANN: Then they will not come under it.

Mr. HEAPS: Well, an application has been made here this morning to come under the Act.

Mr. McCANN: Yes.

Mr. HEAPS: Application is being made by this gentleman to come under the Act.

Mr. McCANN: Provided they pay.

Mr. HEAPS: They have made no provision at all. If so, let us hear it.

Mr. McCANN: They state they are willing to pay.

By Mr. Heaps:

Q. Can you state, of your own knowledge, that these men who have been in the employ of the department, the men you represent here this morning, are prepared to make all the back payments equivalent to 5 per cent of their salaries over a period of twenty, thirty or forty years?—A. I might say, from speaking to some of the men, the men are prepared to come under the Act under the present conditions; they are willing to pay back anything that may be necessary to pay back.

Q. That is, if a man has been in the service of the government for a period of, say, thirty years, and has drawn down \$50,000 in salary, he is prepared to pay 5 per cent of that \$50,000?—A. I would not like to say that for every particular case. The majority of the employees are. After all, it is no fault of these employees that they are not under the Act. They made a separate representation to come under the Act in 1924. Ever since the organization has been formed they have tried to adopt some kind of superannuation scheme. Our association was formed as far back as 1920. Ever since then we have been trying to come under the Superannuation Act—that is, since 1924.

Mr. McCANN: The whole point of this is that they are not salaried employees, and what the submission means is to have them regarded as salaried employees. Even if they are on an hourly basis, and if we should fix a minimum amount of money which would entitle them to be salaried employees, then will it meet your request?

Mr. NOLAN: It will be quite satisfactory.

The WITNESS: In this order in council, P.C. 1816—that is one of the reasons why that was drawn up. That was in 1925. We had our year set at 2,252 hours per year, but apparently the Justice Department did not rule that as an annual salary.

By the Acting Chairman:

Q. Did you ever live up to that? I mean, did the average employee in your department work that many hours in a year, on the average?—A. Yes, unless they have prolonged illness or something of that nature.

Q. But, I mean, generally speaking, under normal conditions?—A. Yes.

Q. They do work up to that?—A. Yes.

By Mr. Heaps:

Q. Have you had the right to pay into the retirement fund?—A. No.

Q. You have not even had that right—A. No. We are under no superannuation scheme whatsoever.

By Mr. Mallette:

Q. That makes a big difference; because the other associations that came before us were under the retirement fund and were willing to switch over. Our friends here would be in a very different position.—A. I might say that we had a man up there—we had one man that I know of, and that man is on extension at the present time; yet that man is 66 years of age, I think, and he has only about twelve years of service. It does not follow that because a man is aged he has long service. But there are cases, I will admit—we have two men with forty-four years of service. They soon will be ready for retirement. There is no question about that.

Q. What are the conditions of engagement of that class of employees? Are they engaged for a year or two years or just for a day, or week or what?—A. I might say, as far as I understand it, we are on a six months basis, by certificate from the Civil Service Commission.

Mr. MALLETTE: My point is that if someone is engaged for six months, you can hardly ask him to leave 5 per cent of his salary and ask the government to do the same. In the case of a man who is liable to remain in the service for years and years, it is different. That is worth consideration.

The ACTING CHAIRMAN: Oh, yes. I quite see the point. We will have some difficulties in bringing in a report. We will have to be fair to every one. It will be a hard thing, as mentioned by Mr. Heaps, for a man who has worked forty-four years to pay in 5 per cent for back contributions.

Mr. McCANN: Yes, but that is not necessary. Take the man who has worked forty-four years. If he is ready to go on superannuation, his financial circumstances are such that he can pay the equivalent of fifteen years. Then he will come under superannuation as if he had only been paying for fifteen years. That is the only way it could be worked out. He should not be ruled out because he cannot pay forty-four years. He may have enough money to pay the equivalent of fifteen years. Then he would come under superannuation as if he had been working and paying for fifteen years.

Mr. HEAPS: Even on a fifteen year basis, he might have to pay in \$1,500.

Mr. McCANN: If he cannot pay, he stays out.

Mr. HEAPS: And perhaps even \$2,000, on the fifteen year basis. I cannot say offhand. It may debar him from any superannuation rights.

Mr. McCANN: Are you prepared to take them in without paying anything?

Mr. HEAPS: No. That is what I am trying to make clear. If you do that, the fund would be almost in a bankrupt position. We all admit that. But if I could gather what the witness said here this morning—I want to try to understand his opinion and the opinion of his organization correctly—he wants all these people to come in.

The WITNESS: To be entitled to come in if they desire.

[Mr. H. A. Hodgkinson.]

By Mr. Heaps:

Q. What do you mean by the word "desire"? Let us see if I can understand that.—A. Well, if they are able.

Q. If they are able to make the payment required of them, as if they had been paying into the fund for a minimum of fifteen years, then you say they should be entitled to come in?—A. Yes.

Q. If they are not in a position to make that payment, would you still propose that they be given superannuation?—A. We do feel that some provision should be made for them.

By the Acting Chairman:

Q. For all of them?—A. Yes, all of them. If a man has put in forty-four years of service for the government and he is not able to contribute for a period of fifteen years, we do feel that some provision should be made for him. I venture to say that the majority of them are in a position to pay something.

By Mr. Heaps:

Q. But your basis of coming in is that these people should make some contribution themselves, as if they had been paying in for a number of years to the fund, to entitle them to benefit; and then you figure for those people who are not in a position to pay into the fund, provision should also be made for them?—A. Yes.

Q. That would have to be distinct and apart from the superannuation fund?—A. Yes.

The ACTING CHAIRMAN: It would have to be, because there would be no superannuation.

By Mr. Heaps:

Q. Let us also make this point. If you are going to have two classes, one which will get benefits because of paying and one which does not pay but gets benefits, do you think anyone is going to pay?—A. I do not think there will be any two classes.

Mr. McCANN: He does not suggest that.

The WITNESS: They are willing to pay anything. They are not asking for anything for nothing.

Mr. McCANN: No.

Mr. HEAPS: He suggests that provision should be made for those who can pay.

Mr. McCANN: Exactly.

Mr. HEAPS: And he suggested that provision be made for those who cannot pay. If we make provision for those who cannot pay and make provision for those who do not pay, we will have two classes.

Mr. McCANN: Not at all. What is the difference between "can not" and "do not"? It is can and do; and the others are out.

Mr. HEAPS: No, no. The witness, I think is very clear, unless I am not; and, of course, that is quite possible. I think the witness has said that if people are not in a position to make that contribution to the fund, provision should be made for them.

Mr. McCANN: It would have to be outside of the fund.

By Mr. Heaps:

Q. Do you maintain if a person is not in a position to contribute to the fund, and he is old enough to retire, provision should be made for him?—A. I would not say perhaps extended over a long period of years, but some provision should have to be made for him.

By the Acting Chairman:

Q. Without any contribution of any kind from that particular person?—A. Yes.

By Mr. Mallette:

Q. On what basis do you claim that?—A. Well, the man may be granted, say, six months salary or something of that nature. I do not mean extended over a long period of years.

Mr. MUTCH: That is separate from the fund.

Mr. HILL: That is up to the government.

Mr. MUTCH: On compassionate grounds; that is all that means.

The WITNESS: That is all.

By Mr. Mallette:

Q. You realize, of course, that payment in for a period back, on the same basis as the others, would mean a bonus by the government equal to what would be deposited by the employees?—A. Yes.

By Mr. Hansell:

Q. This brief says, "We, the undersigned, representing the maintenance staff of the chief architect's branch"; that numbers 144, does it not?—A. I would not say exactly; maybe one or two out.

Q. It is signed "Dominion Public Works Association"?—A. Yes.

Q. Are the two the same?—A. The Dominion Public Works Association is representing the maintenance branch of the department.

Q. There would be more than 144?—A. That is the department in Ottawa. I might say that included in that are the employees who are at 35 George street, Rideau Hall, the Experimental Farm, and prevailing rates employees in this building.

By Mr. Mallette:

Q. Does that include all the employees in that category in Ottawa?—A. All prevailing rate employees in the Public Works Department in Ottawa.

Q. But the department has some such employees outside of Ottawa, has it not?—A. No; I am not representing them. I believe they have their own organization.

Q. But the government has such people?—A. Yes.

By Mr. Hansell:

Q. Your submission and your request would apply to many others. Though you are not making the request, you could not make fish of one and fowl of another in the representation that is made?—A. We, perhaps, do not know the conditions under which these other employees work, and we thought we had best leave them to themselves. I might say that it is proposed to have a public works association that will include all public works bodies throughout Canada. So far that has not materialized.

Q. Is there any information that we could get as to how many prevailing rate employees there are?

The ACTING CHAIRMAN: It should be available from the Civil Service Commission. We will ask the secretary to make a request for that information.

Mr. MALLETTE: I presume the number varies from month to month.

By Mr. Heaps:

Q. Could the witness give us some information as to the wages that these prevailing rate employees receive?—A. The wages vary, but not to any great extent. At the present time wages are going up. I have here a table of wages

[Mr. H. A. Hodgkinson.]

I can give you, showing the average for the different trades over a period of years: blacksmith, up until 1937 had an average rate of 85·5—

Q. Is that 85·5 cents per hour?—A. Yes, these are all hourly rate men . . . carpenter 80 cents an hour, electrician 80 cents, elevator repair men 85 cents, armature winder 85 cents, labourer 45 cents, locksmith 85·5 cents, machinists 85·5 cents, mason 90 cents, mason's helper 50 cents, painter 65 cents, sign writer 75 cents, plasterer 80 cents, plumber and fitter 85 cents, plumber's helper 70 cents, roofer 65 cents, sheet metal worker 82 cents, sheet metal worker's helper 63 cents, upholsterer 80 cents. This may be up. There have been a number of increases. These are not the rates prevailing from 1938.

By Mr. McCann:

Q. Are they not a little higher than what we call prevailing rates? They are a little higher than the ordinary prevailing rates, are they not?—A. A lot would depend upon the district.

Q. In Ottawa?—A. These are the rates established by the Labour department. I feel they are fairly accurate. There may be some trades that have not any unions, and the Labour department sets the rate. In cases there the wages may be higher than the prevailing rates are.

Mr. HILL: A group of this type would be more of an asset to the fund than a liability if you base what they receive after they retire on their last ten years' average for the reason that their contributions would be more uniform. In the salaried classes they go up rapidly, so much a year, and though that would work up to a bigger contribution, in the case of this group the contribution would be based on a more uniform rate of salary, if you bring them in at the present time.

Mr. HEAPS: And not make them retroactive.

The WITNESS: I might suggest that what we thought might be more pliable would, perhaps, be to establish an average salary spread over a period of years.

By Mr. Heaps:

Q. Work has been pretty steady for these employees has it not?—A. Oh, yes, over a period of years; perhaps, in some cases, over a lifetime.

Q. You have had very little short time?—A. There is hardly any short time.

By the Acting Chairman:

Q. And with those rates most of them will be able to get a minimum for fifteen years for contributions to the superannuation fund?—A. I do not think there is any employee who does not want to go into the fund without contributing something. They are willing to contribute their share.

By Mr. Blanchette:

Q. In the second paragraph of the submission: "When the present Act was enacted in 1924 representation was made that they be included in the Act, but without avail." I wonder if the witness could tell us some of the reasons why?—A. That is explained in clause 3 of the submission.

The ACTING CHAIRMAN: I thank the witness for his presentation and briefs. The other witnesses will be called without discrimination, but the order of calling them has been decided on by the whole committee. We will now call on Mr. C. F. Spence.

Mr. CHARLES F. SPENCE, called and sworn.

The ACTING CHAIRMAN: I will refer the members of the committee to the brief dated Edmonton, Alberta, May 27, 1938, of the committee of Ex-Dominion civil servants.

The WITNESS: Mr. Chairman, I might explain that I was asked a few days ago to represent a group of retired employees from the Department of the Interior, and they have sent me a copy of their submission to read before this committee. The reason for that particular task, I suppose, is that I am also a retired employee and represent a group of such employees in Ottawa. This submission is dated the 27th of May, 1938. It is addressed to the chairman and members of the special committee of the House of Commons enquiring into the Civil Service Superannuation Act, and it reads as follows:

GENTLEMEN,—We, the undersigned, having been appointed a committee to make certain representations on behalf of ex-civil servants, whose service was discontinued as a result of the transfer of the natural resources to the western provinces, beg to submit the following for your consideration:—

A considerable number of Dominion civil servants found themselves without employment owing to the transfer of the natural resources at a time of serious business depression. Some were re-absorbed in the service by transfer to other departments, some were employed in the services of the provinces to which the resources were transferred, and some sought employment in the commercial world, by no means all successfully.

Many who have been re-engaged in the Dominion Service have been forced to accept inferior positions to those formerly held, besides losing their former service towards superannuation by the break of service. Those who entered provincial government service found no provision made in the terms of the transfer of the resources whereby their term of service with the Dominion could be given any consideration whatever towards provincial superannuation, and were in many cases too old to have any chance of building up any worthwhile provision for their old age under provincial superannuation regulations. There are a considerable number who, since the transfer of the natural resources, have been unable to secure any adequate or permanent employment. In short, all Dominion civil servants whose services were dispensed with as a result of the transfer of the natural resources have suffered loss in consequence thereof, particularly in regard to two of the most important privileges of civil servants, viz., security of tenure of employment, and the opportunity to provide for their advanced years under the provisions of the Superannuation Act.

For these reasons representations were made by civil service organizations and others at the time of the transfer of the natural resources in favour of augmented compensation of civil servants whose services were discontinued in consequence thereof, by the addition of a number of years to the actual term of their government service, in the application of the provisions of the Superannuation Act in all such cases. It is understood that the Right Hon. W. L. Mackenzie King, then and now Prime Minister, and the Hon. Charles Stewart, then Minister of the Interior, were in sympathy with these recommendations, but for some reason the matter was not proceeded with at that time.

We are instructed to solicit the consideration by your committee of a review of this matter to the end that these cases may be reopened and the addition made to the actual term of service in each case of such a number of years as your committee may decide to be just and fair.

We respectfully suggest that there is good precedent for such a re-adjustment in the cases of superannuated civil servants in whose favour

[Mr. Charles F. Spence.]

re-adjustments have been made in order to add previous years of service with the Royal North West Mounted Police to their actual civil service for the purpose of augmenting their superannuation.

It is also understood that in certain cases where former Superannuation Acts called for compulsory retirement at stated ages, an addition of ten years was made to the actual term of service rendered to compensate certain employees so compulsorily retired, even though in those cases the employee, by reason of his age, had considerably shorter expectation of further years of services than in the cases herein referred to.

We have noted the representations made before your committee that returned soldiers be permitted to count overseas service for the purposes of the Superannuation Act, and also in favour of re-opening the right of election to come under the provisions of the Superannuation Act to those who did not formerly so elect. We beg respectfully to endorse all that has been submitted in favour of both of these recommendations, and wish to say that all arguments advanced apply with equal force to the cases of ex-civil servants who, were they still in the service, might be affected by a favourable decision in regard to either or both of these recommendations. We, therefore, beg to urge that any adjustment to be made in these matters should also apply to those who have already left the service.

As has already been pointed out, civil servants employed far from Ottawa had in many cases little opportunity to have the Superannuation Act properly explained and interpreted at the time when election to come under its provisions was available to them.

All of which is respectfully submitted.

(Sgd) A. PEART
S. GRIMWOOD
F. W. ELLIOTT

Committee,
Ex-Dominion Civil Servants,
Edmonton, Alberta.

EDMONTON, ALTA, le 27 mai, 1938.

