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SECOND REPORT

OF THE

CIVIL SERVICE COMMISSION

WITH

APPENDIX AND MINORITY REPORT.

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OTTAWA, 28TH JULY, 1881.

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## SECOND REPORT.

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# CIVIL SERVICE COMMISSION.

## SECOND REPORT.

### THEORETICAL ORGANIZATION OF THE DEPARTMENTS.

1. In attempting to frame a new theoretical organization to be applied in detail to each Department, we have found serious difficulties to contend with. We had to consider the existing condition of the service, and that the application of the system which we recommended in our first report must be gradual. The weeding out of the service, suggested in the Order in Council as necessary, of those who are incompetent, the removal of redundant employees, and the substitution of clerks of the third class for those who are now ranked in the higher classes and receiving high class pay for the performance of purely routine work, will require time and consideration which must necessarily be left to the action of the Government in concert with the Civil Service Commission.

2. We desire it should be distinctly understood that in arriving at the number of chief and first class clerks in the following scheme for a theoretical organization of the Departments, we have been governed by the principles stated in our first report, and it has been our purpose to suggest such a staff as would be sufficient to carry on the higher duties of the Departments, if employees of the quality which we believe would result from the adoption of our recommendations were available.

3. The continuance of our enquiries has more and more impressed us with the conviction that the principle of the separation of intellectual from mechanical or purely clerical work has been disregarded; that work of an inferior order has been assigned to persons holding higher rank than the nature of their duties can justify, and that this has resulted from a desire to palliate injustice by giving promotion to deserving clerks whose legitimate advancement has been impeded by the appointment over their heads of persons who had not passed through the lower grades. In this way the number of chief and first class clerks necessary for the direction and control of the subordinate classes has been over-estimated, and we have noticed that this over-estimate has influenced almost every one from whom we have endeavored to obtain information as to what staff is really necessary.

4. As regards the number of second and third class clerks necessary to do the work, we do not speak with the same degree of confidence, for we have consciously allowed ourselves to be in some degree influenced by the number we find actually employed, and by the impossibility—owing to the prevailing reticence of witnesses to which we have previously referred—of obtaining a frank and full expression of opinion as to the redun-

dancy of employees now on the permanent staff. We do not therefore doubt but it may be found possible, as the full effects of our recommendations are developed, to make many reductions which we have not seen our way to recommend more specifically, or, in other words, to provide for the increasing business due to the progress of the Dominion by improving the efficiency of the individuals appointed to vacancies instead of increasing the number employed.

6. In recommending a new theoretical organization we desire to press very strongly the importance of as complete a separation as possible of the duties of control and direction from those involving actual labour. It has occurred to us, in the course of our investigations, that a great deal of work is performed by the higher officers of the Civil Service which might be done equally well by men of a lower grade, such for instance, as the opening and distribution to the proper officers of official correspondence; the writing of memoranda of instructions, drafts of letters, &c., which could be taken down by shorthand writers and prepared for signature. In these ways many of the higher officers of the service could be relieved of work which occupies much time unnecessarily, and the time so saved would be available for the performance of duties of a more important character.

6. With a view to a more economical administration of the service, no chief clerkships should be created, except where duties involving the direction of the work of subordinates have to be provided for. We have, in the course of our enquiries, found that duties which in one department were confided to and satisfactorily performed by men in the lower grades, have been in another department entrusted to first class and even chief clerks. Such a want of uniformity of principle in the apportionment of work cannot fail to act injuriously to the interests of the public, and add largely and unnecessarily to the cost of the service.

7. We think that, as far as possible, the duties of the Deputy Heads should be limited to control and direction, that to chief clerks should be delegated the immediate supervision and oversight of the work of the departments, and that each chief clerk should have the assistance in his duties of supervision of one or more first class clerks, and in large offices of one or more second class clerks in addition, so as to admit of the subdivision and classification of work to the largest possible extent; the great bulk of routine work would then devolve naturally upon the clerks of the third class of which class the service would chiefly consist.

