

The battle of the Atlantic was not won by any Navy or Air Force. It was won by the courage, fortitude and determination of the British and Allied Merchant Navy.

Rear Admiral Leonard W. Murray
Commander-In-Chief,
Canadian Northwest Atlantic, 1943-1945

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UNTIL PRESENTED**

**REVIEW:
CRITICISM OF VAC POSITION ON MERCHANT SEAMEN'S BENEFITS**

VAC issued a document dated November 1998
Cliff Chadderton raised some questions regarding the VAC document on December 2, 1998
The Deputy Minister replied on February 12th, 1999
We have prepared REMARKS on each issue

April 7, 1999 (11:56 AM)

Question: *What does the proposed Omnibus Bill do to help Merchant Navy Veterans?*

VAC DOCUMENT

It will bring them under the same legislation as Armed Forces veterans and remove any doubt as to their status as veterans. It will also expand access to certain benefits for all veterans, including Merchant Navy veterans; benefits which will cost up to \$8 million a year.

COMMENTS: CEO, The War Amps and Chair NCVA

The document states, "... benefits which will cost up to \$8,000,000 a year." In the briefings conducted by Richard Brunton, Brian Forbes and I were advised that the Omnibus Bill provides little or no direct financial benefit to Merchant Seamen. It is presumed therefore that the \$8,000,000 is for the other benefits in the Bill (PoW and posthumous assessments). Confirmation would be helpful.

COMMENTS: Deputy Minister

The assumption that Bill C-61 does not have a specific cost impact with respect to Merchant Navy veterans is correct. The proposed Merchant navy amendments clarify the existing legislation, and are intended to put to rest any concern that Merchant Navy veterans are not full veterans. (Obviously, there is a theoretical possibility that some individuals are "out there" who might acquire eligibility via this proposed legislation which they did not have before, but from the current lack of any cases not covered by the existing 1992 legislation, we can anticipate no more than a small handful of new beneficiaries.)

Remarks: The VAC document (issued under the heading *Merchant Navy: The Facts*) implies that benefits for Merchant Navy would be \$8 million dollars a year. The response from VAC indicates that Bill C-61 "does not have a specific cost impact with respect to Merchant Navy veterans." The VAC comment states further: "We can anticipate no more than a small handful of new beneficiaries." Why did VAC give the \$8 million figure?

Question: How much does a Merchant Navy veteran receive from Veterans Affairs Canada?

VAC DOCUMENT

It depends on individual circumstances. However, the maximum disability pension benefit for an unmarried veteran is \$20,594.40 per year, tax free. The same benefit for a married veteran is \$25,743. The maximum income support for a single veteran who is not in receipt of any other income is \$11,784.24 per year. The rate for a married veteran is \$17,892.

COMMENTS: CEO, The War Amps and Chair NCVA

The response gives a figure for “maximum disability pension.” It also provides the maximum for “income support for a single veteran.” It would be useful for us to know the number of former Merchant Seamen who received the maximum disability benefit and the maximum support allowance.

COMMENTS: Deputy Minister

The dollar figures given in this part of the document were clearly identified as maximum amounts. For your information, the number of Merchant Navy veterans receiving disability pension is 305, plus 134 survivor pensions; the number assessed at 100% disability is three. The number of Merchant Navy veterans receiving War Veterans Allowance is 246, plus 202 survivors. There are none at full rates (i.e. who do not have any other assessable income). There are also 1,219 Merchant Navy veterans who are “near-recipients”, that is, they would be receiving War Veterans Allowance if they were not receiving Old Age Security benefits, and this, as you know, qualifies them for Veterans Affairs’ income-tested health care programs for veterans.

Remarks: The VAC document implies that an unmarried Merchant Seamen would receive \$25,743 per year tax-free. The VAC response indicates that there are only three (3) assessed at the 100% disability rate.

Question: *Did you know (re: Seniors Benefits)?*

VAC DOCUMENT

**COMMENTS:
CEO, The War Amps and Chair NCVA**

**COMMENTS:
Deputy Minister**

Seniors, including veterans, are eligible for income support through the Old Age Security benefit. However, veterans, including Merchant Navy veterans, can receive up to an additional \$995.64 per year in War Veterans Allowance.