AU PRÉSIDENT ET MEMBRES DU COMITÉ
SPÉCIAL DE LA CHAMBRE DES COMMUNES FAISANT ENQUÊTE À
L'ACTE DE RETRAITE DU SERVICE CIVIL.

MESSIEURS,—Nous, les soussignés, ayant été nommés en comité pour faire certaines représentations de la part des ex-employés civils qui ont été remerciés de leurs services lors du transfert des ressources naturelles aux provinces de l'ouest, désirons vous faire l'exposé ci-après pour votre considération:—

Un nombre considérable d'employés civils du Dominion se sont trouvés sans emploi par suite du transfert des ressources naturelles dans un temps de dépression sérieuse. Quelques-uns ont été absorbés dans le service en les transférant dans d'autres départements, d'autres ont été employés au service des provinces auxquelles les ressources ont été transférées, et d'autres ont tenté obtenir un emploi dans la vie commerciale, mais tous n'ont pas réussi, loin de là.

Plusieurs de ceux qui ont été réengagés au service du Dominion ont dû accepter des positions inférieures à celles qu'ils occupaient auparavant

sans compter que leurs années de service précédentes ont cessé de compter pour fin de retraite au moment de leur transfert d'une position à l'autre. Ceux qui sont entrés au service du Gouvernement provincial se sont aperçus qu'aucune provision n'avait été faite aux termes du transfert des ressources pour que leurs services, alors qu'ils étaient employés par le Dominion, soient pris en considération par les provinces aux fins de retraite et plusieurs étaient trop vieux pour pouvoir espérer se créer un fonds de pension pour leur vieil âge sous les règlements de retraite provinciale. Il y en a un bon nombre qui n'ont pu se procurer une position satisfaisante ou permanente depuis le transfert des ressources naturelles. Bref, tous les employés civil du Dominion qui ont été congédiés lorsque les ressources naturelles ont été transférées ont par conséquent subi la perte de leur gagne-pain et plus particulièrement en ce qui regarde les deux privilèges importants des employés civils, à savoir la permanence de l'emploi et la chance de se créer un moyen de subsistance pour les vieux jours sous l'Acte de Retraite.

Pour ces raisons, des représentations ont été faites par les organisations du Service Civil et autres qui ont été remerciés de leurs services lors du transfert des ressources naturelles afin d'obtenir une compensation plus forte, en ajoutant un certain nombre d'années de service au gouvernement qui auraient servi comme base de calcul pour fin de retraite dans tous les cas. Nous comprenons que le Très Honorable W. L. Mackenzie King, alors et actuellement Premier Ministre, et l'Honorable Charles Stewart, Ministre de l'Intérieur, étaient sympathiques à ces recommandations mais, pour certaines raisons le cas n'a pas eu de suite dans le temps.

On nous demande de solliciter que votre comité fasse une étude approfondie de l'affaire et que les cas soient de nouveau étudiés en vue d'ajouter au terme de service de chacun un certain nombre d'années selon que votre comité décidera juste et équitable.

Nous suggérons respectueusement qu'il existe une bonne raison de créer ce précédent de ré-ajustement attendu que tel a été le cas quand il s'est agi des employés civils de la Police Royale du Nord-Ouest qui ont bénéficié d'un réajustement qui a eu pour résultat d'augmenter leurs années de service pour fin de retraite.

Nous comprenons également que dans certains cas l'Acte de Retraite obligeait certains employés à se retirer du service aux âges spécifiés et qu'alors on ajoutait dix années à leurs termes de service comme compensation pour leur démission obligatoire même en tenant compte du fait que ces employés, en raison de leurs âges, devaient s'attendre à demeurer au service moins longtemps que ceux auxquels nous faisons allusion plus haut.

Nous avons pris note des représentations faites devant notre Comité que les soldats de retour aient la permission de compter le temps de leur service outre-mer pour fin de l'Acte de Retraite et aussi favorisant le droit d'élection à ceux qui ne l'auraient pas élu précédemment sous les dispositions de l'Acte de Retraite. Nous désirons approuver respectueusement tout ce qui a été représenté en faveur de ces deux recommandations et désirons ajouter que tous les arguments présentés s'appliquent de force égale aux cas des ex-employés civils qui, s'ils étaient encore au service, participeraient peut-être à une décision favorable relativement à une ou ces deux recommandations. C'est pourquoi, nous vous demandons d'inclure ceux qui ont déjà quitté le service lors de tout ajustement qui pourrait être fait à ce sujet.

[Mr. Charles F. Spence.]

Tel que déjà spécifié, ceux qui sont au service civil loin d'Ottawa n'ont pas toujours eu l'avantage de se faire interpréter l'Acte de Retraite d'une manière explicite afin de connaître au juste ses dispositions lorsque le moment d'élection était arrivé.

Le tout respectueusement soumis,

A. PEART,
S. GRIMWOOD,
F. W. ELLIOTT,

Comité,
Ex-employés Civils du Dominion,
EDMONTON, ALTA.

The ACTING CHAIRMAN: Are there any questions gentlemen?

By Mr. Heaps:

Q. How many men are involved in this?—A. A computation made by the Ottawa committee shows that of the former officials the number affected is about 693—almost 700.

By Mr. Hansell:

Q. That is over the entire Dominion of Canada?—A. Yes, over the entire Dominion of Canada. These were employees of the Department of the Interior, and that number does not include those who were over sixty-five years of age at the time they lost their positions.

By Mr. Heaps:

Q. When did they first make their request to come under the Superannuation Act?—A. This group of retired employees were nearly all under the Superannuation Act, the permanent ones were, at the time the resources were transferred and at the time they lost their positions.

Q. What happened when they lost their positions?—A. They were retired and given a superannuation which their service entitled them to. I might say in that connection that of the group investigated by the local organization—that 693—54 per cent of the former officials are under a superannuation allowance at \$500 a year; those between \$500 and \$1,000 number 160; those between \$1,000 and \$1,500 number 82; those between \$1,500 and \$2,000 number 23; those between \$2,000 and \$2,500 number 8; those over \$2,500 number 6.

Q. What is the total number that is receiving credit from the superannuation fund?—A. By that retirement?

Q. Yes.—A. According to our figures, there would be 455. There were 153 who were still contributors to the retirement fund. No, I am wrong there. Eighty-five are still contributors, not 153.

Q. From what you say, there were considerably over 500 that received some form of benefit at the time?—A. Oh, yes.

Q. With regard to those who did not receive any benefits, what happened?—A. Those who were contributors to the retirement fund received a lump sum from the fund; those who were under ten years service, they would not receive any superannuation allowance.

Q. But did they receive anything that they put into the fund?—A. Yes, they received a gratuity, and not an annuity—a gratuity provided for in the Superannuation Act of one month's pay for each year's service.

Q. The overwhelming majority of those who were retired at the time received certain benefits or are receiving them from the superannuation fund?—A. Yes.

Q. What you are asking for now is that those benefits be increased?—
A. That they be increased. We would ask for compensation for loss of positions for the period they were not permitted to serve.

Q. Do you think this is really a matter for superannuation?—A. For that reason our local organization has not appeared before the committee.

Q. There is a difference of opinion?—A. We have a submission—a claim filed with the government of the day that has been there for over a year, and we do not think it will require any amendment to the Superannuation Act. As you say, we did not consider it advisable for our organization to appear before this committee. I am appearing on behalf of these men in Alberta who asked me to do so.

Q. What is the exact number of men you appear for here this morning?—A. The number of men affected would be 693. Those are permanent officials.

By Mr. Hansell:

Q. That is in Canada. I asked a question on the order paper—A. I do not know how many are in the organization in Edmonton.

Q. In Alberta there are about 241 affected. I asked a question on the order paper a couple of months ago: "How many civil servants were dismissed as the result of their services being discontinued at the time of transfer of the natural resources of Alberta on or about October 1, 1930?" The answer was: "Full time 192, seasonal 49, making a total of 241."—A. Those are Alberta men?

Q. Yes, those are Alberta men. There are three western provinces, I believe, that are affected, and I asked how many of those civil servants were re-engaged in some other department, and I have been unable to get an answer to that. I will have to go to the Civil Service Commission.

The ACTING CHAIRMAN: Are there any more questions? That brief will be considered, Mr. Spence, by the committee. Thank you for the presentation.

I will now call on Mr. R. P. Landry, representing the Radio Broadcasting Corporation.

Mr. R. P. LANDRY, called.

The WITNESS: Mr. Chairman and gentlemen, this brief is also adopted by Mr. Richardson and the other members of the Canadian Broadcasting Corporation who have all submitted a brief. They are all personal briefs, and have nothing to do with the present Canadian broadcasting organization.

This brief that I am about to read is dated at Ottawa, May 30, 1938, and is signed by myself.

OTTAWA, May 30, 1938.

To the CHAIRMAN and MEMBERS,
SPECIAL COMMITTEE on the CIVIL SERVICE SUPERANNUATION ACT,
House of Commons,
Ottawa, Canada.

GENTLEMEN,—I have the honour to submit for consideration by your Committee the following request concerning my eligibility to contribute to the Civil Service Superannuation Fund. I should perhaps explain at first the reason of this personal submission. I happen to be the only officer appointed on a permanent certificate to the Canadian Radio Broadcasting Commission by the Civil Service Commission in accordance with Section 4, Chapter 51 of the Statutes of 1932. The facts are the following:—

1. I was appointed permanently to the position of Secretary to the Canadian Radio Broadcasting Commission by the Civil Service Commission under a permanent certificate dated February 11, 1933, and reported for duty on

[Lt.-Col. R. P. Landry.]

February 13 of the same year. This appointment was made in accordance with Section 4 of Chapter 51 of the Statutes of 1932 which reads as follows:—

The Commission may employ such technical, professional and other officers, and clerks and employees as may be necessary. Such officers, clerks and employees shall be appointed pursuant to the Civil Service Act.

2. Although permanent under the Civil Service Act my contributions to the Superannuation Fund were not accepted.

3. Amendments to the Canadian Radio Broadcasting Act, 1932, were made in 1933, 1934, 1935 (ref. 1932-33 c. 35; 1934 c. 60; 1935 c. 24 and 1935 c. 65). These amendments somewhat altered the powers of the Canadian Radio Broadcasting Commission in respect to the appointment of its personnel and therefore brought about a change in the status of a certain class of employees who were appointed subsequent to May 23, 1933. By virtue of Chapter 35 of the Statutes of 1933, Section 4 of the Canadian Radio Broadcasting Act, 1932, was amended as follows:—

The Commission may employ such technical, professional and other officers as the Commission may deem necessary or desirable, and such persons shall receive such salaries or remuneration as may be fixed by the Commission, subject to the approval of the Governor in Council. Clerks and all other employees of the Commission shall be appointed pursuant to the Civil Service Act.

4. The provisions referred to above constituted the authority for the Canadian Radio Broadcasting Commission to employ its personnel between the years 1933 and 1935, when the clause was repealed by virtue of Subsection 2 of Section 1 of Chapter 65 of the Statutes of 1935 which reads as follows:—

Section 4 of Chapter 35 of the Statutes of 1932-33 and Chapter 60 of the Statutes of 1934 and Chapter 24 of the Statutes of 1935 are wholly repealed.

This, therefore, had the effect of again placing all appointments under the jurisdiction of the Civil Service Commission until the Canadian Radio Broadcasting Act 1932 was repealed on November 2, 1936, by the coming into force by proclamation of the Canadian Broadcasting Act 1936 (Chapter 24 of the Statutes of 1936).

I humbly submit that the Canadian Radio Broadcasting Commission was by statute a part of the Civil Service subject to the Civil Service Act. The Deputy Minister of Justice gave the opinion, copy of which is attached hereto, that the Commission was not a part of the Civil Service within the meaning of the Civil Service Superannuation Act 1924 but that it would be competent to the Governor in Council to declare the Radio Commission a part of the Civil Service for the purposes of the Civil Service Superannuation Act. Action apparently was not taken to secure approval by the Governor in Council with the result that my contributions were not accepted by the Department of Finance while I was an employee of the Radio Commission.

Since the Canadian Broadcasting Act 1936 came into effect on November 2, 1936, the benefits of Section 13 (1) have been extended to new appointees who, at the date of their appointment, were contributors under the provisions of the Civil Service Superannuation Act. This means that any employee under the Civil Service Act who has contributed say but one month to the Superannuation Fund and whose services are absorbed by the Canadian Broadcasting Corporation is entitled to continue as a contributor to the Superannuation Fund and thus enjoy all the benefits under that Act regardless of the position he may occupy with the CBC.

In view of the anomaly which exists, I respectfully urge the careful consideration of your Committee so that I may be granted the same benefits that are received by Civil Servants appointed to their respective positions by virtue of the Civil Service Act. My services as Secretary to the Canadian Radio Broadcasting Commission and later to the Canadian Broadcasting Corporation have been continuous since February 13, 1933.

I should also like to submit that I have subscribed during a little more than four years towards the National Defence Pension Fund. I was a contributor towards the said fund from February 22, 1916 to June 15, 1920, and the amount of my contributions are still to my credit in that fund.

I am fully aware that there might exist difficulties in having my services with the permanent force count towards superannuation, because of the fact the two funds are administered under different legislation. There is, however, a question of principle involved, and may I be permitted to suggest that ways and means be devised so that I may benefit by the contributions I have already made to the National Defence Pension Fund.

If further information should be required I shall be very pleased to supply it.

I have the honour to be,

Yours faithfully,

R. P. LANDRY.

DEPARTMENT OF JUSTICE

OTTAWA, March 11, 1933.

388/33

DEAR SIR,—I have your letter of the 28th ultimo, requesting a ruling upon the following questions:—

Question 1. Are the officers, clerks and employees of the Canadian Radio Broadcasting Commission, appointed under the provisions of the Canadian Radio Broadcasting Act, 1932 (Chap 51 of the Statutes of 1932) eligible to become contributors under the provisions of the Civil Service Superannuation Act?

Question 2. If the answer to question 1 be in the negative, is it within the competence of the Governor-in-Council, under the provisions of the Civil Service Superannuation Act, to declare that the Radio Commission is a branch or portion of the public service for purposes of the said Act.

As to question 1, I am of opinion that the Canadian Broadcasting Commission is not, at present, part of the "Civil Service" as defined in sec. 2 (c) of the Civil Service Superannuation Act, and an employee of the Commission would not come within the meaning of "Civil Servant" as defined by sec. 2 (b) of the said Act.

The point raised in question 2 may involve some difficulty, and, if convenient to you, I would prefer postponing its consideration until the return of Mr. Plaxton who is our specialist in this subject. Mr. Plaxton is expected back about the end of the month.

Yours truly,

(Sgd.) W. STUART EDWARDS,
Deputy Minister of Justice.

W. C. CLARK, Esq.,
Deputy Minister of Finance,
Ottawa.

[Lt.-Col. R. P. Landry.]

DEPARTMENT OF JUSTICE

388/33

OTTAWA, 21st June, 1933.

DEAR SIR,—I beg to refer to your letter of the 27th February last, and to the second question submitted for my opinion, and left in abeyance by my letter of the 11th March last, namely, whether it is within the competence of the Governor-in-Council, under the provisions of the Civil Service Superannuation Act to declare that the Radio Commission is a branch or portion of the public service for the purposes of the said Act.

Having considered this question, I am of opinion that the members of the staff of the Commission may properly be regarded as employees or servants of the Crown, and that it would, therefore, be competent for the Governor-in-Council to designate the positions on the staff of the Commission part of the Civil Service for the purposes of the said Act.

Yours faithfully,

(Sgd.) W. STUART EDWARDS,
Deputy Minister of Justice.