8. In case of the absence of the Deputy Head, the senior chief clerk should perform the duties of such deputy unless otherwise provided by Order in Council.

9. In the classification of accountants we have proceeded upon the assumption that where the duties imposed upon them are strictly such as ordinarily devolve upon an accountant, the remuneration ought not, taking into consideration the salaries usually paid to accountants in banks and large mercantile establishments, to exceed \$2,000 per annum; and we accordingly classify accountants generally as clerks of the first-class, it being in the power of the Government to supplement the maximum salary of that class, namely, \$1,800 a year, by duty pay to the extent of \$300 a year, thus bringing the emoluments of a first-class clerk above the sum we think should be the maximum salary of an accountant.

10. But there are cases in which the accountant has other duties entrusted to him, and so becomes the second officer in the Department and has, in the absence of the Deputy Head, to perform important duties in no way appertaining to his office of accountant. In these cases we have recommended that the accountant be a chief clerk.

11. We desire again to direct attention to the present structural arrangements of the offices, which in nearly all the Departments is such as to preclude the possibility of a proper supervision over the employees. The great bulk of the work of the service is purely clerical, and should be performed by clerks of the third class, who require the supervision of clerks of the higher grades. They are required under present regulations to work six and a-half hours per diem. We are of opinion that for want of the necessary supervision that the hours devoted to actual work do not on an average exceed much over two-thirds of that time, and we feel that we cannot too earnestly press upon the Government the importance and necessity of a change in the present structural arrangements, and the substitution of large rooms where the clerks would come under the personal supervision of their superiors.

With these remarks, we now proceed to the details of the proposed theoretical organization.

12.

## GOVERNOR GENERAL'S OFFICE.

Deputy.	Chief Clerk.	First Class.	Second Class.	Third Class.	Messengers.
Gov.-General's Secretary.	1 Assistant Secretary.	1	1	2	2 (Orderlies.)

We have, in view of the necessarily frequent absence from the seat of Government of the Governor General's Secretary, considered it expedient that the officer next in seniority should have the rank of a chief clerk, more especially as he is the confidential depository of all that passes between the Governor General and the Imperial Government, and acts for the Governor General's Secretary when that officer is absent.

13.

## PRIVY COUNCIL.

Deputy.	Chief Clerk.	First Class.	Second Class.	Third Class.	Messengers.
Clerk of the Privy Council.	1 Assistant Clerk.	.....	1	5	4

In the Privy Council office it is clearly necessary that there should be some one to take the duty of the Clerk of the Privy Council when that

officer is absent, and after careful consideration we are of opinion that the officer next in seniority to the Clerk of the Privy Council should have the rank of a chief clerk; but as it cannot be necessary to have a clerk of the first-class as well as a chief clerk, we have not provided for one, assuming that the actual supervision of the work of the office will devolve upon the chief clerk, who should have no difficulty in directing and controlling the duties of the six clerks who are subordinate to him.

## 14.

## DEPARTMENT OF THE INTERIOR.

Deputy.	Chief Clerks.	First Class.	Second Class.	Third Class.	Messengers.
1	2 Surveyor-General. Controller of Mounted Police.	4	8	29	4

## INDIAN BRANCH.

1	.....	2	3	10	1
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There should be, in the Department of the Interior, an accountant with the rank of first class clerk, who should keep a regular set of books; who would have clerks under him; keep accounts of the expenditure of the several branches of the Department, and also of the income derived from every source. And whilst we admit that there may be reasons why the control of the duties of the North-West Mounted Police should rest in the hands of the Minister of the Interior, we think the supply of clothing, arms and accoutrements ought to be furnished through the Militia Department.

The work of this Department will doubtless be increased from the sale of lands in the North-West as the settlement of the country progresses, but we believe the theoretical organization here proposed makes ample provision for these duties.