The statement makes reference to Old Age Security and states further that Merchant Navy veterans can receive up to an additional \$995.64 per year in War Veterans Allowance. We would appreciate being advised of the intent of providing this information, particularly in as much as it applies to both veterans under the current War Veterans Allowance Act and the Merchant Navy veterans under the Merchant Navy Veteran and Civilian War Related Benefits Act.

The point of this section is that eligible Merchant Navy veterans receive income support benefits not available to the civilian population. While this is equally true for eligible Armed Forces veterans, the document is intended to clarify Merchant Navy veteran eligibility for veterans benefits.

Remarks: Our question to the Deputy Minister asked that we be advised as to the intent of providing this information in that it applies to both veterans and Merchant Navy veterans. The VAC response states that it made references to seniors benefits to indicate such were "NOT AVAILABLE TO THE CIVILIAN POPULATION." Merchant Navy benefits was the subject of a Parliamentary Inquiry. A comparison with civilians would, in our view, be inappropriate.

Question: *How many Merchant Navy Veterans are receiving benefits from VAC?*

VAC DOCUMENT

**COMMENTS:
CEO, The War Amps and Chair NCVA**

**COMMENTS:
Deputy Minister**

It is estimated that about 75 per cent of all Merchant Navy veterans are receiving benefits from VAC. This is a considerably higher proportion than those receiving benefits in the general Armed Forces veterans community.

The information is that about 75% of all Merchant Navy veterans are receiving benefits from VAC. Does the Department accept our view that a higher percentage of Merchant Navy veterans were exposed to service in what might be termed "dangerous areas" than the Armed Forces population generally?

I believe it is probably true that a higher proportion of Merchant Navy veterans saw service in a theatre of war than was the case for the forces as a whole. Nonetheless, it is a comparison which of necessity counts operational and non-operational service as being the same. However, statistics on the wartime Merchant Navy veteran population are not as complete as one would like, and this has made it impossible to provide precision in responses to questions of this type.

The simple truth is, no proper, centralized record-keeping was done during the war for the Merchant Navy, or rather, those agencies, shipping companies and organizations which made up the wartime Merchant Navy. Such records as there were (for the manning pools in particular) have been for the most part destroyed. Consequently, it is impossible to know, and no one knows, how many individuals served in the wartime Merchant Navy in any capacity, whether at sea (presumably most of them) or in Canada only (presumably a tiny minority or perhaps even none).

Remarks: Why would VAC publish a statement to the effect that "about 75% of all Merchant Navy veterans are receiving benefits from VAC" bearing in mind VAC's admission that (1) statistics on the wartime Merchant Navy veterans population are not complete and (2) VAC admits "it is impossible to know, and no one knows, how many individuals served in the wartime Merchant Navy in any capacity." Moreover, we are prompted to challenge the 75% statement bearing in mind that there are only 305 Merchant Navy in receipt of pension and 246 in receipt of War Veterans Allowances; a total of 551 out of a total of 2,000 Canadians who are still alive who have served in the Merchant Navy. Many of the Merchant Seamen in receipt of pension would also be included in the number of "near recipients". Accordingly, certainly not all of the figure of 1219 "near recipients" could be used to make up the 75%.

Question: *What the Omnibus Bill means for Merchant Navy veterans.*

VAC DOCUMENT

**COMMENTS:
CEO, The War Amps and Chair NCVA**

**COMMENTS:
Deputy Minister**

	Merchant Navy Veterans	Armed Forces Veterans
Survivors' Pensions	/	/
Survivors' Allowance	/	/

Survivors Pensions:

In that there is no "retroactivity", would it be true to say that there would be a higher percentage of survivors pensions for Armed Forces veterans than for Merchant Navy veterans, many of whom could not qualify for benefits prior to the 1992 legislation? In other words, there must be a number of spouses of Merchant Navy veterans who cannot qualify for survivors pensions on the same grounds as if the veteran served in the Armed Forces and was eligible under the Pension Act.