W. C. CLARK, Esq.,
Deputy Minister of Finance,
Ottawa.

By the Acting Chairman:

Q. That will apply to the other cases too that are enumerated in the same brief and attached thereto?—A. Not quite, Mr. Chairman, because the Act was amended in 1933, and it really placed the employment of the personnel of the commission on a different basis. If you wish, I might, perhaps, explain the submission further. I have taken a few notes here that might clear up any question as to my being allowed to keep the privileges of the Civil Service Superannuation Act.

By Mr. Francœur:

Q. Before proceeding any further, Col. Landry, you state on page 3 of your submission, "action apparently was not taken to secure approval by the governor in council with the result that my contributions were not accepted by the Department of Finance while I was an employee of the radio commission." Following the opinion given by the Deputy Minister of Justice which is attached to your submission, were any representations made to the governor in council?—A. No, sir.

Q. Why?—A. I do not know the exact reason why; but I assume at the time the radio commission was striving for more flexible action in respect to its own appointments and was trying to get away from the Civil Service Act, and that might have been one of the causes. That is only a surmise. I do not know the exact reason. For some reason or other it was never brought up before council.

Q. Why did the deputy minister give an opinion?—A. We did not ask it. What happened was this: in the month of February, 1933, the representative of the treasury for the radio commission forwarded my contribution to the superannuation fund and this was returned by the Department of Finance with a note that the Canadian Radio Broadcasting Commission's employees were not to be considered as contributors under the Superannuation Act. The Department of Finance took up the question themselves with the Department of Justice, and the opinion of the Department of Justice was an answer to the Department of Finance enquiry.

By the Acting Chairman:

Q. Are there many in your position at the present time?—A. Of the original appointments I am the only one; all other positions were made temporary.

By Mr. Francoeur:

Q. The other cases you are referring to in your submission are not the same as yours?—A. Not quite. The radio commission employed at some time, especially under the original Act, people who were appointed by the Civil Service Commission. Now, some of those appointments were made unknown to the Canadian Radio Broadcasting Commission from other government departments; and while those people were carried unknown they were permitted to keep up their contributions toward the superannuation fund with the result that some of those people were unknown for months or perhaps a couple of years, and they continued their contributions. But the moment they were taken on even in a temporary capacity with the C.R.B.C. their contributions ceased.

By Mr. McCann:

Q. Were they not only temporary transfers?—A. Yes, they were unknown temporary transfers.

Q. Still retained in the original department but transferred for a period?—A. Exactly. In other words, their contributions came from their former departments to the superannuation fund.

By Mr. Francoeur:

Q. Your case has never been brought up before the governor in council?—A. No, sir.

THE ACTING CHAIRMAN: Will the committee be in favour of receiving some explanation?

By Mr. Heaps:

Q. Are there any employees to-day in the broadcasting commission who come under the Superannuation Act?—A. Yes, we have some.

Q. Would you give us the details of those cases?—A. I think the detail of those people who have been allowed to carry on their contributions was due to the fact that some of them were unknown to the radio commission until this new Act was brought about. Now, by virtue of the new Act the Canadian Broadcasting Act of 1936, any civil servant who is transferred or appointed to the radio commission has the privilege to continue his payments towards superannuation.

By Mr. McCann:

Q. In other words, it is not taken if he was an original contributor, and it is not taken away because he is transferred to a department that does not come under the Civil Service Act?—A. Yes.

Q. That is only fair?—A. Yes.

By the Acting Chairman:

Q. In the case of new appointees, they do not come under the Superannuation Act?—A. Suppose we ask for either a clerk or a stenographer to-day, and this person is employed with a government department and has or is paying in towards superannuation, then by the fact that he joins the C.B.C., whether his status as far as salary is concerned changes or not, he is entitled to contribute toward the fund.

Q. If he had been a civil servant previously?—A. Yes; if he was not, no.

[Lt.-Col. R. P. Landry.]

By Mr. Heaps:

Q. There is no employee of the Canadian Broadcasting Commission who came direct to the commission from the outside who is to-day contributing to the superannuation fund?—A. No, sir; they do not contribute.

The ACTING CHAIRMAN: Will it be necessary to have more explanation from Mr. Landry?

The WITNESS: I think the main point, Mr. Chairman, lies in the fact that the Canadian Radio Broadcasting Commission does not exist any more, and there is uncertainty as to whether the governor in council is competent at the moment to declare a body that does not exist to come under the Superannuation Act of 1924.

The ACTING CHAIRMAN: We will now call on Mr. G. W. Richardson.

G. W. RICHARDSON, Called.

The ACTING CHAIRMAN: Proceed, Mr. Richardson.

The WITNESS: Mr. Chairman and Gentlemen, the members represented in these several briefs are deeply grateful to the committee for your kindness in allowing us to present these submissions. As far as my own brief is concerned, do you wish me to read it?

The ACTING CHAIRMAN: Do you wish to have it read, gentlemen?

Mr. MALLETTE: I think so.

The WITNESS: Mr. Chairman, the brief is as follows:—

CANADIAN BROADCASTING CORPORATION

OTTAWA, ONTARIO,

May 31, 1938.

Mr. MALCOLM McLEAN, M.P., Chairman,
Special Committee on Civil Service Superannuation Act,
House of Commons,
Ottawa, Ont.

DEAR SIR,—I am taking the liberty of presenting certain facts to you with the hope that I may be granted benefits under the Civil Service Superannuation Act, 1924.

I was employed permanently in the Department of Mines from September 18, 1920, and permanently from November 6, 1920, to September 22, 1933, on which date I was transferred on loan by the Civil Service Commission on a repayment basis to the Canadian Radio Broadcasting Commission. From November 16, 1920, to March 31, 1934, I was a contributor to the Retirement Fund. On April 1, 1934, payment of my salary direct was assumed by the Canadian Radio Broadcasting Commission and, although I was still a permanent Civil Servant transferred on loan by the Civil Service Commission, my contributions to the Retirement Fund were not accepted after that date by the Department of Finance.

On account of my contributions to the Retirement Fund not being accepted by the Department of Finance, I applied for the return of my contributions in full and this was granted. I was willing and anxious to continue my contributions but on account of the anomaly which I have mentioned I accepted a refund of the contributions. I am very anxious to receive benefits under the Civil Service Superannuation Act, 1924, from my long permanent service since November 16, 1920. I am considered by the Civil Service Commission to be a permanent Civil Servant under the Civil Service Act on loan from the Department of Mines and Resources to the Canadian Broadcasting Corporation, and I shall be grateful if my period of permanent service and conditions of appointment to

the Canadian Broadcasting Corporation be taken into consideration with the object of granting me benefits under the Civil Service Superannuation Act, 1924.

By the provisions of Section 13 (1) of the Canadian Broadcasting Act, 1936, a person who was employed permanently for only one month in the Civil Service and contributed only one month to the Superannuation Fund is entitled on his appointment to the Canadian Broadcasting Corporation to continue this privilege under the Civil Service Superannuation Act. It does not seem unreasonable, therefore, that eighteen years of permanent service should be taken into consideration with the object of receiving the same benefit.

I shall appreciate it very much if these facts can be considered by the Special Committee and I shall be pleased to supply any further information relating to my status which the Committee may wish to have.

Respectfully submitted,

G. W. RICHARDSON.

CANADIAN BROADCASTING CORPORATION

OTTAWA, ONTARIO,

May 31, 1938

Mr. MALCOLM McLEAN, M.P., Chairman,
Special Committee on Civil Service Superannuation Act,
House of Commons,
Ottawa, Ont.

DEAR Sir,—We, the undersigned employees of the Canadian Broadcasting Corporation, humbly request that our status be considered by the Special Committee of the House of Commons on the Civil Service Superannuation Act in order to determine our eligibility under this Act, and submit the following facts:—

1. (a) *Miss G. Paradis*.—Employed permanently by the Civil Service Commission from May 25, 1921, to November 5, 1933, and during this period was a contributor to the Retirement Fund. On November 6, 1933, transferred on loan on a repayment basis from the Civil Service Commission to the Canadian Radio Broadcasting Commission. Payment of salary direct was assumed by the Canadian Radio Broadcasting Commission on April 1, 1934, and from that date contributions to the Retirement Fund were no longer accepted.

(b) *Miss G. Appleby*.—Employed permanently under the Civil Service Act by the Department of the Interior from June 15, 1922, to July 4, 1933, and on July 5, 1933, transferred on loan from the Department of the Interior to the Canadian Radio Broadcasting Commission. While employed by the Department of the Interior, was a contributor to the Retirement Fund but after April 1, 1934, payment of salary direct was assumed by the Canadian Radio Broadcasting Commission. Contributions were not accepted by the Department of Finance.

2. Subsequent to November 2, 1936, when the Canadian Broadcasting Act, 1936, came in to effect our contributions to the Retirement Fund were refunded.

3. Our services have been continuous since the date of first permanent appointment under the Civil Service Act and by virtue of Section 13 (2) of the Canadian Broadcasting Act, 1936, we retain all benefits as Civil Servants except salary.

[Mr. G. W. Richardson.]

We respectfully request, therefore, that, on account of our long permanent service under the Civil Service Act, and the fact that all benefits as Civil Servants, except salary, may be granted to us under Section 13 (2) of the Canadian Broadcasting Act, 1936, we be granted the privilege of becoming contributors under the Civil Service Superannuation Act, 1924.

Respectfully submitted,

(Miss) G. PARADIS,

(Miss) G. APPLEBY

CANADIAN BROADCASTING CORPORATION

OTTAWA, Ontario, May 31, 1938.

MALCOLM McLEAN, Esq., M.P.,
Chairman, Special Committee on Civil Service Superannuation Act.
House of Commons,
Ottawa, Ontario.

DEAR SIR,—We, the undersigned employees of the Canadian Broadcasting Corporation, respectfully request that consideration be given to granting us benefits under the Civil Service Superannuation Act, 1924 and submit the following facts in support of our claim:—

1. (a) *Miss I. Kirby*.—Employed permanently as a Stenographer, Grade 1, by the Civil Service Commission from February 1, 1930, to November 3, 1932 and was a contributor to the Superannuation Fund. On November 4, 1932, accepted a temporary appointment to position of Stenographer, Grade 2 on staff of the Canadian Radio Broadcasting Commission. Contributions to Superannuation not accepted while employed on authority of temporary certificate. Original contribution to the Superannuation Fund still remains in that Fund.

(b) *Miss M. C. Lynch*.—Employed permanently by the Civil Service Commission as Stenographer, Grade 1, from January 1, 1931 to February 5, 1935 and was a contributor to the Superannuation Fund. On February 6, 1935 accepted appointment to temporary position of Stenographer, Grade 2 on staff of the Canadian Radio Broadcasting Commission and contributions to Superannuation Fund not accepted after that date. Original contributions to the Superannuation Fund still remains in that Fund.

(c) *Miss J. Danis*.—Employed permanently as Stenographer, Grade 1, by the Civil Service Commission from October 1, 1930 to April 10, 1933 and was a contributor to the Superannuation Fund. Accepted a temporary position of Stenographer, Grade 2 on staff of Canadian Radio Broadcasting Commission on April 11, 1933 and contributions to the Fund not accepted after that date. Original contributions to the Superannuation Fund still remains in that Fund.

2. Our Services have been continuous since date of first permanent appointments as indicated.

3. As we were not contributors to the Superannuation Fund on November 2, 1936 when the Canadian Broadcasting Act, 1936, came into effect, we were not granted privileges under Section 13 (1) of that Act.

4. Section 13 (2) of the Canadian Broadcasting Act, 1936, provides that:—

Any employee of the Corporation, who at the time of his appointment or employment under or pursuant to the provisions of this Act, holds a position in the "civil service", or is an "employee"

within the meaning of the Civil Service Act, shall continue or retain and be eligible to receive all the benefits, except salary as a civil servant, that he would have been eligible to receive had he remained under that Act.

We were temporary employees subject to the Civil Service Act when the Canadian Broadcasting Act, 1936, came into effect and in view of the provisions of Section 13 (2) quoted above, and also owing to the fact that we were contributors to the Civil Service Superannuation Fund, and our contributions still remaining to our credit, we respectfully request that the anomaly be considered and that we be authorized to resume our contributions so that we may have full benefits under the Civil Service Superannuation Act, 1924.

Respectfully submitted,

I. KIRBY
M. C. LYNCH
J. DANIS.

By Mr. Mutch:

Q. On what ground are you refused when they start paying you a salary?—
A. It was really due to several anomalies.

Q. What are those?—A. The transition period under which the former radio commission operated. For the reasons which Col. Landry mentioned, our contributions were not accepted by the Department of Finance from the radio commission.

Q. Would making the 1936 Act retroactive take care of you?—A. Well, I am not sure.

Q. You would like to pay back that money?—A. Yes, I am quite willing to pay back for the full time.

By Mr. Heaps:

Q. Is it not a question as to whether the Superannuation Act should take in its confines the men employed, say, by commissions? Is there a principle of law as to whether those persons working on a commission are entitled to come within the benefits of the Superannuation Act?

Mr. MUTCH: They are doing it.

Mr. HEAPS: No.

The WITNESS: Under the Canadian Broadcasting Act of 1936 the provision of section 13-1 provides that a civil servant who at the time of his appointment is a contributor under the Civil Service Superannuation Act shall continue to be a contributor under the said Act; his service on the staff of the corporation in virtue of the appointment as aforesaid shall be accounted as service in the civil service for the purpose of the Civil Service Superannuation Act. This Act came into effect by proclamation on November 2, 1936. Those who were permanent civil servants, who were contributing at that time and appointed under the by-laws of the corporation were allowed to continue, but those who were not contributing at that date obviously were not entitled.

By Mr. Heaps:

Q. If you were a new man now being employed by the radio corporation would you be entitled to come under the provisions of the Superannuation Act?—A. Not unless I were in the civil service and had contributed.

[Mr. G. W. Richardson.]

By Mr. Mutch:

Q. Had the Act of 1936 prevailed at the time you were employed you would be entitled to superannuation?—A. The Act of 1936?

Q. Had it been in force at the time you were first transferred to the commission?—A. Yes.

Q. If we make it retroactive that will take care of you?—A. Yes. If this provision of 13-1 were retroactive to April, 1931, it would take care of the matter.

Q. Would it affect anybody else?—A. There are several others, but they are all in different categories.

By Mr. McCann:

Q. When you say you are on loan by the Civil Service Commission to the broadcasting corporation what does that mean; that you are drafted or that you went there on your own request?—A. Drafted, seconded.

The Acting CHAIRMAN: Mr. Gullock has just remarked that the Canadian Radio Broadcasting Corporation Act, chapter 24-36, provides for the establishment of a pension scheme.

By Mr. McCann:

Q. Are you in on that—the Canadian Radio Broadcasting pension scheme?—A. There is no scheme.

The Acting CHAIRMAN: They have no scheme working yet, but it is within their power to establish one.

Mr. FRANCOEUR: From the 2nd of November to September 1936; those who were employed before do not come under this Act.

The Acting CHAIRMAN: They may. It all depends on what proviso they will have.

Mr. FRANCOEUR: That should be adjusted.

Mr. McCANN: That is not within our competence.

The Acting CHAIRMAN: I said that so that the committee will know exactly the position in which the broadcasting corporation is.

By Mr. Heaps:

Q. How many employees are there in the broadcasting corporation?—A. I really cannot say offhand, sir. The total number who were appointed by the Civil Service Commission to the former Radio Commission who normally would have contributed if they had been permanent is 200.

Q. Is that in Ottawa alone or in the whole country?—A. Principally in Ottawa, but it includes a few outside.

Q. Do you know the total number of the staff across the country?—A. Of the corporation?

Q. Yes.—A. I cannot say offhand; but there is only a very small number affected.

The Acting CHAIRMAN: Perhaps Col. Landry could tell us that.