## 15.

## MARINE AND FISHERIES DEPARTMENT.

Deputy.	Chief Clerks.	First Class.	Second Class.	Third Class.	Messengers.
1	2 Accountant. Chief Clerk, Marine Branch.	2	4	17	2

In considering the organization of the Department of Marine and Fisheries we incline to the opinion that the office of Commissioner of Fisheries is one which belongs rather to the Outside than to the Inside Service; and we submit that the Commissioner of Fisheries should be an officer of the Outside Service, and that the clerks now working under him should remain in the Inside Service in the performance of duties analogous to those which they now perform.

16.

## DEPARTMENT OF JUSTICE.

Deputy.	Chief Clerks.	First Class.	Second Class.	Third Class.	Messengers.
1	1 Chief Clerk.	3	3	1	2

## PENITENTIARY BRANCH.

.....	1 Inspector of Penitentiaries.	1	1	.....	.....
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Following out the principle by which we have been guided in our classification of the staff of other Departments we have thought it desirable to propose a chief clerk in the Department of Justice, as there must of necessity be many occasions on which the Deputy Minister will be absent, and some one must act for him and supervise the work of the other employees. Bearing in mind the importance of the duties devolving upon the Department of Justice we think the second officer of this Department should rank as a chief clerk.

17.

## INLAND REVENUE DEPARTMENT.

Deputy.	Chief Clerk.	First Class.	Second Class.	Third Class.	Messengers.
1	1 Accountant.	4	10	7	2

The Acts constituting the Departments of Inland Revenue and Customs provide for a Commissioner and an Assistant Commissioner in each. The office of Assistant Commissioner of Customs has been allowed to remain vacant for several years, and we are of the opinion that the office of Assistant Commissioner should also be discontinued in the Department of Inland Revenue so soon as a vacancy gives the opportunity. This change is necessary to bring this Department into harmony with the organization we have recommended for other Departments, in which we have advisedly



avoided recommending any officer under the Deputy Head of higher rank than that of chief clerk.

We find that for a long time the Accountant practically has been and is the second officer so far as the inside service is concerned, and inasmuch as the accounts are of an important character we have assigned the rank of chief clerk to that office.

In the future it may be found necessary to create a second chief clerkship for the scientific branches of this Department, but we prefer to leave this question open for the consideration of the Board of Civil Service Commissioners.

18.

## SECRETARY OF STATE'S DEPARTMENT.

Deputy.	Chief Clerks.	First Class.	Second Class.	Third Class.	Messengers, Packers, etc.
1	1 The Queen's Printer,	3	4	16	6

In the Estimates for the Department of the Secretary of State, 1881-82, we find provision is made for five chief clerks and four first-class clerks. We cannot concur in this estimate of the requirements of this Department, and we propose to reduce the number of chief clerks to one, and this we unhesitatingly assign to the Queen's Printer. The large number of chief clerks asked for is probably due to the difference between the estimate of the functions of that class of officers under the present Civil Service Act, and the estimate of them which guided us in framing the scale of salaries submitted in our first Report. The officers in charge of the Correspondence, Registration Branch, and Stationery Branch we propose to make first-class clerks. It will be in the power of the Government to add to the maximum salary of the first-class, namely, \$1,800, a further sum of \$300 as duty pay, bringing up the salaries of these officers to \$2,100, which, in our opinion, is sufficient remuneration for the duties referred to.

19.

## PUBLIC WORKS DEPARTMENT.

Deputy.	Chief Clerks.	First Class.	Second Class.	Third Class.	Messengers.
1	*1 Secretary.	4	6	31	3

\* In the Department of Public Works there are also three officers namely, the Chief Architect, the Chief Engineer and Chief Superintendent of Telegraphs, who are classed as Professional.

On examining the return made of the staff of this Department we find that at present it consists of 22 officers and clerks. But there is a supplementary return of thirty-five (35) extra clerks.

Four of these extra clerks have been employed from twenty to twenty-nine years, five from ten to nineteen years, ten from five to nine years, four from one to four years, and twelve have been employed less than one year.