Survivors Allowance:

Again, inasmuch as no retroactivity is intended in the Omnibus Bill, we suggest it is obvious that there would be survivors of Merchant Navy

Survivors Pensions:

The pensions in pay for surviving spouses of Armed Forces veterans amounts to 46.7% of the veteran pensioner population. The comparable percent for Merchant Navy veteran survivors is $134/305 = 43.9\%$. Insofar as eligibility concerned, the 1992 legislation provided surviving spouses of Merchant Navy veterans with the same access to survivor pensions and War Veterans Allowances as survivors of Armed Forces veterans. As you know, that access includes the right of survivors under section 48 of the *Pension Act* to apply for a pension ruling on behalf of the deceased veteran, even where the veteran was not pensioned during his or her lifetime. As well, our current Omnibus Bill C-61 contains important changes in this area which will allow many surviving spouses to obtain increases in cases where the veteran was pensioned prior to death.

Survivors Allowance:

For War Veterans Allowances, the Armed Forces surviving spouses percentage is 30.5%, compared to 82.1% for the Merchant Navy surviving spouses. Again, the 1992 legislation provided surviving spouses of Merchant Navy veterans with the same eligibility for survivor allowances (WVA) as surviving spouses of Armed Forces veterans. (From 1962 to 1992, they had no WVA eligibility, in respect to the six-month service at sea requirement.)

Remarks: The VAC comments indicate that pensions and pay to surviving spouses of Merchant Navy veterans who would not qualify for the "Survivors Allowance" in the same manner as if their husbands had served in the Armed Forces. The 43.9% is based on a 134 survivors out of 305. Respectfully, the response from VAC misses the point. What about the Merchant Navy veteran injured in Port who could have qualified (if the legislation permitted) in, for example, 1955. He was not covered for pensions unless the disability was incurred in direct action with or counter-action with the enemy. If, however, he had been given the same coverage as members of the regular Armed Forces, he would have been a pensioner. If he died and left a widow, she would have been in receipt of a Survivors Pension. This could not happen, however, because pensions were awarded on a much stricter basis for Merchant Seamen in 1955 than for members of the regular Forces.

The same argument applies to Survivors Allowances for War Veterans Allowance. The Allowance did not exist until 1962. If a member could have qualified in, for example, 1955, and then died, leaving a widow, his widow would have been in receipt of the Survivors Allowance if he had been in the regular Armed Forces. The fact that he was in the Merchant Navy, meant that he could not apply for War Veterans Allowance in the first place.

Accordingly, there can be no relevancy between the figure of 46.7% for veteran pensioners compared to 43.9% for Merchant Navy. Neither could there be any relevance between the 30.5% for the surviving spouses of Armed Forces receiving Survivor's Allowances with 82.1% for Merchant Navy. Admittedly, from 1962, Merchant Navy had practically the same eligibility. We are here, however, discussing a hypothetical case where the Merchant Navy veteran could have qualified either for War Disability Pension or War Veterans Allowance (the equivalent thereof) in 1955.

It might be misleading to indicate that Survivors Pensions and Survivors Allowances for Merchant Navy deserves the same "affirmative" check-mark as Armed Forces veterans.

(See "Remarks" next page)

Question: What benefits were available to Merchant Navy veterans following the war?

VAC DOCUMENT

**COMMENTS:
CEO, The War Amps and Chair NCVA**

**COMMENTS:
Deputy Minister**

Of 26 benefits paid by the government and available to veterans during and immediately after the Second World War, Merchant Mariners were entitled to 19. This was in addition to pay and benefits provided by their employers.

Major Post-War Benefits

	Armed Forces	Merchant Navy
Survivors Benefits	yes	yes
War Service Gratuities, Credits and Bonuses	yes	yes
Financial Assistance for Education	yes	no (became eligible in 1949)
Unemployment Insurance (including out-of-work allowances)	no	yes

Survivors Benefits:

The box indicates “Yes” for Merchant Navy. It is our view, however, that many survivors of Merchant Navy veterans did not have this benefit available following the war in that the enabling legislation did not come into affect until 1992.

War Service Gratuities, Credits And Bonuses

The information indicates “Yes” in regard to Merchant Navy. It would be appreciated if we could have confirmation as to the specific “War Service Gratuities, Credits and Bonuses” available to Merchant Navy veterans following the war. We are aware of the bonus but we question that “gratuities and credits” were available, at least in the same extent as for members of the Armed Forces.