Col. LANDRY: I do not know the exact figure, but it would be over 300.

Mr. HEAPS: It is quite obvious that if the government or the employees themselves decide upon having their own fund it would complicate the requests of individual members of the corporation to come under the other fund. I do not know whether we can have any information, Mr. Chairman, as to whether it is the intention of the government or the broadcasting corporation to establish its own fund.

The Acting CHAIRMAN: We will ask that question of the broadcasting corporation.

By Mr. Francœur:

Q. How many were drafted or are on loan from one department to the radio corporation?—A. There were eight at one time.

Q. Only eight out of 300?—A. Well, eight out of about 130 at the time. There was a total of 130 employees on the commission.

The ACTING CHAIRMAN: Those employees must have a case because they were paying superannuation before they went there.

Mr. HEAPS: That is quite right. They have a very good case, but they also withdrew from the fund the money they had paid in.

Mr. MUTCH: That does not affect the situation at all.

Mr. HEAPS: What I had in mind, Mr. Chairman, was that it would depend entirely upon whether the employees of the broadcasting corporation established their own fund. If they did that, I think we might consider making special provision in regard to those who were formerly in the civil service superannuation fund—make a special provision, if that could be done with regard to the special cases, allowing the government to make the contributions from the time they were formerly in the government service or did not pay in and allow the men or women to come under this new Act of the employees of the radio corporation and also pay in the back money to give them probably the same benefits and still remain within the new fund that is created for the radio employees.

Mr. MUTCH: In dealing with that question, one of the conditions that complicates the whole question of superannuation has been the fact that everybody did not start from scratch. If you are going to have a new fund, let us take care of these seven or eight under the scheme they began in and let the new fund start off on a level basis.

Mr. HEAPS: The suggestion I have made would put them practically at scratch.

The WITNESS: May I say, in order to dispose of my own submission—I do not want to take up any more time—that if the provision of section 13-1 of the Canadian Broadcasting Corporation of 1936 had been in effect at the time I was seconded it is possible that my contributions would have continued if the Retirement Act had been considered in the same sense as the Superannuation Act; and secondly, that if those contributors under the retirement fund now are given permission to transfer their contributions to the superannuation fund, probably some method could be found.

By Mr. Mutch:

Q. You did not elect in 1924?—A. No.

By Mr. McCann:

Q. With regard to the proposed pension fund of the Canadian Broadcasting Corporation, is that on a contributory basis?—A. Nothing has really—

Q. They are given authority to set up that fund; is not that the case?—A. I was just going to give you the exact provision. It is provided in the Act here that the Canadian Broadcasting Corporation may make by-laws and establish its pension fund.

Q. If you got a contributory basis, don't you think the establishment of the pension fund would be to take the place with reference to these employees who do not come under the provision of the Superannuation Act?—A. If it materializes.

Q. In the event of it materializing, you would not want to come under both funds?—A. No; but I would like to have the advantage of the past eighteen years service which would not likely be counted in the pension fund.

[Mr. G. W. Richardson.]

The ACTING CHAIRMAN: You mean that you will refund what was given to you when you left the service?

Mr. HEAPS: It would have to be considerably more than that.

The ACTING CHAIRMAN: Yes; but that would be included too.

Mr. HEAPS: If he wants to come under the fund now he would have to give the equivalent of 5 per cent of eighteen years salary.

The WITNESS: Yes.

The ACTING CHAIRMAN: Would you be satisfied to do that?

The WITNESS: Yes.

The ACTING CHAIRMAN: The persons are not here who have to do with the other brief, but probably they are of the same mind.

Mr. McCANN: When are you going to draw the dead line on personal submissions?

The ACTING CHAIRMAN: Well, we have only two more witnesses. We heard them before, but we granted them permission to come back for brief explanations.

Mr. MUTCH: And also there are one or two members who wish to appear.

Mr. HEAPS: Are the members here this morning?

The ACTING CHAIRMAN: The witnesses are here.

Mr. HEAPS: I do not mean the witnesses; I mean the members.

The WITNESS: Do you wish me to make any comments on behalf of these others?

The ACTING CHAIRMAN: We have the briefs and they will be studied before we make a report.

The WITNESS: Thank you very much.

(Witness discharged).

The ACTING CHAIRMAN: Mr. MacDonald appeared before this committee, but he wishes to enlarge upon one particular aspect of his previous representation.

Mr. MALLETT: With regard to those other submissions, are they to be put in the record?

The ACTING CHAIRMAN: Oh, yes.

Mr. A. H. MacDONALD, called.

The WITNESS: Mr. Chairman and gentlemen, I hope you will be patient with me because my hearing is not very good, and I shall stand over here to give you the benefit of what I know.

I want to make a correction or two in the brief or rather in the evidence that was submitted to your committee here some days ago. The statement was made there that those exempted employees in the government Printing Bureau came under the Department of Public Works, which was an error—a common one, because until a few years ago they did come under the Department of Public Works; but at the present time there is only one employee in the Printing Bureau who comes under the Public Works department—I suppose we might call him a char man, and he is under superannuation; so he is not affected. So, the exempted classes we spoke of in our brief really come under the Dominion Government Printing Bureau, under the administration of the Bureau.

Now I would like to point out that we feel that the government Printing Bureau is in a class by itself with respect to prevailing rates employees. We are appointed by the Civil Service Commission. We come into the service just as any other employee of the government comes in, subject to examination and

all the routine that is connected with the appointing of any member of the government service. The Printing Bureau is also a self-sustaining institution, inasmuch as we have to produce the goods in order to justify our existence. The time of every mechanical employee and a number of others who are not mechanical is charged against the work, so that you can understand that under the present system by which quite a large number of employees—taking the age of 50 as a basis, there are 143 employees over 50 years of age at the present time in the Printing Bureau, and as you all know with respect to the printing business the handling of linotypes, monotypes and machinery of that kind requires keen co-ordination physically and mentally—or physical and mental co-ordination—so that a man or woman arriving at the age of 50 is naturally—I should not say a detriment—but slows up the process of the Printing Bureau and makes it harder for the administration to deliver the goods, if you follow my idea.

We have already presented our brief, and I am not going to take up much of your time. In asking for this second interview, I have in mind that possibly the committee might deal with the questions of holidays and sick leave which the prevailing rates are not eligible for at the present time, but that is out of the question at the moment. I am simply going to deal with the matter of the superannuation issue alone. As I have tried to explain to you, it is a detriment to the Printing Bureau to retain old valued employees who have given years and years—up to 49 as a matter of fact—years of service and who have not been in a position or who have not been allowed to contribute to the Civil Service Superannuation Act, and something should be done for that class of employee. I think after having given this matter considerable thought, that if the committee would recommend that everyone under the age of 50 would be, I should say, compelled to come under the Civil Service Act on the same basis as other civil servants have done. Now, that leaves those 143 employees who have never contributed and who have not had a chance to be looked after. Mr. Heaps, I think, asked a question as to whether we should be dependent upon the fund which has been provided by the civil servants up to the present time. I do not think we have any right to sponge on that fund for a moment.

The ACTING CHAIRMAN: Hear, hear.

The WITNESS: But I suggest that the government, in consideration of the value of the services given by this group of employees during all these years, should give some kind of security for the old age of those people who have gone out.

Now, in 1919 under an order-in-council—from 1919 to 1924 under different orders-in-council, and under what was familiarly known as Calder Act, several hundreds of employees were let out of the Printing Bureau. They were looked after to the extent that those who were 65 years of age received half their wages per month for their life time. Under the first order-in-council, those who were 65 years of age with ten years of service—and I will ask Mr. Ronson to confirm that—were given half of their salaries for the balance of their lives. I do not know that it was dependent on their being returned soldiers—I heard that—but so far as I can see from the Superannuation Act it was simply that those of 65 years of age with ten years' service were given half their service.

Mr. RONSON: I have the complete record of the benefits which we will put on the record if you like. (See Appendix I.)

The WITNESS: That will be good. Somebody asked a question the other day—I do not know whether Mr. Ronson has this in his record—as to the terms with respect to the ages of those let out under the first order-in-council. I have it here from 45 to 55.

Mr. RONSON: It is in the record. We have the complete detail. It covers that point.

[Mr. A. H. MacDonald.]

The WITNESS: I am not going to keep you gentlemen very much longer, except to make a special plea for the people of the Printing Bureau, owing to the fact that we are there an intact body with years of service, that we have been trying to come under the Superannuation Act since 1919, and when the big releases were made in 1919 and on to 1924 under the orders-in-council and the Calder Act, it was supposed—in fact the orders-in-council cover the point—that those people were let out because of age or incompetency or because they are not required under a new plan of organization. The employees who were retained felt that their productive capacity had been recognized by the government, and, inadvertently by the elimination of those employees from the Superannuation Act they found themselves without anything in the future to look forward to. That was heart-breaking to most of us, and ever since we have been trying to get under the Superannuation Act in as decent and logical a way as did the other civil servants. I do not know that I can add anything very much except to say that the question was brought up, I think, by Mr. Heaps with respect to whether we would expect the superannuation fund to look after those people of 55 years and over. I do not think the superannuation fund should have to do that; I think, as I mentioned a moment ago, and it is a point I want to stress, that the government should look after those people with a special fund or in some special manner, doing so as they did under the Calder Act.

The ACTING CHAIRMAN: Have you any questions to ask Mr. MacDonald, gentlemen?

The WITNESS: Would you pardon me for about three minutes while I explain to you what our association has done in the Printing Bureau. When we realized that we no longer came under the Calder Act and had no form of superannuation to look forward to, we formed an association of employees of the government Printing Bureau. We were not financially able to put in a superannuation scheme, but we did form a group insurance scheme with a membership of a little over 400 employees who were eligible to come under this scheme. Our association has paid out \$67,000 in death benefits in the last ten years.

There is another question that came up. We had no provision for sick leave. If a man lost an hour in the Printing Bureau he lost that time and he lost that pay, so we put into effect a sick benefit fund which, to the extent of \$15 a week, looks after all the employees who belong to our association at the rate of 60 cents a month. That is all we could do, but it shows we were in earnest and sincere in the effort to look after the interests of the employees. As far as I can see, the only thing we could do with respect to our elimination from the benefits of the superannuation fund was to have a method of payment by the employees down there. As far as the employees are concerned, I am in a position to state they are willing to come under a stated annual salary basis on their present wage rate, and for all people under 50 to have deductions made according as the civil servants have made, 5 per cent with 4 per cent simple interest on the arrears. With respect to the other people, if there are any, who are over 50 and who are in a position to repay the arrears, give them the opportunity. That, I think, is a clear, definite outline of what we are willing to do. We are all in one building, intact; and it would be a simple matter to arrange for the repayments. The accountant's department have assured me that they can look after that part of it. We simply ask the government to give some special assistance to those people over 50 who are not in a position to repay. I thank you.

The ACTING CHAIRMAN: Thank you, Mr. MacDonald.

I might say in explanation, Mr. Mutch, that we have the brief of Mr. Maybank. We dealt with this question through a letter sent by Mr. Maybank, and if he is not satisfied with the matter he can appear before the sub-committee if he so desires.

Mr. MUTCH: Yes, quite; if he does not, I will.

Mr. H. VALLIERES, recalled.

The WITNESS: With the permission of the committee, Mr. Chairman, I would like to give a few explanatory notes as regards the statement I made before the committee concerning the permanent sessional employees of the House of Commons.

FURTHER EXPLANATORY NOTE *RE* PERMANENT SESSIONAL EMPLOYEES

With the permission of the Committee I beg to make a further statement as to the status of the permanent sessional clerks.

Up to 1908, the year when the appointment of permanent sessional clerks was discontinued, the said clerks had the same status as all other employees of both Houses, and therefore, they still retained that status, that is, they were entitled to all the privileges which the staff of both Houses enjoyed, including that of eligibility to the retiring fund on the same basis as all civil servants.

I might here state that there were about 30 or more employees of the House who, like the said sessional employees, were only called upon to discharge their duties during the sessions of Parliament.

When in 1919, the Calder Act was passed, the status of the permanent sessional employees was never questioned and they were allowed to take advantage of the Act and retire like so many other employees of both Houses did, being pensioned off without having contributed, according to the length of their service.

When the 1924 Superannuation Act came into force, there only remained about 10 of these permanent sessional clerks who had passed into other branches of the Service. It is with these said employees that your Committee is requested to deal with.

In order that there might be no further misunderstanding as regards the status of these said few employees, they requested the Department of Finance to give a definite ruling as to their status in order that when they retire from the service their case would be cleared and that their previous service would count as continuous yearly service.

It was on the strength of the favourable reply from the Finance Department, after consulting with the Justice Department which had all the facts, that these few remaining employees elected to participate in the Superannuation Fund.

In 1930, without the above employees being aware of the fact, the Auditor General's Office made representations to the Treasury Board most likely without knowledge of all the facts, such as the very long hours, including Sundays, which these employees had to work during the session; the result was that the ruling of the Justice Department and Finance Department was disallowed, notwithstanding the fact that the permanent status of the said sessional employees had existed since Confederation.

We humbly submit that we have a real grievance and that our claim is just and equitable.

The agreement entered upon between the Finance Department on the advice or ruling of the Justice Department and the few remaining permanent sessional employees of the House, in 1924, by which these said employees were induced to participate in the Superannuation Fund as full fledged yearly members, on the same footing as all other permanent employees of the House, constitutes a formal contract to which the Order-in-Council passed in 1930 cannot apply.

Such is the opinion expressed by a number of eminent legal counsels, some of them even went so far as to doubt the legality of the Order-in-Council.

[Mr. H. Vallières.]

The trouble arose with the Auditor General's Office when a few,—two or three employees I think,—basing their claim on the Civil Service Act (1918) Ch. 12, Sec. 35, requested that their contributions paid to the Superannuation Fund for work during recess in the various departments be refunded.

The ACTING CHAIRMAN: Are there any questions with regard to this representation? If not, we thank you Mr. Vallieres. Before we conclude, Mr. Mutch said that he would like to take up the case of Mr. Maybank.

Mr. MUTCH: I have not got the material.

The Committee adjourned to meet Friday, June 9, at 11 o'clock.

... of the ...

APPENDIX I

REORGANIZATION OF THE DEPARTMENT OF PUBLIC PRINTING
AND STATIONERY AS PROVIDED BY ORDER IN COUNCIL
P.C. 2146 OF OCTOBER 22, 1919*Two Groups of Employees to be Recognized*

Employees who are to be separated from the service either because of age/incompetency, or because they are not required under the new plan of organization shall be considered as of two kinds or groups.

Group 1—All employees forty-five years of age or over who have been in the service at least three years, and who because of the fact that they have attained this age and have given this much service to the Department are entitled to special consideration.

Group 2—Employees who are under forty-five years of age or who are over this age, but who have been in the service less than three years, and who are not felt to be entitled to consideration other than a reasonable opportunity to secure other employment.

Provision for all Employees Retired Whether in Group 1 or Group 2

Every employee dismissed or retired shall receive thirty days notice to that effect (during which time he shall draw his regular salary or wage) and shall receive at the time of his retirement a gratuity equal to one month's salary or wage; provided, however, that the Department may, at its discretion, allow a gratuity equal to two months salary or wage in lieu of the one month's notice with the gratuity of one month's salary.

Provision for Retirement of Employees in Group 1

In addition to the notice of retirement and the gratuity provided for employees retired, employees in Group 1 shall receive a monthly allowance which shall continue for a period equivalent to one-sixth of their period of active service; *provided that an employee who has reached the age of sixty-five and who has been in the service of the Department for not less than ten years shall receive the allowance during life.* The allowance for employees between the age of forty-five and fifty-five years shall be equivalent to one-sixth of the average annual salary or wage received during the three years just previous to the date of retirement. The allowance for employees between the ages of fifty-five and sixty-five shall be one-third of such average annual salary or wage and the allowance for those over sixty-five shall be one-half.