A later estimate demands a total number of forty-six, which approximates to the first return, minus eleven of the twelve last mentioned extra clerks who have been employed less than one year.

It appears that the thirty-five extras mentioned in the first return have been paid out of money voted for various public works and buildings, but we are of the opinion that all officers whose employment is practically of a permanent character should be placed on the permanent staff. In no other way can the real cost of a department be fairly brought under the view of Parliament.

We, therefore, propose the above establishment, which, we think gives a sufficient number of the higher classes, while the lower or third class may be increased should circumstances require.

We have considered the Chief Engineer, Chief Architect and Chief Superintendent of Telegraphs as professional men, whose salary will be determined in reference to that consideration.

## 20.

## CUSTOMS DEPARTMENT.

Deputy.	Chief Clerks.	First Class.	Second Class.	Third Class.	Messengers.
1	2 Accountant, Chief Clerk of Statistics.	5	8	36	3

In considering the circumstances affecting the theoretical organization of the Department of Customs we have taken into account and provided for the preparation of the statistical returns in the department, as recommended by the Commissioner of Customs and other witnesses, with whose opinions we concur in believing that the proposed arrangement will be productive of economy, and that the statements so prepared will be more reliable.

In providing for this change it will be necessary to bring officers into the Department from the Outside Service who will no longer be required for the preparation of statistics at the respective ports. Some of these men may be in receipt of salaries in excess of what clerks of the classes we recommend would receive under the scale of salaries proposed in our first Report. We do not propose that the salaries of the officers so removed should be reduced, but that as vacancies occur they should be filled by clerks of the class now recommended.

We have also considered the statements made in the memorandum submitted by the members of the Commission who were specially deputed to examine the book-keeping, auditing and accounting in the several departments. It is obvious that to be of use the accounts kept in any collecting department should be so kept as to be a check on the collecting officers as to the regular transmission of money. We are, therefore, of the opinion that the accounting branch in the Customs Department

should be of such strength that a definite settlement can be effected with each collecting officer within the delay necessarily due to the usual course of mail.

In taking into consideration the work and responsibilities devolving on the Deputy Head of this department, we find that within the last two years a Dominion Board of Appraisers has been formed, composed of two Appraisers—a Secretary and a chairman. This Board was formed for the purpose of deciding all points at issue between the public and the several collectors throughout the Dominion, as to the interpretations to be placed on the rates to be levied on goods entered for duty. In order that the action of this Board should be in harmony with the general policy and action of the Department, the appointment of the Commissioner of Customs as Chairman was a necessity, and a large amount of extra labor and responsibility was thereby imposed upon him.

This Board has rendered most valuable service in protecting the revenue against frauds from under-valuation, and in creating uniformity in the rates of duty on goods entered at the various ports of the Dominion, which did not formerly prevail, and we feel justified in ascribing much of this success to the connection of the Commissioner with the Board.

We find that by an Order in Council, the Commissioner was paid last year, \$1,000 extra for such services as a gratuity, and we are of opinion that this payment should be continued until the salaries are re-adjusted as recommended in our First Report; and in this conclusion, we are strengthened by the consideration of the large proportion of the whole revenue of the Dominion collected under his supervision, and by the further consideration, that he has subordinates in the outside service whose salaries are equal to, and in one case superior to his.

Although the Board of Appraisers is attached to the Department at Ottawa, it is not regarded as a part of the Inside Service, nor is it included in the proposed organization of the Department.

We are of opinion, however, that all persons appointed to be appraisers on this Board should be previously subjected to such an examination before three or more merchants of standing in their respective lines of business as the Board of Civil Service Commissioners may select, and that such appointments should be made dependent upon their certificate of competency.

21.

## POST OFFICE DEPARTMENT.

Deputy.	Chief Clerks.	First Class.	Second Class.	Third Class.	Messengers, Packers and Sorters.
1	3 Secretary. Accountant. Supt of Money Order and Sav- ings Banks.	6	12	80	18

In the reorganization of the staff of the Post Office Department, our attention has been given to the routine character of the work of the depart-

ment, and it has occurred to us that the checking of accounts and returns, of which the greater portion of the duty in the department consists, is work which can be efficiently done by third class clerks under the supervision of a comparatively small number of officers of the higher classes.