Financial Assistance for Education

The statement indicates that this became available in 1949. Our information is that provision was limited to training for occupations allied with operation of a Merchant Navy. Confirmation would be helpful.

Survivors Benefits:

Pension eligibility for death or disability arising from enemy action or counter-action against the enemy was extended to Merchant Navy veterans, or their surviving spouses, in 1939. This coverage continued after the war, of course.

War Service Gratuities, Credits And Bonuses

Our understanding is, the Armed Forces received, but the Merchant Navy did not receive, War Service Gratuity and Re-establishment Credit; while the Merchant Navy received, but the Armed Forces did not receive, the War Service Bonus and the Special Bonus. The bonuses received by the Merchant Navy are usually considered as a rough counterpart to the Armed Forces’ gratuity and credit, but they were, of course, calculated differently, the Merchant Navy benefit being a percentage of wartime pay and the Armed Forces’ benefit being a per diem calculation. In either case, the amount of the benefit varied considerably from individual to individual, depending on circumstances. For this reason, the question of which was the greater benefit can only be answered on an individual basis. It is not possible to derive any useful generalization on that issue.

Financial Assistance for Education

I have attached a copy of the relevant Order in Council, the *Merchant Seamen Vocational Training Order*, which cross-references Merchant Navy veteran eligibility to the *Veterans Rehabilitation Act*. You will note sections 3 and 5 which permit educational assistance for any occupation.

(Continued on next page)

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Unemployment Insurance (including out-of-work allowances)

Firstly, this indicates that “No” in regard to members of the Armed Forces. A provision did exist under the Veterans Charter for out-of-work allowances. Secondly, in that unemployment insurance was not available in 1945, it would be appreciated if we could be advised as to what type of unemployment insurance or out-of-work allowances were available to Merchant Seamen.

Unemployment Insurance (including out-of-work allowances)

I have attached a copy of the relevant Order in Council which provided out-of-work allowances to the Merchant Navy and, by that means, opened the door to their coverage under the unemployment insurance system.

In terms of the Armed Forces’ eligibility for unemployment insurance, the story is quite complicated, as you mention in your letter of January 6th. It appears that, when you boil it all down, that “NO” in the comparison table entitled “Major Post-War Benefits” in our information pamphlet *Merchant Navy: The Facts*, should have been a “YES”. The history of out-of-work allowances and associated access to unemployment insurance benefits is recounted at length in chapter 7 of Walter S. Wood’s book *Rehabilitation – A Combined Operation*. Although very few Armed Forces veterans needed unemployment insurance benefits during the war itself (the fact which misled us in the first place), arrangements were in place under which out-of-work allowances were available and, through these, the door was similarly opened to coverage under the unemployment insurance system. This benefited many Armed Forces veterans in the immediate post-war period.

(See “Remarks” next page)

Remarks: Firstly, the War Service Bonus and Special Bonus were paid only to Merchant Seamen who signed the two-year agreement with the Manning Pools. Many Merchant Seamen who gave valiant service, were not in the Manning Pools, but their service was no less valuable. Most did not, however, receive War Service Bonus or Special Bonus.

As the VAC reply indicates: "It is not possible to derive any useful generalization on that issue." It should be noted, however, that although the VAC document indicated "YES" in regard to both War Service Gratuities, Credits and Bonuses, it failed to point out that a large number of Merchant Seamen did not receive the Bonuses.

In regard to Financial Assistance for Education, we refer to the *Merchant Seamen Vocational Training Order* (P.C. 6227) of 13th December, 1949. Section two of the Order states that a Merchant Seamen means "a person under thirty years of age, domiciled and resident in Canada, who has received or was eligible to receive a bonus under *The Merchant Seaman Special Bonus Order* or under *The Merchant Seamen War Service Bonus Order, 1944.*" Firstly, note must be taken of the restriction that the person must be under thirty years of age.

Secondly, the Vocational Training Order did not apply to those Merchant Seamen who did not receive a Bonus because they were not under the two-year agreement of the manning pool.