Special Provisions

Where an employee retired with a special allowance as above provided he will also receive an allowance from Superannuation Fund No. 1, Superannuation Fund No. 2, or from the General Retirement Fund, and he shall receive under the above special retirement plan an allowance only sufficient to raise the total of allowances received from both sources to the maximum provided herein.

Employees retired in accordance with the plan outlined above should not be entitled to participate in any pension plan that may be instituted after the date of their retirement.

Allowances paid to employees retired from the service under this plan shall be paid from a special fund voted for the purpose.

All allowances granted to a retired employee under this plan shall cease upon his death.

Number of employees retired under Group 1 are as follows:—

1. Payment of gratuity	28
2. Term annuity	134
3. Life annuity	61
	<hr/>
	233

SESSION 1938
HOUSE OF COMMONS

SPECIAL COMMITTEE
ON
CIVIL SERVICE SUPERANNUATION ACT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 9

including

FINAL REPORT TO THE HOUSE

FRIDAY, JUNE 10, 1938
FRIDAY, JUNE 24, 1938
TUESDAY, JUNE 28, 1938

WITNESSES:

Mr. Ralph Maybank, M.P.
Mr. A. Fournier, K.C., M.P.
Mr. J. A. Pinard, M.P.
Mr. J. T. Thorson, K.C., M.P.

OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1933

HOUSE OF REPRESENTATIVES

SELECT COMMITTEE

CIVIL SERVICE SUPERANNUATION ACT

MINUTES OF PROCEEDINGS AND EVIDENCE

IN SENATE AND HOUSE OF REPRESENTATIVES

IN RESPONSE TO A RESOLUTION

THROUGH WHICH THE HOUSE

RESOLVED THAT THE

COMMISSIONER OF THE GENERAL LAND OFFICE

BE HEARD

IN CONNECTION WITH THE

PROVISIONS OF THE ACT

IN RELATION TO THE

PROVISIONS OF THE ACT

ORDER OF REFERENCE

Ordered,—That the said Committee be given leave to sit while the House is sitting.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

REPORTS TO THE HOUSE

FRIDAY, June 24, 1938.

The Special Committee appointed to enquire into the terms and operation of the Civil Service Superannuation Act begs leave to present the following as a

SECOND REPORT

Your Committee recommends that it be granted leave to sit while the House is sitting.

All of which is respectfully submitted,

MALCOLM McLEAN,
Chairman.

TUESDAY, June 28, 1938.

The Special Committee appointed on Tuesday, March 6th, 1938, to enquire into the terms and operation of the Civil Service Superannuation Act begs leave to present the following as a

THIRD AND FINAL REPORT

Your Committee held ten meetings, at which representatives were heard on behalf of the following:—

- Civil Service Federation of Canada;
- Civil Service Association of Ottawa;
- Canadian Legion of the British Empire Service League;
- The Professional Institute of the Civil Service of Canada;
- The Returned Soldiers' Association;
- The Dominion Printing Bureau Prevailing Rates of Pay Employees' Welfare Association;
- Certain Contributors with permanent sessional service;
- The Amalgamated Civil Servants of Canada;
- A. W. Neill, M.P., for certain prevailing rates Employees in British Columbia;
- Foremen and Assistant Foremen, Department of Public Works;
- The Dominion Railway Mail Clerks Federation;
- The Dominion Public Works Association;
- Ex-Dominion Civil Servants Committee;
- Certain employees of the Canadian Broadcasting Corporation;
- Montreal Post Office Employees Association;
- Mr. Ralph Maybank, M.P., on behalf of Mr. H. T. Cameron, of Winnipeg, Man.;
- Mr. A. Fournier, M.P., Mr. J. A. Pinard, M.P., on behalf of certain ex-employees of the Dominion Printing Bureau;
- Mr. J. T. Thorson, M.P., on behalf of certain seasonal employees.

Your Committee also heard evidence by the Deputy Minister of Finance, the Superintendent of Insurance, and certain officials of the Department of Finance.

A sub-Committee appointed to study the submissions received from various associations and individuals gave consideration to the following:—

1. Communication from Mr. Raymond M. Comb, London, Ont.
2. Communication from T. K. Doherty, Ottawa, Ont.
3. Communication from Mr. C. Fraser Elliott, K.C., Commissioner of Income Tax—concerning certain employees of that Division of the National Revenue Department.
4. Petition signed by D. H. Christie, E. R. Eastman, Chas. Ewen, A. W. Grant, Hazel D. Smith, Mary Craig.
5. Memorandum from the Halcyon Club of Ottawa.
6. Communication from the Federated Association of Letter Carriers.
7. Communication from Lt.-Col. G. E. Morgan, Cayuga, Ont. (Transmitted through Mr. G. E. Wood, M.P.)
8. Letter from Mr. J. R. Phillips, Carleton Place, Ont.
9. Letter from J. W. Sheppard, Hamilton, Ont.
10. Copy of resolution passed by the Dominion Civil Service War Veterans' Association, Hamilton, Ont.
11. Copy of correspondence concerning Mr. Donald MacDonald.
12. Communication from Mrs. Mary Goodridge, Ottawa, Ont.
13. Copies of correspondence concerning Misses M. L. Speers and M. E. Brandon. (Transmitted through Mr. J. A. MacKinnon, M.P.)
14. Communication from Mr. Gordon B. Isnor, M.P., concerning Officers and other ratings engaged on Government-operated steamships.
15. Communication from Mr. V. J. Pottier, M.P., concerning Officers and other ratings engaged on Government-operated steamships.
16. Communication from Mrs. Mary E. Woolcott, Hamilton, Ont. (Transmitted through Mr. A. A. Brown, M.P.)
17. Communications from Mr. Jules L. Boucher, Postmaster, St. Hyacinthe, P.Q. Transmitted through Mr. T. A. Fontaine, M.P., and Mr. V. Mallette, M.P.)
18. Brief submitted on behalf of ex-Dominion Civil Servants and signed by A. Peart, S. Grimwood, F. W. Elliott.
19. Communication from Mr. Ralph Maybank, M.P., concerning Mr. H. Brooker, St. James, Man.
20. Petitions by Officers and employees of the Canadian Broadcasting Corporation, signed by R. P. Landry, G. W. Richardson, G. Paradis, G. Appleby, I. Kirby, M. C. Lynch, J. Danis.
21. Brief by the Canadian Postmasters' Association.

The Sub-Committee also heard representations on behalf of certain of the above as follows:—

Mr. J. A. MacKinnon, M.P., on behalf of Misses Speers and Brandon, and also the ex-Dominion Civil Servants Committee.

Mr. A. A. Brown, M.P., on behalf of Mrs. Mary E. Woolcott.

Mr. T. A. Fontaine, K.C., M.P., on behalf of Mr. J. L. Boucher.

Mr. A. E. MacLean, M.P., on behalf of Officers and other Ratings engaged on Government-operated steamships on the Atlantic Coast.

The principal submissions made to the Committee by organizations or individuals were as follows:—

1. Return of contributions in all cases (minimum return).
2. Re-opening of the Act for election.
3. Authorization of service with the Allied Powers in the Great War.
4. To authorize prevailing rates employees to become contributors.
5. Compulsory retirement at age 65.
6. Optional retirement at age 60 or completion of 35 years' service.
7. Computation of benefits on five year basis.

8. Elimination of interest charge on back service.
9. Authorization of service as Labourers.
10. Service of Revenue Postmasters.
11. Authorization of season or session as full year for superannuation purposes.
12. Service in the Permanent Force to count under the Superannuation Act.

On account of the importance and complexity of the various submissions affecting the Superannuation Fund, your Committee has not had sufficient time to formulate specific recommendations for this Session, and they recommend that a similar Committee be set up to continue the enquiry during the next Session of Parliament.

A Copy of the printed evidence adduced by the Committee is attached.

All of which is respectfully submitted.

MALCOLM McLEAN,
Chairman.

MINUTES OF PROCEEDINGS

FRIDAY, June 10, 1938.

The Special Committee appointed to enquire into the terms and operation of the Civil Service Superannuation Act called to meet at 11 a.m. this day, resulted in the following members of the Committee being present:—

Messrs. Bradette, McCann, Wood (3).

The Clerk of the Committee having called attention to the fact that a quorum was not present, the Vice-Chairman, Mr. Bradette, announced that the Committee would meet again at the call of the Chair.

FRIDAY, June 24, 1938.

The Special Committee appointed to enquire into the terms and operation of the Civil Service Superannuation Act met this day at 11 a.m., in camera.

Mr. McLean (*Melfort*), the Chairman, presided.

Members present: Messrs. Anderson, Baker, Blanchette, Davidson, Francœur, Hansell, Heaps, McCann, McLean (*Melfort*), Mallette, Mutch, Pottier.

In attendance: Mr. W. C. Ronson, Assistant Deputy Minister of Finance; Mr. G. D. Finlayson, Superintendent of Insurance; Mr. G. L. Gullock, Chief of the Superannuation Branch, Department of Finance.

The Committee considered one by one the various submissions before it and a general discussion took place.

On motion of Mr. McCann,

Resolved,—That the Committee recommend that it be given leave to sit while the House is sitting.

At 1.10 p.m., the Committee adjourned until 4 p.m., provided leave to sit while the House is sitting was obtained.

AFTERNOON SITTING

At 4 p.m. the Committee resumed, Mr. McLean (*Melfort*), the Chairman, presiding.

Members present: Messrs. Anderson, Blanchette, Francœur, Hansell, Heaps, McCann, McLean (*Melfort*), Mutch, Pottier.

In attendance: Mr. W. C. Ronson, Assistant Deputy Minister of Finance; Mr. G. L. Gullock, Chief of the Superannuation Branch, Department of Finance.

The Committee completed the review of the submissions before it and the question of a final report to the House was then considered.

After a lengthy discussion and on motion of Mr. Pottier, it was agreed, that in view of the limited time before the end of the Session and the importance and complexity of the various submissions, the Committee should not

proceed to make specific recommendations but that the Chairman be authorized to draft an interim report to be considered by the Committee at its next sitting.

At 5.15 p.m. the Committee adjourned until next Tuesday, June 28th, at 11.30 a.m.

TUESDAY, June 28, 1938.

The Special Committee appointed to enquire into the terms and operation of the Civil Service Superannuation Act met this day at 11.30 a.m.

Mr. McLean (*Melfort*), the Chairman, presided.

Members present: Messrs. Anderson, Baker, Blanchette, Hansell, Heaps, Hill, McCann, McLean (*Melfort*), Mallette, Mutch, Pottier.

In attendance: Mr. G. D. Finlayson, Superintendent of Insurance; Mr. W. C. Ronson, Assistant Deputy Minister of Finance; Mr. G. L. Gullock, Chief of the Superannuation Branch, Department of Finance; Miss E. L. Inglis, 1st Vice-President of the Civil Service Federation of Canada and of the Civil Service Association of Ottawa; Mr. A. Fournier, M.P., Mr. J. A. Pinard, M.P., Mr. Ralph Maybank, M.P., Mr. J. T. Thorson, M.P.

Mr. Ralph Maybank, M.P., Mr. A. Fournier, M.P., Mr. J. A. Pinard, M.P., and Mr. J. T. Thorson, M.P., appeared and addressed the Committee on behalf of several groups and individuals

On motion of Mr. Anderson, seconded by Mr. Hansell the Committee unanimously adopted a vote of thanks to the Chairman, Mr. McLean.

Mr. McLean, the Chairman, voiced his appreciation of the Committee's kind consideration to himself and he, in turn, offered his tribute to all the members of the Committee, the staff and the officers of the Departments of Finance and Insurance for their valuable help.

The Committee unanimously expressed their regret at the unfortunate illness of the Minister of Finance, Honourable C. A. Dunning, a member of the Committee.

The Committee then resumed their sitting "in camera" for the study of the report submitted by the Chairman.

On motion of Mr. Heaps,

Resolved, That the report as read by the Chairman be adopted unanimously, and ordered be reported to the House.

The Committee adjourned sine die.

ANTOINE CHASSE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 497,

June 28, 1938.

The Special Committee to inquire into terms and operation of the Superannuation Act met at 11.30 a.m. The Chairman, Mr. Malcolm McLean, presided.

The CHAIRMAN: Gentlemen, I have some communications here that were received after the dead-line which we had set. If you will permit me, I think I should read the names of the senders so that it will be noted on the record that these letters have been received. Most of them deal with matters that have already been dealt with.

Mr. HEAPS: Mr. Chairman, are these all individual cases?

The CHAIRMAN: No, they are not all individual cases. I will indicate the nature of them as we proceed.

The first is a petition presented through Mr. Tom Reid, member of parliament, regarding marine officers on the Pacific coast. The matter was presented by Mr. Neill, but the petition was sent forward by Mr. Reid.

Mr. ANDERSON: Covering the same points?

The CHAIRMAN: Yes, covering the same points.

We also have a letter from Lieutenant-Colonel E. J. White, President of the Canadian Postmasters' Association. The representation was made by the secretary, Mr. Griffith, and was dealt with.

Then we have a communication from J. H. Wood, national secretary, Customs and Excise Officers' Association, endorsing a submission by the Civil Service Federation of Canada.

Also one from W. N. Duncan, national secretary of the Canadian Postal Employees, to the same effect.

We have also received a communication from J. A. Bell, son of the late Major Graham A. Bell, former deputy minister of Railways and Canals, regarding the possibility of some consideration being given to his mother as the widow of a deceased civil servant.

Then a file from R. McCracken, retired superannuated civil servant, offering information and advice not regarding himself but regarding the Superannuation Act in general.

Next is a communication submitted by Duncan McCann which was received from Mr. Richard, Barrister-at-law, regarding Mrs. Elizabeth Doyle, on the subject of superannuation. The principle has been dealt with and will have to be dealt with again at a further session of parliament if a committee is re-appointed. It deals with a principle that is rather important, the principle of retiring without any refund being made of monies being paid in to the Superannuation Fund.

Gentlemen, we have received the following communications from witnesses who appeared before us relative to corrections which they desire to have made in their evidence:—

Telegram

EDMONTON, ALBERTA.

MALCOLM McLEAN,
Chairman, Superannuation Act Committee,
Ottawa.

Kindly note three corrections *re* evidence report Number Eight page two thirty-one. Retirement fund contributors received only amount actually paid in plus interest. Number former employees receiving three

hundred fifty instead of five hundred dollars superannuation. Although former employees with less than ten years received one month's pay for each year served contributions paid in by them would exceed one-half of this.

A. PEART.

Mr. MALCOLM McLEAN, M.P.,
Chairman, Special Committee on Civil Service Superannuation Act,
House of Commons,
Ottawa, Ontario.

DEAR MR. McLEAN,—In giving evidence before the above committee, and as reported on Page 227 of Report No. 8, in answer to the question "You have had very little short time" by Mr. Heaps, I inadvertently stated that "there is hardly any short time."

The correct answer should have been—"There is no short time, as the employees concerned are regular full-time employees with continuous employment."

We feel that the answer given might have an adverse effect on our particular case and we would therefore greatly appreciate if you would kindly note the correction and bring same to the attention of the committee when our case is being considered.

Yours respectfully,

(Sgd.) H. A. HODGKINSON,

Secretary.

Dominion Public Works Association,

35 George Street,
Ottawa, Ontario.

Mr. MALCOLM McLEAN, M.P., Chairman,
Special Committee on the Civil Service Superannuation Act,
House of Commons,
Ottawa.