We are of opinion that the system of keeping the books and accounts of this Department is defective, and suggest that a more modern and scientific system be adopted with the least possible delay.

We omit from our recommendation for a new theoretical organization for this Department, four of the chief clerkships now borne on the establishment. We do so for the following reasons:—As regards the cashier, now that the whole revenue of the Department is paid directly to the credit of the Receiver General, by the several Postmasters who collect it, and is not, as was formerly the case, remitted in cash to the Department, we do not think a cashier with the rank of chief clerk is required in the transmission and checking of vouchers for payment of revenue; this work would properly fall to the accountant, whose duty naturally includes the receipt and examination of vouchers for credit items in the accounts, and might, as it is in other Departments, be performed by a clerk of the second-class.

Considering the similarity of the duties performed, and the intimate relations which must necessarily exist between the Money Order and Savings Bank Branches of this Department, we suggest that advantages would result from combining under one officer the control of both branches. This officer should have the rank of a chief clerk, and should have the assistance of one first-class clerk in each branch.

For the reason we have assigned in our introductory remarks, and in the observations on the proposed re-organization of other Departments, we cannot admit that a second officer, having the rank of a chief clerk, is necessary in either the Secretary's or the Accountant's branches of this Department. The scale of salaries we propose, would admit of the first-class clerks in those branches attaining, with duty pay, salaries of \$2,100 a year, which we consider ample remuneration for the duties pertaining to these positions.

22.

## RAILWAYS AND CANALS.

Deputy.	Chief Clerks.	First Class.	Second Class.	Third Class.	Messengers.
1	1* Secretary.	5	8	16	2

\* In the Department of Railways and Canals there are also two Chief Engineers, one for Railways and one for Canals, and who are classed as Professional.

In dealing with the theoretical organization of the Department of Railways and Canals, we have kept in view the high professional qualifications required for carrying on the public works of which that department has the control. The engineers are therefore classed as professional men, and

their salaries may be determined without reference to the scale submitted in our First Report.

With reference to draughtsmen and those doing clerical work with the engineering staff, many of whom have no permanent appointment but are continuously employed, and paid out of appropriations voted for public works, we submit that all officers whose employment is practically of a permanent character should be placed on the staff. This we consider necessary in order that the real cost of the department as distinguished from the fluctuating cost of supervising the several works under construction, may be intelligibly presented to Parliament.

23.

## DEPARTMENT OF AGRICULTURE.

Deputy.	Chief Clerks.	First Class.	Second Class.	Third Class.	Messengers.
1	2 Secretary. Patent Branch.	4	8	19	4

In the Department of Agriculture we assume that the Secretary will be regarded as the officer next in seniority to the Deputy Head, upon whom would devolve the duties in that officer's absence. We have, however, in view of the increasing number of patents annually applied for and of the probability that this annual increase will in future years be larger even than it has been in the past, and that the control of the Patent Branch will, therefore, require to be in the hands of a person well versed in the Patent laws, not only of Canada, but of other countries, and possessing experience in matters relating to the issue of patents, considered it expedient to recommend that the officer in charge of the Patent Branch should also rank as a chief clerk.

24.

## MILITIA DEPARTMENT.

Deputy.	Chief Clerks.	First Class.	Second Class.	Third Class.	Messengers.
1 (Adj. General.)	1 Keeper of Militia Stores.	3	4	9	2

It may be fairly questioned whether the administration of the Militia Department requires so complicated a system as that which now exists, and which is founded on an intention to divide the civil from the military duties of the department, but practically the two are so interlaced that it appears impossible to draw any well defined line between them. From a

military point of view the Adjutant General should have no duties except such as relate to military concerns. He is strictly the mouth-piece of the General commanding the militia, and his duties end when he has communicated his chief's orders to the force.

