

being civil servants of the Government of Canada. Now what Mr. Fogwill wants to know is this: who pays the pension of such a man in respect of the period that he worked for the Newfoundland government?... The answer is the Newfoundland government pays it. Now second, about this deduction. You will notice that the word is "may". If the Government of Newfoundland fails to pay the proper pension to a civil service pensioner that is his due, his right, that he earned by working for the Newfoundland government, then in order that that civil servant will not lose his pension rights for the period that he worked for the Newfoundland government, if the Newfoundland government does not pay his pension, then the Canadian government will; but it will deduct the amount from the subsidies they are expected to pay the Newfoundland government. It is not deposited in the civil servants' pensions fund in Canada, because it is an actual pension. Have I made that clear?

Mr. Fogwill I look upon it from a different light, for this reason: there is no doubt that there would be civil servants in the Government of Newfoundland today rather up in age, we will say, and if they were 56 or 57 years old, would not be able to come under the benefits of the Civil Service Pension Act of Canada, if they became civil servants of Canada...

Mr. Smallwood Yes, they would.

Mr. Fogwill Because of the fact that they would not attain the ten years service which is required. It does not matter to me very much, but in summing up the situation of those people in the civil service today who will be taken over by Canada in the event of union, that number amounts to 1,168, and the total payroll is \$1,744,000. If we compute that into the average rate it would be approximately \$1,000 per person. Now then, if they were taken over by the civil service of Canada, and paid contributions to the civil service fund at 5%, which is the lowest rate, that would amount to \$87,208.

Mr. Smallwood That's 5% on what?

Mr. Fogwill On the total year's salaries. It may be a little less, because the wages were not so high a few years ago; nevertheless I would assume that the total years of service on these employees would be approximately 12. I think that's conservative, because I know many people who have 30 or 40 years service now with our civil service. As

we compute that amount of \$87,208 we got \$1,046, therefore we have got to make provision in this provincial budget, where you have \$202,000 laid down in respect of payment of pensions. I don't think we are going to have much relief on \$202,000 in respect of paying pensions for those who are on pension at the present time, because that will continue for a period of years, and then they will be in the civil service of the province if we have it.... I think you have got to lay down in your budget, Mr. Smallwood, a sum of \$1,046,000. You can lay it down yearly, or you can lay it down in one sum. If you lay it down for an eight year period you have to lay down \$130,000 for each year.

Mr. Smallwood That's very interesting. We went into that at considerable length in one of our committees in Ottawa. It struck me at one time that it might pay the government of the province to do exactly what Mr. Fogwill has suggested might be done, lay out the capital sum from the surplus and in that way wipe out at one blow the province's liability for civil servants' service pensions. That would be one way to do it, but, as we have got an amount of \$200,000 a year in those estimates of mine, and as civil service pensioners gradually die, we will finally reach a peak and then the peak will begin to fall, but it won't be half \$200,000. It will gradually as he says, begin to fall, so that the \$200,000 a year covers it.... If Mr. Fogwill would like sometime to have a debate on the superannuation and pension schemes of Canadian civil servants I would be highly pleased to have it. It is one of the very finest. When a civil servant in Newfoundland gets a pension, when he dies then his pension dies too; but not in Canada, it goes on to his wife and children.... The point to remember is this. John Jones is now working in any post office. We become a province, and Canada takes over the Department of Posts and Telegraphs, so Jones becomes an employee of the Government of Canada, so then he gets pensioned. The Government of Canada pays his pension out of the pension fund, towards which, it is true, he has contributed for his 15 years service with them, and the Newfoundland government pays his pension for the 15 years he worked for them; so he is getting a pension from both governments. The number of pensioners that the Newfoundland government will have to pay for will be going on