Dear Mr. McLEAN,—Would you and your associates of the Special Committee appointed to enquire into the terms and operation of the civil service Superannuation Act be so kind as to approve of the following corrections with reference to the submission made to your committee on behalf of the Professional Institute of the Civil Service of Canada, on Wednesday, May 11, 1938. On Page 82—3rd line—third paragraph under caption "II. Dollar for dollar understanding," delete the words "the leader of the government in the Senate."

On Page 89, under caption "Senate Debates, July 14, 1924," substitute page 730 for page 805.

Thanking you and your associates for your courtesies, I remain,

Yours respectfully,

(Sgd.) J. CLEMENT BEAUCHAMP,

President.

The CLERK of the COMMITTEE,
Special Committee on Civil Service Superannuation Act,
House of Commons,
Ottawa.

Dear Mr. CHASSÉ,—I have read over the minutes of proceedings and evidence No. 8 and particularly in reference to the submissions which I made before your committee.

I find that there are many typographical errors as also many errors in the transcription of notes from the stenographic record. It is important that these errors should be corrected as otherwise my testimony does not make much sense. May I please request that your committee order the following corrections in my evidence:—

- (1) On page 232, immediately preceding the written submission:—

The WITNESS: Mr. Chairman and gentlemen, this brief is also adopted by Mr. Richardson and the other members of the Canadian Broadcasting Corporation who have all submitted a brief. They are all personal briefs, and have nothing to do with the present Canadian broadcasting organization.

What I actually said was:—

“Mr. Chairman and gentlemen, this brief as also that presented by Mr. Richardson and other employees of the Canadian Broadcasting Corporation are all personal briefs and have nothing to do with the present Canadian broadcasting organization.”

- (2) On page 232, last line:—

“permanent certificate date February 11, 1933,” etc.

This should read:—

“permanent certificate dated February 10, 1933,” etc.

- (3) On page 236, wherever the word “unknown” appears it should be substituted for the two words “on loan.”

- (4) On page 236, first question by Hon. Francœur, second last line:—

“But the moment they were taken on even in a temporary capacity with the CRBC.” etc.

This should read:—

“But the moment they were taken on the establishment even in a temporary capacity,” etc.

- (5) On page 236, first question by Mr. McCann:—

“Q. Were they not only temporary transfers?—A. Yes, they were unknown temporary transfers.”

The reply should read:—

“A. Yes, they were on loan on temporary transfers.”

- (6) On page 236, second question by Mr. Heaps:—

“Q. Would you give us the details of those cases?—A. I think the detail of those people who have been allowed,” etc.

This should read:—

“A. I think that those people who have been allowed,” etc.

- (7) On page 236, second question by Mr. Heaps: 4th line of the reply at the beginning of the 4th line, instead of “this new Act” read “the new Act.”

- (8) On page 236, second question by Mr. Heaps: 4th line: “Now, by virtue of the new Act,” insert a comma after the word “Act.”

(9) On page 236, second question by the Acting Chairman, at the bottom of the page, third and fourth lines:—

“With a government department and has or is paying in towards superannuation, then by the fact that he joins the C.B.C.,” etc. should read:—

“with a government department and *has been* or is paying in towards superannuation, then by the fact that he *joins* the C.B.C.,” etc.

Yours faithfully,

(Sgd.) H. P. LANDRY.”

Mr. ANTOINE CHASSÉ,
Clerk of Special Committee on Civil Service Superannuation Act,
House of Commons,
Ottawa.

Dear Mr. CHASSÉ:

I shall appreciate it if you will submit the following corrections in the minutes of the special committee on the civil service Superannuation Act for Tuesday, June 7.

1. P. 237. In the first line of my introduction the word “members” should read “employees.”
2. P. 241. 3rd question by Mr. Mutch: The answer should read “April 1, 1934” and not “April, 1931.”
3. P. 241. 1st question by Mr. Heaps: “200” should read “22” which is the figure I mentioned.
4. P. 242. 2nd question by Mr. Francoeur: The second sentence of the answer should read—“There was a total of about 130 employees on the staff of the commission.”

Yours faithfully,

(Sgd.) G. W. RICHARDSON.

Mr. MUTCH: Mr. Chairman, Mr. Maybank is with us to-day. He has a matter he desires to present to the committee, but he is rather anxious to attend another committee.

The CHAIRMAN: Then we shall hear Mr. Maybank now.

RALPH MAYBANK, M.P., called.

The CHAIRMAN: Proceed, Mr. Maybank.

Mr. MAYBANK: Mr. Chairman, I have to attend the committee on Banking and Commerce, and I should be glad if I could present this matter to you now in order to get away.

The case I have to present to the committee, Mr. Chairman, as I understand it, is about the only one of its kind in Canada. It concerns Mr. H. T. Cameron, who lives at 307 Lipton Street, Winnipeg, Manitoba. He is an employee of the Post Office Department. He was taken into the service, I believe, on January 16, 1914. He was taken on temporarily, although the position that he filled was a permanent position. I presume he was taken on temporarily in the way that practically all employees are taken on. It is technically temporary employment.

On August, 1914, he requested leave to enlist, and he was granted leave. That is his statement to me, and that is the statement of R. H. McNab, the acting chief of the railway mail service division. He asked that permission, and he was granted permission to leave to enlist.

[Mr. Ralph Maybank.]

Mr. HEAPS: What date?

Mr. MAYBANK: The leave was given as of August 29, 1914, and I presume his enlistment was about the same day, or maybe three or four days later. But leave was given as of August 29, 1914, whereupon he promptly enlisted and went overseas.

The leave, so far as I know, was not actually recorded in writing, but no doubt has ever been cast upon the accuracy of the statements I have made so far with reference to this matter. You will recall that, at that time, the war was expected to last a matter of only a few months; and it seems to me very natural that leave in those circumstances would have been given, and that he would lose nothing whatever by enlisting; that he would come back to his same job, and so forth.

Sometime afterwards a decision was reached by the government that any man enlisting would sever his connection with the department in which he was engaged.

Mr. MUTCH: Any man in temporary employment only.

Mr. MAYBANK: Yes, that is right, temporary employment only. At the same time, we will perhaps remember it was more or less held out to people then that they would probably be taken back into the service. I believe, as a matter of fact, that most persons in positions of this kind were, indeed, taken back into the service when they returned from overseas. But they were taken on probably partly because of the returned soldier preference and probably partly because of the fact that they had been employees, and while there may not have been any actual promise of the return of their jobs, nevertheless the government felt, quite naturally, that they should be returned to the service, and so I think most of them were returned.

But this man stood at that time in a different category altogether. He had enlisted upon leave and permission. He returned from overseas in 1919, and immediately upon discharge—the 11th of October, 1919, which was practically immediately after discharge—he returned to his same job in the service.

Mr. HEAPS: Was he injured overseas?

Mr. MAYBANK: No so far as I know.

Mr. HEAPS: He returned right after the war was over?

Mr. MAYBANK: Of course, there were many who were not discharged until a late date even though they were not injured. But I do not know whether he was injured or not.

Mr. HEAPS: That is why I asked that.

Mr. MAYBANK: The question you are really getting at is whether there was any considerable hiatus between the date of his discharge and the date of his return to the service. That is the point, and all I can say, Mr. Heaps, is that my information is there was no hiatus at all. There may have been a short loafing or holiday period, or something like that. But I will say this to you; that he returned to the service without any question, and to his same job, immediately upon discharge. His discharge being in October, 1919, may have been because he was injured and kept in the army a little longer. But of that I do not know. However, that part of the undertaking given him was kept without question. That is the point I desire to make, that he just automatically and as of right returned to the job he had had in August, 1914.

Mr. ANDERSON: Would you come to the point; what is it he is asking?

Mr. MAYBANK: What he wants is that those five years should be considered in computing his period.

Mr. ANDERSON: I did not know what you were asking.

Mr. MAYBANK: I realize that, but you will appreciate that once or twice we got off the path because of interruptions; otherwise I might have told you a little sooner.

Mr. ANDERSON: The best way is to hit out directly, like Joe Louis did.

Mr. McCANN: He is still an employee?

Mr. MAYBANK: Yes. The man was always an employee, from January, 1914. It does seem to me, Mr. Chairman, that he ought to be allowed to regain those five years spent overseas as part of his service. By the way, his pay was on a yearly basis.

Mr. HEAPS: This is a case similar to a great many other cases with which we have dealt.

Mr. MAYBANK: I do not know anything about that; I have not been here.

I also wanted to say that Mr. McNab, the acting chief of the railway mail service, says there were two men in this position in that department. The other man was killed overseas.

Mr. MUTCH: It is quite clear that so far as that department is concerned, also as far as the service is concerned, so far as I have been able to discover, these two men were the only two men who had received formal permission for leave. An Order in Council, P.C. 2102, I think it was, was passed and made retroactive to wipe out the contract which had already been made with these two men.

Mr. MAYBANK: The Order in Council, whether it was specifically stated or not, had that effect in applying to those who had already enlisted as well as to those who subsequently enlisted; and this man was up against the retroactive effect of the Order in Council.

Mr. McCANN: By whom was the permission given?

Mr. MAYBANK: It was given by the chief of the post office of that day.

Mr. McCANN: Who was the chief?

Mr. MAYBANK: His name was Bower.

Mr. McCANN: What position did he hold?

Mr. MUTCH: Director of postal services.

Mr. MAYBANK: District postmaster or postmaster.

Mr. MUTCH: I think he was in the railway mail service. Was he McNab's predecessor?

Mr. MAYBANK: No; at the time McNab wrote the letter to which I referred, this man Bower was still there. McNab would be acting chief of this division in the post office, and would be aware of the facts, I presume.

Mr. HEAPS: Is he still in the railway mail service?

Mr. MAYBANK: Yes.

The CHAIRMAN: At that time Mr. Bower was director of the railway mail service in Manitoba?

Mr. MAYBANK: Yes.

Mr. MUTCH: That is his title now.

Mr. MAYBANK: I do not know if that was his exact title or not.

Mr. MUTCH: But that was the position which now carries that title?

Mr. MAYBANK: He later on came to have that title, whether he had it at that time or not; but he was the chief, at any rate, whatever his title was.

Mr. McCANN: Was he at Ottawa here?

Mr. MAYBANK: He was at Winnipeg.

Mr. McCANN: Was there any formal permission given by the head of the department or the deputy postmaster general or the Postmaster General here at Ottawa?

Mr. MAYBANK: I presume there was not, because if there were there would have been writing upon it, and it has not been suggested to me that there is any document. There may be, I don't know.

[Mr. Ralph Maybank.]

Mr. MUTCH: It is perfectly clear to my mind that all those in the permanent service were and continued to be granted leave and that these are the only two applicants from this district who applied who were not permanent in the ordinary sense. They were permanent in the sense that that man still has his job, although the appointment was only in the preliminary stages at the time the permission was granted.

Mr. MAYBANK: And it subsequently became a permanent appointment.

The CHAIRMAN: I don't remember how long you said he had been settled there before his enlistment.

Mr. MAYBANK: He was employed in January of 1914 until that date I mentioned, August 29, 1914, just previous to his enlistment.

The CHAIRMAN: Eight months.

Mr. ANDERSON: He entered the service in January of 1914?

Mr. MAYBANK: Yes.

Mr. HEAPS: Have we not before us a lot of returned soldier cases asking for practically the same thing?

Mr. MAYBANK: I do not know whether you have temporary employees; cases of this sort.

Mr. HEAPS: His object is to get the superannuation, isn't it?

Mr. MAYBANK: Yes.

Mr. HEAPS: He would probably come in that category.

The CHAIRMAN: We have had a number of cases which I would say would cover the same thing exactly. This man had leave of absence granted at one time by his superior; the other people had not.

Mr. McCANN: And this order-in-council was directed to that?

The CHAIRMAN: Yes. In fact, I think Mr. Heaps is right, the cases presented to us would cover this case.

Mr. MAYBANK: I have understood that there were representations of a general nature, but I do not think they cover temporary employees of this sort. I thought perhaps there was a distinction in this case, and that is why I brought it before you.

Mr. MUTCH: There is a sharp distinction between them. I had other cases in front of me.

Mr. HEAPS: Who was the gentleman who represented the returned soldiers here?

The CHAIRMAN: Major Bowler. Major Bowler's representations with respect to a number of cases would, I think, cover the same principle in a general way.

Mr. MAYBANK: I thought, Mr. Heaps, there was a distinction between representations made for those who were permanent employees at the time they enlisted.

Mr. HEAPS: Personally I am in favour of treating this type of case similar to permanents.

Mr. MAYBANK: I do not know that there is anything I can add to that.

The CHAIRMAN: I thank you, Mr. Maybank. This is one of those cases which will have to be dealt with again later, when the committee sits again.

Mr. MAYBANK: Yes, I appreciate that.

The CHAIRMAN: Next session, I mean.

Witness retired.

The CHAIRMAN: Now, I believe Mr. Fournier has some submissions to make.

A. FOURNIER, K.C., M.P., called.

Mr. FOURNIER: Mr. Chairman and gentlemen, I appreciate your kindness. I was requested by 34 former employees of the Printing Bureau to bring their case before this committee. In 1920 the Griffenhagens made a re-organization of the Printing Bureau in Ottawa. It was understood with respect to the Printing Bureau that after the war they brought in those who had enlisted to go overseas to their former positions. Between 1914 and 1918 these positions had been filled, and they thought that the Printing Bureau was overstaffed, so the Griffenhagens decided in re-organization that they would dismiss 418 men from all grades and classes. Now, before I go on, up until 1921 the employees of the Printing Bureau were never under the Superannuation Act, but in 1920 these 417 or 418 people were let out. Those who were 65 years of age and had ten years in the service received for their lifetime a pension equivalent to 50 per cent of their salaries. Those who were not 65 years of age received two months gratuity for each year they were in the service at the rate of 33½ per cent of their pay. Some of these men had been in the service 30 years, 31 years, 22 years, 23 years, and 20 some odd years. I have none on my list who has been in the service less than 20 years.

Mr. HEAPS: With respect to the question of the gratuity to which you made reference, was that a lump sum payment or was it in the form of annual payments?

Mr. FOURNIER: It was paid during four or five years, according to the length of time they were in the service. The man who was in the service 30 years would receive two months per year, that would be 60 months' pay, or five years; and the amount paid to those who were getting the equivalent of one-third of their salary, that would run for a period of five years and one month; four years and two months; and so forth. They were let down and they received nothing at all, actually. We have 34 survivors of that class.

I am a little ahead of my story. Some months after their retirement the Calder Act was brought in in the house. They made representations to the minister at the time and they were assured that they would come under this Calder Act, which gave to the employees who were let out 50 per cent of their salaries; and men who were let out aged 41 years, 48 years, 50 years and so on are still receiving pensions under that arrangement. But, it seems, that the Calder Act did not cover the cases of these men. After five years they received no pension at all. They made representations to the different governments since 1920. To-day there are some of these men who are now 80 years, 81 years, 79 years, 77 years old, and so on; there are some receiving the Old Age Pension and some who are not 70 receiving nothing and living on direct relief, although these men had worked for 25 or 30 years in the service. Mr. Ahearn, Mr. Pinard and myself were asked to bring the case of these men to the attention of this committee. They do not ask for any retro-active consideration, but they do ask to be paid the amount that was fixed by Mr. Finlayson in 1921. Take the case of the first man on the list, Mr. Trowbridge. He was 30 years in the service and he received a pension for five years amounting to \$452.88; and since the end of that five-year period he has received nothing at all.

Now, the request that I was asked to present is that they should receive some small pension from some source, leaving it to this committee to make a recommendation. But on the basis I have indicated the pension at no time would amount to more than \$18,000 a year.