If there were in Canada a military force equal as to numbers to the active militia permanently embodied, the duties we have indicated would demand the whole energies of an accomplished military officer. But under existing circumstances with a force that is only on active duty during a few days in each year, the Adjutant General will have sufficient time at his disposal for placing before the Minister of Militia whatever information he may require respecting the civil branch of the department; and this without materially increasing the Adjutant General's work. His opportunities for ascertaining what is required are so complete that he would be better qualified to perform this service than one whose opportunities for acquiring such knowledge are necessarily less complete.

There are no duties in the Militia Department that have not a military purpose as their object. The purchase of military stores, the management and custody of lands, works and buildings held for military purposes, and the disbursements of this department, have a civil as well as a military side, and might be carried out by non-military men; but they might be as consistently, or even more consistently, carried on by men who have also military functions. Indeed, the disbursements are, to a very large extent, made on the vouchers of officers of the force, backed by certificates of the military staff.

In the purchase and control of military stores there is an obvious necessity for effective checks. These duties, therefore, should not be performed by the same officer. But while a comptroller of stores is necessary, there is no reason why contracts and purchases should not be managed by the principal member of the militia staff.

It will be remembered that prior to Confederation the expenditure for the militia service was very much larger than it has been in recent years.

The following is a comparative statement of cost of management and expenditure of the department for the fiscal years 1864-'65-'66 and 1877-'78-'79, respectively:—

	Civil Govern- ment Expenditure.	Average Yearly Expen- diture of Civil Government.	Departmental Expenditure.	Average Yearly Depart- mental Expenditure.
	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Fiscal Year, 1864-65.....	15,340 69		741,692 62	
do 1865-66.....	21,997 88		1,617,556 64	
do 1866-67.....	23,656 83		1,379,276 21	
	71,994 40	23,998 13	3,738,426 47	1,246,141 49
do 1877-78.....	35,962 50		618,136 58	
do 1878-79.....	35,884 93		777,692 90	
do 1879-80.....	36,396 66		690,018 93	
	108,244 09	36,081 36	2,085,884 41	695,284 80

Yet while the large expenditures of 1866 and 1867 were going on, the business of the department was conducted in a satisfactory manner by the Adjutant General and his staff, and without the intervention of a Deputy Minister.

We submit, therefore, that the Adjutant General should perform the duties now performed by the Deputy Minister, and we believe that under such an arrangement the cost of the Department might be materially reduced, the duplication of much work prevented, its administration improved, and many delays avoided.

25.

## FINANCE DEPARTMENT.

Deputy.	Chief Clerks.	First Class.	Second Class.	Third Class.	Messengers.
1	3 Secretary to the Treasury. Accountant. Controller of the Currency.	4	10	15	4

In the memorandum prepared by the Committee of this Commission, and printed with our first report, it is proposed that the Dominion Savings Banks should be incorporated with the Post Office Savings Banks. Since that memorandum was submitted, we have more fully considered this suggestion, which strongly recommends itself to our approval. We find, on enquiry, that the management of these institutions by the Savings Bank Branch of the Post Office would impose hardly any additional work on that branch of the Service, and we believe that the greater opportunities the Post Office Department possesses for checking the work of its officers, would add to the security of the public funds, and this view is supported by the almost complete immunity of the Post Office Savings Banks from loss, whilst considerable defalcations have occurred in the Dominion Savings Banks. We therefore advise the change, both in the interest of economy and efficiency, and we have taken this into account in framing the organization of the Finance Department above submitted.

The Superintendent of Insurance Companies and his staff are nominally attached to the Finance Department, but as the vote for defraying the cost of that service is placed separately in the Estimates we have not included it in the proposed organization of that Department; and as the service has been so short a time in existence we have deemed it inexpedient to offer any suggestions as to the establishment necessary for the performance of its work.

26.