Finally, the dates are important. December 13th, 1949 - coming into force of the Order in Council. Secondly, the application had to be made on or before September 30th, 1950 - a period of approximately nine months. Order in Council P.C. 5983 of December 29th, 1948 (*The Merchant Seamen Vocational Training Order*) superseded the above-noted P.C. - but came into force only in December 1948 - more than three years after World War II. (Grants for training for Armed Forces personnel had been in force in Orders-in-Council dating back to December 19th, 1940.)

Concerning Unemployment Insurance, the inference is that Unemployment Insurance including out-of-work allowances were not available to the members of the Armed Forces, but were available to the Merchant Navy. As indicated in the VAC response, (presumably because of out-of-work allowances regulations) the quote "NO" should have been "YES". When we get to the Merchant Navy, however, it was misleading to indicate that the Merchant Navy did indeed have this benefit.

Question: *Why didn't Merchant Navy veterans receive the same benefits as Armed Forces veterans after the War?*

VAC DOCUMENT

Canada's postwar veterans benefits were primarily intended to demobilize over 1,000,000 Armed Forces personnel and reintegrate them back into society. Civilian Merchant Mariners were not demobilized because it was believed that they would continue to pursue their careers in the Merchant Marine.

**COMMENTS:
CEO, The War Amps and Chair NCVA**

The information indicates that Civilian Merchant Mariners were not demobilized because it was believed that they would continue to pursue their careers in the Merchant Marine.

A statement issued by the Minister of Transport in 1945 indicates specifically that the discharge benefits available to members of the Armed Forces were withheld in an attempt to induce them to remain in the Merchant Navy Service. The statement is quoted hereunder in full:

"... it is deemed advisable and equitable, in consideration of the essential services rendered by them, involving hardships and risks in many respects comparable to those met with by members of the Forces to offer certain additional benefits to those who have served in dangerous waters and are prepared to serve for the duration of the war if required. Such benefits should not be of a nature which would encourage Seamen to leave the industry at the end of the war to seek employment in other fields as the services of many skilled Seamen will be required if Canada is to maintain a Merchant Marine after the war."

**COMMENTS:
Deputy Minister**

The wording in the fact sheet could well have been expanded to include the point made by the then Minister of Transport , *i.e.* that Merchant Navy veterans were encouraged to stay in that occupation.

Remarks: As indicated, the wording could have been expanded to indicate that "Merchant Navy veterans were encouraged to stay in that occupation." That is the basic issue today!

Question: *Why won't the Government pay retroactive compensation to Merchant Navy veterans?*

VAC DOCUMENT

The benefits which Merchant Mariners receive mirrors the evolution of social programs in Canada over the decades. Were it mandatory to make any improvements retroactive to decades earlier, little or nothing would ever be achieved. The cost of retroactivity would be prohibitive.

A generous lump-sum to all Merchant Navy veterans -- irrespective of their circumstances -- would give some Merchant Navy veterans a greater benefit than was provided over the years to many Armed Forces veterans. This would be unfair.

**COMMENTS:
CEO, The War Amps and Chair NCVA**

The statement is that the benefits which Merchant Mariners receive mirrors the evolution of social programs in Canada over the decades. This appears to be inconsistent with the fact that the so-called social programs available in 1945 applied only to members of the Armed Forces released after service in World War II. It seems inconsistent to compare the benefits being sought by Merchant Seamen with the non-existent social programs of 1945.

The statement says, "A generous lump sum to all Merchant Navy veterans XX would give some Merchant Navy veterans a greater benefit than was provided over the years to many Armed Forces veterans.

It would appear difficult to justify this statement. Many Armed Forces veterans, for example, took advantage of educational and trades training. In our view, it would be difficult – and misleading – if any attempt were made to place a dollar value on those who benefited out of the Veterans Charter. On the other hand, the lack of benefits to former members of the Merchant Navy would appear to be "mute testimony" to the disadvantages they suffered.

**COMMENTS:
Deputy Minister**

The point being made on social programs is that they have been improved and expanded over the decades. So too have the veterans programs, and so too did Merchant Navy veteran access to veterans benefits. Had retroactivity been mandatory whenever Parliament wished to improve a social benefit, our social programs would be far less progressive than they are today. Similarly, had retroactivity been a must in 1992, there would not have been a Bill C-84.