Mr. HEAPS: Do you suggest that it should come out of the superannuation fund?

Mr. FOURNIER: There should be an adjustment in some way to correct the great injustice that was done in the case of these men.

Mr. HEAPS: There is a big difference whether it comes out of the superannuation fund or out of the general revenue of the country.

[Mr. A. Fournier, K.C., M.P.]

Mr. FOURNIER: I think probably the easiest way would be for it to come out of the consolidated revenue fund of the country and not out of the superannuation fund. But we believe that this committee is the only body to whom this request could be addressed who would have the power to make a recommendation to the government. May I point out further that the amount involved by way of annual payment in these cases would be steadily decreasing. A lot of these men are now anywhere from 75 to 80 or 82 years of age and of course they will not live forever; and the granting of an appropriate pension would correct to a small extent the great injustice which was certainly done to them when they were not provided for under the terms of the Calder Act, particularly in view of the fact that the then government assured these men that they would be taken care of under that Act. For the information of the committee I have here a list of the individuals concerned which I will leave with you.

FINANCE DEPARTMENT

Name	No. of years		Termial annuity	
	Age	service	(annual allowance)	
John G. Throwbridge..	77	30	\$452 88—5 years,	1 month
Joseph Langlois..	64	30	226 00—5 "	1 "
Frederick O'Keefe..	69	30	226 00—5 "	1 "
Joseph V. Montmigny..	64	20	226 00—3 "	4 "
Edgar Pelletier..	54	20	227 87—3 "	4 "
N. L. Alf. de la Salle..	75	25	458 77—5 "	1 "
Nelson Gagnon..	68	30	228 28—5 "	1 "
Hector Richer..	70	30	263 19—5 "	1 "
Napoleon Lapage..	81	30	460 06—5 "	1 "
Geo. S. Jessop..	71	25	260 03—4 "	2 "
Alexander Lecourt..	78	30	460 06—5 "	1 "
Albert Beaumont..	68	29	230 03—4 "	11 "
James E. Pender..	67	30	216 06—5 "	1 "
Hannah Glidden..	68	30	96 96—5 "	"
Joseph E. Chateauvert..	67	28	216 06—4 "	9 "
David J. Welch..	81	23	267 52—2 "	10 "
Martha Farrell..	66	29	99 73—4 "	1 "
Norman McQ. Wilson..	66	20	236 85—Aug. 31,	1925
Herbert J. Lynch..	75	22	236 88—Nov. 30,	1923
James W. Patterson..	78	22	474 02—Apr. 30,	1924
Joseph Forget..	71	30	237 01—Aug. 31,	1925
J. Ald Bergeron..	72	30	237 01—Aug. 31,	1925
James F. Glidden..	77	30	473 66—Aug. 31,	1925
James McCann..	79	30	473 66—Aug. 31,	1925
Galvin Lindsay..	77	23	473 66—May 31,	1924
Adjuter Samson..	61	32	188 70—Jan. 31,	1926
Frank Wiggett..	66	26	242 43—Nov. 30,	1926
Joseph Soulard..	68	31	242 46—Nov. 30,	1925
Wm. J. Annand..	76	31	457 17—Nov. 30,	1925
Joseph P. O'Brien..	66	30	236 00—Nov. 30,	1925
Sarah M. Troy..	68	30	203 88—Oct. 31,	1925
Margaret O'Connor..	79	30	207 76—Oct. 31,	1925
Mary T. Hanrahan..	64	21	103 88—Apr. 30,	1924
James C. Reynolds..	78	30	516 64—4 years,	6 months
Edmond F. Beaudry..	70	30	324 53—5 "	2 "
Eudore Marier..	65	21	456 00—	
Joseph Firth..	75	22	456 00—	

The above figures were the amount given to the men that went out under the Griffenhagen (only for 5 years and less). Six months after under the "Calder Act" the men that went out from 45 years up who had served from 20 years up received for life an average of \$70 per month—\$840 per year. Compare both figures and see the injustice done to the above men.

May I add that since this list was prepared four of the individuals concerned have passed away so that the total number should be reduced by that amount.

The CHAIRMAN: Thank you, Mr. Fournier, your submission will receive the attention of the committee at a later date, I trust.

Mr. FOURNIER: Thank you, Mr. Chairman.

Witness retired.

The CHAIRMAN: Last week Mr. Heaps asked for some information from Mr. Ronson regarding the amount being paid to annuitants in various classes. Mr. Ronson has that information for us to-day and if you wish me to I will read it.

Mr. HEAPS: Yes, I would like to have that on the record.

The CHAIRMAN:

The statement shows:—

ANNUAL ALLOWANCES BEING PAID TO ANNUITANTS UNDER THE SUPER-
ANNUATION ACT AS AT APRIL 1, 1937

\$ 500 and under..	797	\$	289,879 36
\$ 501—\$1,000..	1,250		907,544 53
\$1,001—\$2,000..	893		1,202,143 66
\$2,001—\$3,000..	201		476,125 77
\$3,001—\$4,000..	55		187,659 00
\$4,001—\$5,000..	11		47,172 72
\$5,001 and over..	8		49,802 41
	3,215	\$	3,160,327 45

Mr. Thorson was to present something to us which I think will only take a short time. He is attending the sitting of another committee at the moment and our clerk has just gone to get in touch with him. While we are waiting for Mr. Thorson perhaps the committee would not mind hearing Mr. Blanchette.

J. A. BLANCHETTE, M.P., called:

The CHAIRMAN: Will you proceed, Mr. Blanchette, please.

Mr. BLANCHETTE: The case I wish to bring to your attention, Mr. Chairman and gentlemen, is that of Miss Regina Aubin, employed in the postal service in Quebec, at Sherbrooke. She entered the service in 1919 and remained there until 1933 when the position was abolished on account of the fact that the establishment was transferred to the Montreal district. When she left the service her rating was that of senior postal clerk at a salary of \$1,380. The question of superannuation came up and like many others in the department she did not understand it very well and she elected not to come under the Superannuation Act. She made her contributions to the retirement fund from 1919 to 1933 when she was taken on temporarily—I believe her temporary appointment was for the years 1933, 1934, 1935, and she is being carried on on that basis, as a temporary employee since then. As a matter of fact, I believe she is being carried on leave of absence at the present time. She asked me to present her case to the committee to see whether it would be possible for her to be transferred from the retirement fund to the superannuation fund.

Mr. MUTCH: Have you an answer to that, Mr. Ronson?

Mr. RONSON: The answer to that would be that she could not come under the superannuation fund under the present terms of the Act.

Mr. MUTCH: You mean, that unless we decide to change the Act, that under the Act as it now stands failure to elect would bar her from coming under its provisions?

Mr. RONSON: There was a reference there—I didn't quite understand it—something to the effect that she was now temporary.

Mr. BLANCHETTE: She is still there being a temporary employee.

Mr. RONSON: I think there must be some mistake about that. She must be permanent or she would not be under the retirement fund.

Mr. BLANCHETTE: Perhaps she is temporary with leave of absence, or possibly one of these long term temporaries.

[Mr. J. A. Blanchette, M.P.]

Mr. RONSON: In any event we cannot admit her, unless the Act is amended. She had her chance like thousands of others and she didn't take it.

The CHAIRMAN: Is there any other representation to be made?

Mr. MUTCH: In order not to delay the committee, while we are waiting for Mr. Thorson, I would like to lay the case before you of Major N. M. Halkett, of the Canadian Pensions Commission. This is an excerpt from a letter:—

I served as an officer in the permanent force from April 1st, 1920, to August 31st, 1929, being paid by the Department of National Defence. During that period five per cent of my salary was deducted for pension purposes according to the provisions of the Militia Pension Act.

In August, 1929, I transferred to the Department of Pensions and National Health and I am still serving with that department. During the period from August, 1929, until the present (March, 1938), five per cent of my salary has been deducted for superannuation in accordance with the provisions of the Civil Service Superannuation Act.

Therefore, since April 1st, 1920, I have made continuous contributions of five per cent of my salary for pension or superannuation;—

In this case there was no break.

—but according to the Civil Service Superannuation Act, as it now stands, I can only be credited with payments made from August, 1929, when I transferred to the Department of Pensions and National Health.

When it is considered that the proceeds derived from both the Pension Fund of the permanent force, and the Superannuation Fund of the civil service go into the same fund, namely, the Consolidated Revenue Fund of Canada, and that benefits are paid out of the same fund to members of both services qualifying for pension or superannuation, it is my contention that provision should be made in the Civil Service Superannuation Act to give credit for previous contributions paid into the Militia Pension Fund.

Major Halkett points out that provision should be made in the Civil Service Superannuation Act to give credit for previous contributions paid into the Militia Pension Fund.

It is pointed out the Militia Pension Act was amended sometime ago—

And this is important.

—to allow civil servants who transferred to the permanent force, to receive credit for contributions previously paid into the Civil Service Superannuation Fund (see section 6 of the Militia Pension Act).

It works in one way, but it does not work in the reverse, which is manifestly unfair, according to my contention. There is reference there to section 6 of the Militia Pension Act.

Continuing:

The Civil Service Superannuation Act has never been amended to give equal benefits to members of the permanent force transferring to the civil service.

Just here I might say that I asked, in connection with this, as to how many people were affected, and I understand there is a considerable number. This is the reply I got:—

I understand there are, at the present time, other civil servants in the same position as myself who were formerly members of the permanent force of the active militia, and as such contributed five per cent of their

salaries to the Militia Pension Fund, and who subsequently transferred to the civil service and are now contributing to the Civil Service Superannuation Fund.

I shall appreciate it very much if you will present our case to the parliamentary committee, and recommend that the Civil Service Superannuation Act be amended to permit us to count towards superannuation the time served with the permanent force, when five per cent of our salaries was deducted for pension and paid into the Consolidated Revenue Fund of Canada.

I do not think it greatly affects the matter, but I have in front of me the military record or record of service of Major Halkett. He was decorated for gallantry, and has a long period of service—from the 11th month of 1914 down to August, 1929, or whatever time he was transferred. There is nine years at stake. I since found out—I think it was from Mr. Whitmore, who made representations for the Professional Institute of the Civil Service—that there are others in the same position. It seems to me it is a fair proposition. The money is going into the same pot; the contribution is exactly the same. If a man who is engaged in radio work is seconded, as the new expression is, or transferred to the permanent force, he gets the benefit of the time he spent in the civil service applied on superannuation. But when we take a man for special reasons, with special qualifications, and transfer him from the permanent force into the civil service, then he is out of luck.

Mr. RONSON: You have a recommendation here which would cover that case and all similar cases. It is set up in that volume that is prepared.

Mr. MUTCH: I just wanted to read this into the record, because it gives a concrete example of the sort of thing which the recommendation covers.

Mr. RONSON: I should think there would be a considerable number of them in the public service—quite a few of these former permanent force men who eventually got into the service. I have not got the number of them, but I would be surprised if there was not a substantial number.

Mr. MUTCH: I would be very much surprised if there was not a considerable number in the period between 1930 and 1935, because there was a considerable readjustment—for reasons which I shall not mention.

The CHAIRMAN: Are there any others who wish to make any representations to the committee before we close?

Mr. POTTIER: This is the close, is it?

The CHAIRMAN: It is intended to close the public hearings. As far as I can see, this should be the real close of the public hearings at the present session of parliament.

Before closing, I should like to say that while we have had a lot of representations made as to changes desired, and that kind of thing, I think the committee will agree with me that we have had surprisingly few real complaints. I think we can look on that as complimentary both to the legislation and to the administration. I am agreeably surprised at the small number of complaints that we have received as to the administration—unfairness or anything of that kind. I think it is a real compliment to the officers engaged in that work. I am just giving my own personal opinion now, but I think possibly the committee would agree with me, when I say that I think we should congratulate ourselves on the fact that the country has a system that has been so well devised and which is being so fairly administered—in spite of the fact, of course, that there are a few cases which have come before us asking for changes and for the redress of real or fancied grievances.

Mr. MUTCH: Mr. Chairman, as I understand it, we are going to draw up a report which will be in the nature of another interim report and not a final

[Mr. J. A. Blanchette, M.P.]

one. I realize that it is impossible to take any one of the various matters which we have discussed and give the decision of the committee on it, while leaving the others over. Still, I would like to express my own opinion, at any rate, that—and I am particularly interested in the representations made with respect to the returned men in the service—if there is any way at all in which we can intimate to them the excellent reception their case has received, I think perhaps it would be nice to do that, if we cannot do it in any other way.

Mr. HEAPS: I have a great deal of sympathy with the representations of the returned men; but I am afraid that the moment we start taking one particular class of representations and considering that, it would probably work a hardship on the others who have also made representations. A point which I think we should bear in mind, when we are considering the representations made, is that anything that might be done, even at a subsequent time, will not in any way affect the status later on; that is, delay at the moment will not affect the position of the returned men one iota—if the report goes in next year or this year—because we are dealing with something that is retroactive in its character. But I am afraid, in order to get the thing on a sound basis, we should consider all the representations made together, and bring in a complete report. I am sure that the representations made by the returned soldiers will in no way suffer by the fact that the report is delayed till such time as the committee is able to report finally.

Mr. MUTCH: I think there are perhaps just two of us on the committee, if my information is correct, who happen to be returned men; and I do wish more than anything else to express my personal gratification at the good hearing these men got. I was merely voicing that sentiment and nothing else.

Mr. POTTIER: I wrote a letter sometime ago with regard to the men in the Department of Fisheries as well as the Department of Marine, who are on the Atlantic coast employed on vessels, and who are now in the category of prevailing rates employees. I will support the representations made—not as a member of this committee, but on behalf of the men themselves and as a member of parliament—by Mr. Neill and Mr. Reid, with regard to men in the marine service and fisheries department employed on boats on the Atlantic coast. They referred particularly to the Pacific coast. Briefly, the situation is this: I know of a number of men who have been aboard these boats for twenty-five or thirty years, year in and year out, getting a month's holidays or two week's holidays, depending upon the type of service they give. But they are paid at a salary, as far as I know, that has been paid to them for ten, fifteen or twenty years. They are sometimes promoted from second engineer to first engineer, and their salaries are affected in that way, but they have a steady salary. I think it is unfortunate that these men are penalized because their mode of employment is labelled in the wrong way—whether it is the Department of Marine or Fisheries or whether it is on account of the Treasury Board, I do not know. But certainly their type of payment is not according to the facts, and I urge that their case be given consideration. I have a brief from them, but they had confused the Civil Service Act with the Superannuation Act. I think perhaps the better method of presenting their case is for me to do it orally in the way I have, and ask you to give it the best consideration you can.

The CHAIRMAN: I am sure that the men represented by Mr. Pottier will not suffer from any lack of presentation of their views, because Mr. Pottier has dealt with them previously, and will no doubt be in a position to deal with them again. As far as the matter brought up by Mr. Mutch is concerned, I may say that I am interested in the case of the returned soldiers just the same way as he is; but I agree with Mr. Heaps that it would be impossible to try to pick and choose one or two of the particular classes dealt with by the committee at this time, and to try to have any legislation or administrative changes

made in connection with only one or two classes at this late date. It would throw all the matters we have dealt with into discussion, and I think it would be quite impossible to do in view of the fact that so far we have not been able to arrive at a final conclusion or a final report. I think probably, from opinions voiced by various members of the committee, that the committee would agree with me in that. Is there anything else to be presented?

Now, Gentlemen, Mr. Thorson is here, and we shall hear what he has to say.

Mr. Thorson submitted the following statement:

Mr. J. T. THORSON, K.C., M.P., called.