## AUDITOR GENERAL.

Deputy.	Chief Clerks.	First Class.	Second Class.	Third Class.	Messengers.
1	1 Asst. Auditor.	2	4	10	2

The duties of this Department are set forth in the memorandum of the Committee appointed by the Commission, and printed with our first report.

## SUPERANNUATION.

27. In our first Report we stated our purpose to give more consideration to the question of Superannuation than we had then been able to devote to it, and we have now the honour to submit the result of our further consideration of the subject.

We have compared the Superannuation Law of Canada with the laws of the United Kingdom and the several Australian Colonies on the same subject. We have also carefully considered the evidence given on the subject by members of the Service before the Commission. It was deemed a hardship by some of the witnesses that the families of employees who may die while in the Service derive no benefit from the contributions to the Superannuation Fund deducted from their salaries; but it must be borne in mind that the Act was not intended to make provision for the families of deceased Civil Servants. The question of making such provision is, however, of vital importance, and (although not specifically referred to us) we have determined to make recommendations thereon under another head.

28. We have not found any sufficient reason for suggesting changes in the Superannuation Act of such importance as would justify its amendment. On the contrary we are of the opinion the Act works fairly and equitably, both as regards the Service and as regards the public; but, while we do not find it necessary to recommend any change in the law, we deem it our duty to submit that the observance of greater stringency in its administration is necessary for the prevention of abuses in which an indiscriminate use of the powers conferred by the Act would undoubtedly result, and that there should be a determined refusal to superannuate any public servant unless it can be clearly shown that such superannuation is within the intention of the law, and that either it will result in benefit to the Service or that it has become necessary in consequence of the physical or mental infirmity of the employee. All of which should in each case be enquired into and certified by the Civil Service Commission, as a necessary preliminary to the superannuation of any officer.

29. We, however, recommend that the Civil Service Act should contain a provision to the effect, that no person hereafter to be appointed shall be deemed to have served in the permanent Civil Service of Canada, for the purposes of the Superannuation Act, unless such person has been admitted into the Civil Service on a certificate from the Civil Service Commissioners.

30. Since our first report was presented, the returns from the several Departments as to the effect of the Superannuation Act on the cost of carrying on the Service have been completed. The result is presented in the following summary:—



The saving during the decade has been in the		
Department of Finance.....		\$ 48,548 78
“ Agriculture .....		18,010 12
“ Inland Revenue .....		42,570 86
“ Public Works.....		21,014 98
“ Marine and Fisheries.....		80,268 86
“ Secretary of State.....		5,482 40
“ The Interior.....		6,893 78
“ Customs.....		177,898 78
“ Justice.....		8,100 99
“ Privy Council Office .....		2,486 71
“ Governor General's Office.....		703 22
		<hr/>
		361,428 88

As against which we may place the loss in		
The Department of Railways and Canals		\$28,025 20
“ Militia and Defence.....		3,725 10
“ Post Office Department		6,107 40
		<hr/>

32,857 70

Leaving a net gain of.....\$328,568 18

31. In order to understand correctly the nature of the net saving above arrived at, a careful examination of the statements in the Appendices, printed with our first report, as also the statement in the appendices submitted herewith, is necessary. Such an examination will demonstrate, beyond doubt, that while the annual payments to superannuated servants greatly exceed the contribution by the Service to the Fund, the difference is far more than extinguished by the reduction or total obliteration of salaries, of which no account appears in the statements laid before Parliament.

32. In order to avoid the mis-conception due to the incomplete statements submitted to Parliament, further details should be given with the annual statement in such form as will show the financial result of each superannuation.

#### PROVISION FOR FAMILIES OF DECEASED CIVIL SERVANTS.

33. In pursuance of the intention already stated, we have collected considerable information, bearing upon the question of making some provision for the families of deceased Civil Servants and several methods for effecting this object have been considered.