On the comparison with Armed Forces veterans, the point was simply that not every veteran chose to take advantage of postwar programs, many veterans were not eligible for many benefits, and no veteran was eligible for all the benefits. As the request for compensation assumes total ineligibility on the one side, and total eligibility on the other, this statement was intended to note that the situation was not that black and white.

(See "Remarks" next page)

Remarks: The VAC handout attempts to explain the situation with a reference to the evolution of Social Programs in Canada. Surely the same could be said for veterans benefits. The question under discussion, however, is not a comparison with Canadian Social Programs but between Merchant Seamen and members of the regular Armed Forces. Our chief criticism of the comment in the VAC handout, is the suggestion that a generous lump sum would give some Merchant Navy veterans a greater benefit than that which was provided to many Armed Force veterans. The response in the Deputy Minister's letter reads: "On the comparison with Armed Forces veterans, the point was simply that not every veteran chose to take advantage of postwar programs, many veterans were not eligible for many benefits, and no veteran was eligible for all the benefits." This response appears to evade the basic question. Even though, as is stated above, not every veteran chose to take advantage of the programs, many were not eligible, and no veteran was eligible for all the benefits, those who served in the Armed Forces certainly did have a well-rounded rehabilitation program available to them. On the other hand, the Merchant Navy veterans received practically no "rehabilitation" assistance. In our view, it is not an answer to say that, to provide a lump sum now, might place the Merchant Navy veteran in a position of "greater benefit" than those who served in the Armed Forces. A review of the success of the VETERANS CHARTER seems to provide undeniable proof that members of the Armed Forces, by reason of their rehabilitation benefits, were in most instances, able to take their place in the expanded economy of a post-war Canada. Because such rehabilitation benefits were denied to Merchant Seamen, they suffered the consequences. A lump sum grant in lieu of the reestablishment benefits (if in a reasonable amount and payable under reasonable conditions) would hardly make-up, on the average, for the value of the rehabilitation benefits available to members of the Armed Forces.

Question: *How do Canada's Merchant Navy benefits compare to other countries?*

VAC DOCUMENT

Canada's benefits to Merchant Navy veterans are among the most generous and comprehensive in the world. Despite some claims to the contrary, other nations have not provided retroactive compensation to their Merchant Navy veterans to make up for the fact that they did not qualify for re-establishment benefits after the war.

COMMENTS: CEO, The War Amps and Chair NCVA

The statement says that "other nations have not provided retroactive compensation for their Merchant Navy veterans." This statement fails to acknowledge that many of the Allied countries had extended veterans benefits to their Merchant Mariners many years ago. For example, UK legislation applied to Merchant Seamen from 1941. We would appreciate some further explanation, therefore, as to comparisons being made between the lack of benefits for Merchant Navy personnel under Canadian legislation and the benefits available in other countries.

COMMENTS: Deputy Minister

Canada has a system of benefits for its veterans that is at least the equal of, and in many aspects superior to, those of its principal wartime Allies; and in legislation passed in 1992 Canada's wartime Merchant Navy veterans were extended access to those benefits on a fully equal basis to Canada's Armed Forces veterans.

Remarks: In our opinion, comparisons cannot be made. The British Merchant Seamen received the same benefits as members of the British Armed Forces. If benefits in various countries are to be compared, Canada would stand at the bottom of the list, as indicated by the fact that our Merchant Seamen were not eligible for full veterans benefits until 1992; and were not considered as veterans until 1998.

Concluding remarks: The VAC document states that of 26 benefits available to veterans during and immediately after the Second World War, Merchant Mariners were entitled to 19. There is a "catch 22" in this statement. Many of the 19 benefits claimed in the VAC document were available on a very restricted basis. Most have been identified in this review. Reinstatement and Civil Employment is an example. While it might be technically correct to say that the Merchant Seaman had this benefit, in fact, it could not apply in most circumstances for the following reasons:

- He would have to have been discharged, similar to demobilization for members of the Armed Forces. Given the circumstances in the post-war period (1945 - 1950) ship owners were reluctant to release Merchant Navy Personnel. This situation existed until 1950.
- When there was no longer employment available, and he was released from the Merchant Navy, the Reinstatement Act could not apply, in that there was no "former employer" available to provide jobs for them.