Mr. THORSON: Mr. Chairman and gentlemen, I shall be brief. I thank you for this opportunity of saying a few words on behalf of a certain group of persons who are employed in the public service. I understand that representations have already been made on behalf of certain seasonal employees of the Government, and also on behalf of sessional employees of the House of Commons. I would like to support as strongly as I can the suggestions made to the effect that certain employees whose occupations are either seasonal or sessional should have the benefits provided by the Superannuation Act.

May I, therefore, bring to your attention the situation of the employees of the Government Shipyard at Selkirk. There are a number of person who work on the dredges and on the staff of the shipyard and marine railway at Selkirk who are still classed as temporary employees. Although this is their classification they are really permanent employees in the service of the Dominion Government. Indeed many of these men have been in the employ of the Dominion Government for over twenty years and are still in the position of being temporary employees so far as their classification is concerned. Consequently they do not come under the provisions of the Superannuation Act.

This seems to me to be a very anomalous and unfair situation and I feel that steps should be taken to correct it by changing the classification of these men from being temporary employees of the Government to being permanent.

These men are employed during the summer season on full pay and are in receipt of half pay during the winter months. They are, therefore, continuously in the service of the Government, and there does not seem to be any logical reason why they should not be classed as permanent employees for the purpose of coming under the provisions of the Superannuation Act.

Many of these men have given the best period of their lives to the public service, but no provision is made for any pension for them when they retire from the service. I think most members of the Committee will agree that this is not a desirable situation.

I therefore urge upon the members of the Committee that they take into consideration the desire of these men to come under the provisions of the Superannuation Act. I believe that some system could be worked out under which they could make their contributions for Superannuation Act purposes.

Many of these men are engaged in hazardous occupations, and some of them have suffered personal injuries in the course of their employment in the public service. Many of them have worked steadily and continuously.

I sincerely hope that some means may be found for remedying the situation in which these men find themselves, and I urge that they should be classified as permanent employees so that they may have the benefits of the provisions of the Superannuation Act.

I thank you, Mr. Chairman, for this opportunity of presenting the case of these men to this Special Committee.

The CHAIRMAN: I thank you, Mr. Thorson.

[Mr. J. T. Thorson, K.C., M.P.]

Mr. ANDERSON: Mr. Chairman, you have been a member of the House since 1925—the election of 1925. It has been my pleasure to know you during all that time. I think Mr. Heaps may probably say the same thing, as he is one of the older members. This is the first occasion on which I have had the pleasure of acting on a committee in which you took a prominent part. You have always taken a very prominent part in the House, and have received the attention and consideration of the House on all occasions. The work of this committee has gone along very smoothly. It has been rather interesting. The members of the civil service are charged, in one of the representations made, with always looking out for the best for themselves. But I have a great deal of sympathy for the civil service. They are the machinery upon which the government of this country very largely depends.

An Hon. MEMBER: Hear, hear.

Mr. ANDERSON: We come here for a few months each year; whether we work diligently or otherwise, these men are responsible, as a matter of fact, for the carrying out of the administration of our public business. On this occasion we have had the very great advantage, sir, of having you as our chairman. You have not only devoted yourself very assiduously to the work of the committee, but have given to us unselfishly that courtesy and attention which we all appreciate. You have yet before you, probably, the task of framing the report of this committee. I wish to move that a vote of thanks be tendered to you, sir, for your courtesy, kindness and attention, and the help you have extended to all members of the committee on this occasion. I should like very much to also add to that that the thanks of this committee are due to all the officers, the clerks, and the various members of the service who have come here to give us information. It has been really helpful; the information has been carefully prepared; and when we wanted information, we got it. We got the information exactly as it was asked for, and it has been given in the most courteous and helpful way. I take pleasure, Mr. Chairman, in moving that this vote of thanks be extended to you.

Mr. HANSELL: Mr. Chairman, it is perhaps significant that Mr. Anderson, one of the Conservative members of this committee, has made this motion. It might add to that significance if one of the lesser lights seconded that motion. This is one of the few committees that I am privileged to attend owing to the fact that I have other duties to perform in my own group. I do wish sincerely to second Mr. Anderson's motion. I have wondered sometimes just what value I am, particularly, to this committee, being one of the younger members of the House, and one day when I was coming in here I concluded perhaps I was the most valuable member you had for the reason that I think I am perhaps the one who goes to make up a quorum, and if I were not here you would not be able to function.

Mr. Chairman, I do appreciate an orderly meeting, a meeting that can be conducted whereby we are able to get the fullest satisfaction by way of information, and I do appreciate the way the chairman has graciously, timely and effectively dealt with all the matters that came up. I take great pleasure, therefore, in seconding Mr. Anderson's motion.

Mr. ANDERSON: Mr. Chairman, you, of course, are too modest to put the motion, therefore I will ask the committee by uplifted hands to show that we are all unanimous in extending our appreciation to the chairman.

Carried.

Now, Mr. Chairman, I tender you that vote of thanks, and we will expect you to reply not only on behalf of yourself, but on behalf of those gentlemen who so kindly assisted us during our session.

The CHAIRMAN: Mr. Anderson and gentlemen; Mr. Anderson in the first place embarrasses me by his remarks and then removes the embarrassment.

Mr. HEAPS: He accused you of modesty.

The CHAIRMAN: Of course, my modesty is too well known to be questioned. He removed my embarrassment by himself putting the motion. I want to say, Mr. Anderson, Mr. Hansell, and gentlemen, I appreciate very much the kind remarks spoken about myself. I am afraid I have not merited them all. I appreciate, and I think they are only fair, the words spoken in regard to the officers of the department and the clerks on whom certain of the work has fallen, and I want to thank the committee particularly for their attendance. Mr. Hansell has said those who come and form a quorum are very valuable. I want to say this: in all my experience with committees I believe we have had more success in having a quorum present so that we could go on with our work than any other committee. It is true the committee is small, but the quorum is more than fifty per cent of the members. I think it is a real tribute to us when we think that we have always had a quorum, and at times every single member present for discussion.

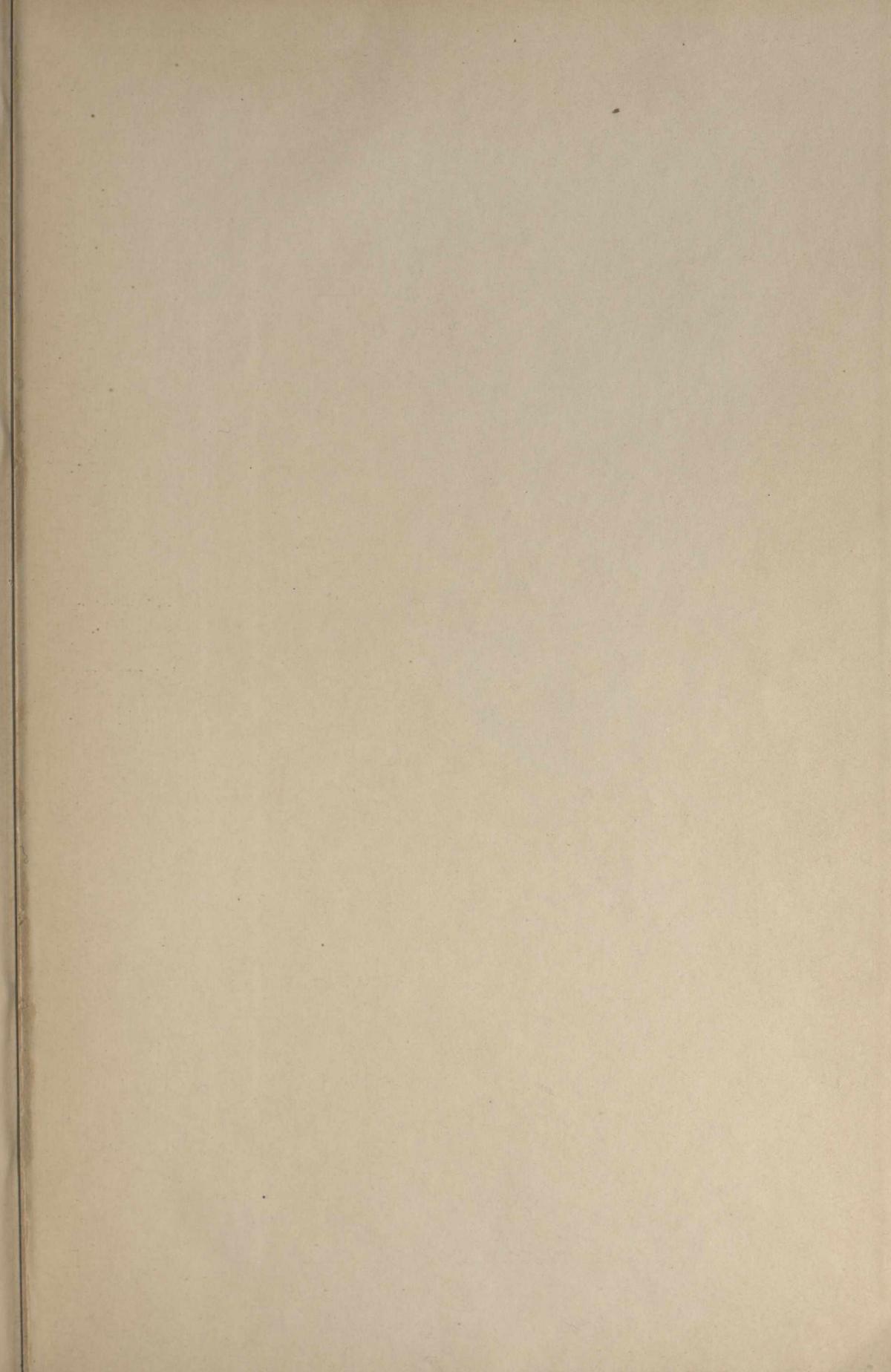
If Mr. Hansell will permit me, I should like to say one word. He says he wonders if he has contributed any benefit to the committee, other than that of forming a quorum. I am quite sure that he has learned a lot from the committee and he has contributed to the committee in various ways. He has learned a lot and has prepared himself to be much more useful in the future in regard to committee work. I believe we are all beginners with regard to the subject under discussion. Mr. Heaps has been interested in it for more years than any of the rest of us; Mr. Anderson has had much to do with it, but the rest of us have been dealing with it probably for the first time. I am quite sure if we are on this committee for another year we will come to it better prepared to come to a reasoned and valuable conclusion on this work, and will prepare a superannuation act that will stand for many years to come.

I should like again to thank the clerks and the officers of the department, and I shall include the reporters because I have not yet had a complaint of anyone being misquoted or misread or any other grievance with regard to errors—I see Mr. Mutch looking with an expression of reproach on his face. I think we are ready—

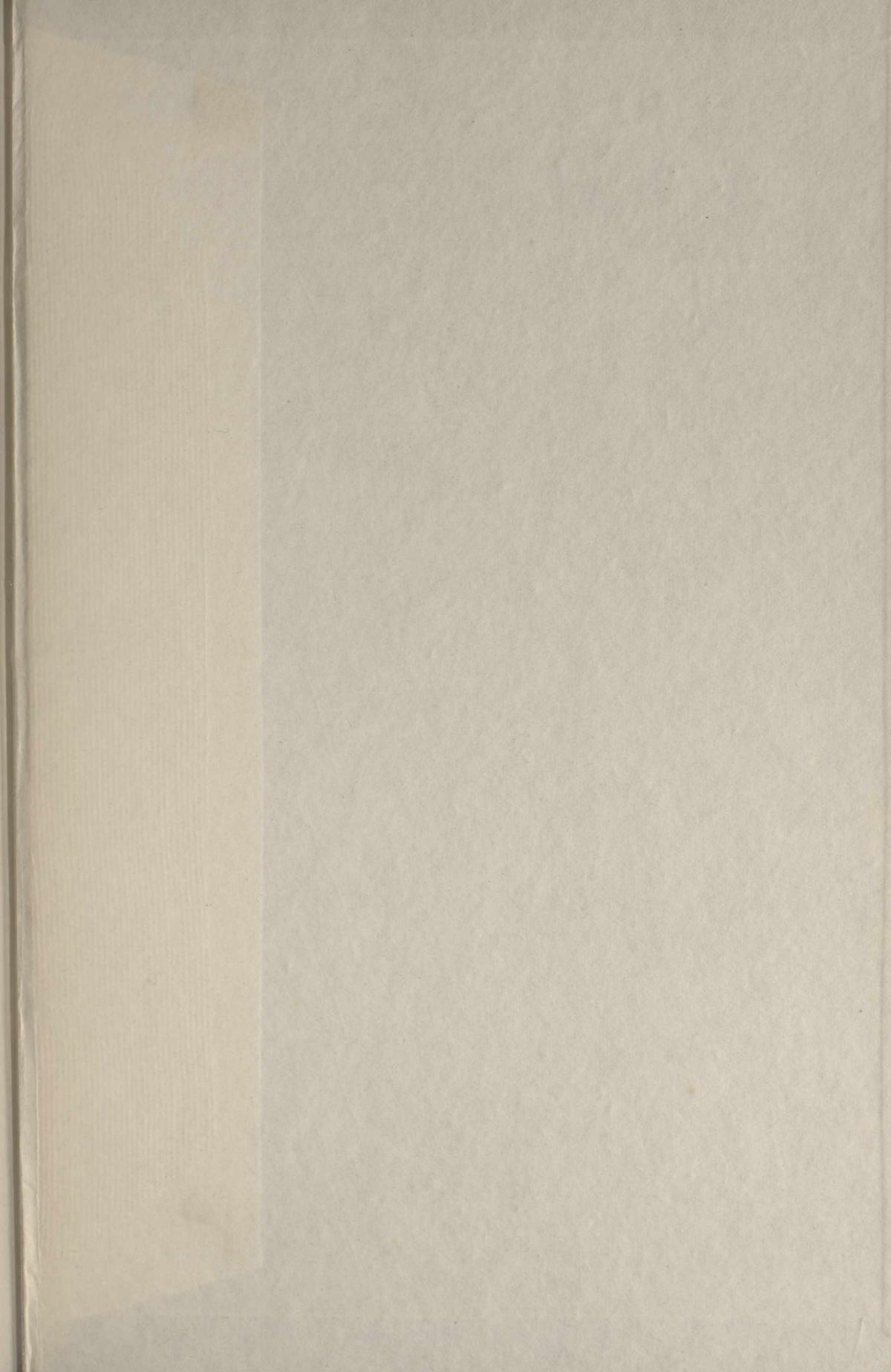
Mr. MUTCH: I do not think the committee should wind up its public meetings without an expression of regret on behalf of the committee for the unfortunate illness of the Minister of Finance who gave us of his time quite generously at the beginning of the committee and the benefit of his wide experience, and co-operated with us in every way. I believe every one feels it a distinct loss, not only to the committee but to the whole House that we should be deprived of the presence of the Minister of Finance during the last days of the session. I think that is one added reason why we should not conclude our deliberations in this committee at this time without expressing the feeling of regret.

The CHAIRMAN: I am sure there does not need to be either a seconder or a formal motion put in that way. I am sure every one here regrets the unfortunate absence of the Minister of Finance. I might say he was most interested in the work of the committee; on the evening of the day on which he took ill he told me—I was speaking to him before he left the House—there was a memorandum on his desk that he intended to study as soon as he left the House regarding the work done so far and what was to be presented to the House. The following morning, I know, he sent to his secretary and asked that the memorandum be sent to him so he might consider the work even though confined to his house.

If there is nothing else I think we shall resolve ourselves into—the secretary tells me he will have in a few days the notes of the meetings we had in camera—a camera meeting to consider our interim report to be presented to the House. It will be the final report this session, and the remainder of to-day's proceedings will be in camera.







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