We entertain no doubts as to the desirability of giving effect to the almost unanimously expressed wishes of the members of the service that some provision— at their own expense—should be made for their families in the event of their death, and we are convinced that such a provision would result in benefit to the Public Service as well as to the employees. It cannot be doubted that most of the latter would be better able to perform their duties, if relieved of anxieties, as to the future of their families, and it is believed that the cordial feeling and loyalty towards the Government which would be generated by the existence of such a provision, would result in increased alacrity on the part of the employees in the performance of their duties, while there would be an incentive to good conduct in the knowledge,

that dismissal from the service for misconduct would carry with it the forfeiture of a valuable life policy.

34. We do not state these considerations as being sufficient to justify the imposition of any burthens on the Treasury, but we believe they are such as would justify the Government in assuming the management of the scheme we propose to submit.

35. Among the schemes we have considered, is the one incorporated in the Superannuation Act of the Province of Quebec. A careful consideration of the deductions from salaries and the payments provided for in that Act, has created in our minds grave doubts as to whether the arrangements are founded on considerations, so sufficiently matured that they may be safely accepted as a guarantee that the payments accruing under it will not become a greater burthen on the public than the Act contemplates. It is a part of the intention of this Act that the public shall contribute towards the fund from which the payments are to be made, a sum equal to one-fourth of the amount contributed by the employees. This is a feature which, we think, should be avoided, in so far as payments to widows and orphans are concerned, for we would have it clearly understood that any provision of this kind should be based on equitable and sufficient contributions by the insured. This is a principle which we hold to be essential to the retention of proper self-respect. But apart from these considerations, we are of opinion that it is not desirable to couple two things so dissimilar in their nature and objects, in one scheme.

36. We have also considered the various plans discussed by the members of the Civil Service in 1877, when they were endeavoring to find some means of reaching the object they are so anxious to accomplish.

37. The plan we have finally determined to recommend is that prepared by Professor Cherriman, Superintendent of Insurance. It is based on intelligible business principles. It will cost the Government nothing beyond its management, and in so far as it is made compulsory, the sums to be insured are proportioned to the salaries received by the employees in the various grades through which they may be expected to pass. Its chief recommendation, as compared with insurance in an ordinary company, is that the premiums are not enhanced by charges for profits, management and investment risks, which, with many companies, amount to as much as one-half of the natural premium.

38. By the adoption of the plan proposed the insurance of his life will be brought within the means of every permanent public servant, and we firmly believe that our proposal, that to avail himself of the opportunity thus afforded him, shall be one of the conditions of his service, will be welcomed by every one whose services are worth retaining.

39. We desire to direct attention to the contention of many well-informed persons that the expectation of life of persons employed in the Civil Service, when they have entered that Service in good health at an early age, is better than in common life. We cannot positively assert that this is the case, but the arguments in support of the contention are certainly strong, if not conclusive, and they will receive additional support with reference to the future, if, as we propose, all who are hereafter admitted to the Service must first obtain a certificate of age, health and character. Assuming, then, that this contention is worthy of consideration, it is at least an additional assurance that

Professor Cherriman's computations which are based on actuarial tables of healthy male lives, will not involve the Government in any risk of loss; and it may ultimately be found, if the higher expectation of life is justified by experience, that the premiums will be more than sufficient to meet the payment of policies, and that a surplus will accumulate, which may either be applied to meet the cost of management, or distributed in mitigation of the premiums.

40. It is a part of Professor Cherriman's plan that as to any one who enters the Service hereafter, the insurance of his life shall be compulsory; but as regards those already in the Service, it is proposed to make it optional, and to impose reasonable restrictions for the protection of the insurance fund, such as medical examinations, and additional years added for impaired health. These precautions will involve a certain amount of responsibility in deciding whether they are sufficiently taken. This responsibility should be borne by the Board of Civil Service Commissioners, with whom for that purpose the Superintendent of Insurance should be associated.

Professor Cherriman's paper is printed herewith as Appendix A.

D. McINNES, *Chairman.*

E. J. BARBEAU,

A. BRUNEL,

WILLIAM WHITE,

W. R. MINGAYE.

The undersigned concurring in this Report, only, in so far as it has reference to Superannuation.

JOHN TILTON.