

1892.
NEW ZEALAND.

POLICE-SUPERANNUATION SCHEME

(CORRESPONDENCE RESPECTING A).

Return to an Order of the House of Representatives, No. 131, of the 25th August, 1892.

Ordered, "That there be laid before this House a copy of the correspondence regarding a police-superannuation scheme between the Minister of Defence and Mr. W. Hutchison, member for Dunedin City."—(Mr. W. HUTCHISON.)

No. 1.

Mr. W. HUTCHISON, M.H.R., to the Hon. Mr. CADMAN.

SIR,—

Dunedin, 7th May, 1892.

I herewith enclose you a copy of the basis of a proposed Police Superannuation Fund. This basis, subject, of course, to all reasonable suggestions and amendments, has been all but unanimously agreed to by the members of the Force in the Provincial Districts of Otago and Canterbury. I have not yet been able to meet with members of the Force in the North Island, but one of the city representatives has taken charge of it in Auckland.

I was desirous, in presenting this scheme to you, of an opportunity to explain to some extent the views of the Force on the subject, but your time did not permit of this being done on your last visit to Dunedin, and most likely I shall not now have a personal interview with you until the meeting of Parliament next month. I would have postponed bringing the matter before you until that time but for the announcement that certain tables and proposals for some such scheme are now being prepared in Wellington. On these the members of the Force look with much dubiety, and I have therefore thought it expedient that you should know at once what their views, generally speaking, are on the subject of retirement and superannuation.

I venture to hope that you will give the enclosed document your careful and favourable consideration, and, having done so, may I expect that you will during the session introduce a Bill to give it legislative sanction.

I am, &c.,

WILLIAM HUTCHISON.

Enclosure.

BASIS of a PROPOSED POLICE SUPERANNUATION FUND.

1. The fund to start from the 1st April, 1893.
2. The fund not to be drawn upon for five years from the 1st April, 1893.
3. No member of the Force over fifty-five years of age at the 1st of April, 1893, to participate in the superannuation. These members on retiring to be dealt with according to the now-existing terms and arrangements of Government in such cases.
4. The fund to consist of—(a.) A deduction of 5 per cent. from the pay of each member of the Force who will participate as being under fifty-five years of age (see Appendix, Table 1). (b.) The Reward Fund, with the exception of such proportionate amount as shall be left for those members who do not participate in the superannuation. (c.) All sums that would under the present regulation be paid into the Reward Fund, and any other sums, such as a proportion of fines inflicted through the action of the police, that the Government may from time to time see fit to grant. (d.) A sum of, say, £20,000, to be advanced by the Government in lieu of compensation in future (see Appendix, Table 2).
5. That it be compulsory for all members of the Force to retire at the age of sixty years. This not to apply to those who do not come under this scheme. (See Appendix, Note A.)
6. That the fund be vested in the Public Trustee, and managed by a Board, whose members may invest the moneys to the best advantage; such Board to consist of seven members, three to be chosen by the Government, and three annually elected by the members of the Force, with the Minister in charge of the department for the time being as chairman. This Board shall also act as a Court of Appeal, to which any member of the Force shall have a right to submit any grievance under which he suffers, and the decision of such Board shall be final and conclusive.
7. That an annual superannuation allowance shall be granted to any member of the Force retiring after twenty years' service, without any medical certificate of unfitness, on the scale hereinafter set forth.
8. That the scale of superannuation be as follows: After twenty years' service, 30 per cent. of salary drawn at time of resignation; after twenty-five years' service, 40 per cent. of salary drawn at time of resignation; after thirty years' service, 50 per cent. of salary drawn at time of resignation.

9. That, in lieu of the yearly superannuation allowance, a member retiring from the Force on completing twenty years' service, or longer, may, at his option, be paid a month's salary for each year's service.

10. That any member of the Force who resigns after completing fifteen years' service shall be entitled to receive one month's salary for each year's service.

If any member resigns after completing five and before completing this term of fifteen years' service, he shall have returned to him the payments he has made to the fund from the 1st of April, 1898, up to the date of his resignation, without interest.

11. In the event of a member dying within five years of the period when he might retire; or in the event of any member dying who has completed fifteen years' service, who has not retired, it shall be lawful for the Board, in their discretion, to pay to the widow or family of such member any sum not exceeding five years' superannuation calculated according to the length of service of the deceased.

If a member dies before completing fifteen years' service, the Board may pay to his widow or family such sum or allowance as it thinks fit, not exceeding one year's pay.

In the event of a member who has been superannuated dying within five years of the date of his superannuation, the Board may continue the superannuation allowance to his widow or family for the period of five years from the time such allowance was first granted.

12. Any member of the Force dismissed for misconduct shall not be entitled to any compensation or allowance whatever unless he has attained fifteen years' service; and not then unless by express resolution of the Board, who may grant such compensation as they think just and reasonable, in no case to exceed one month's salary for each year's service.

13. When any member of the Force is compelled to resign through permanent injury received in the execution of his duty his case shall be specially considered by the Board, who may grant such superannuation allowance or compensation as they shall think fit, having regard to the cause of the injury and the length of service of the member so disabled.

14. Any member in receipt of superannuation allowance, on being convicted of any indictable offence or disgraceful conduct, shall thereupon forfeit his superannuation.

APPENDIX.—SUPERANNUATION FUND.

Table 1.

Four hundred and sixty-five men in the Force under fifty-five years of age :—					£
14	Detectives	...	...	...	2,883
11	First-class Sergeants	...	...	...	1,912
22	Second-class "	...	...	...	3,623
14	Third-class "	...	...	...	2,178
116	First-class Constables	...	...	...	16,982
104	Second-class "	...	...	...	14,274
184	Third-class "	...	...	...	23,570
					65,422
Add long-service pay					5,500
					<u>£70,922</u>

Payments on above sum of £70,922, at 5 per cent., £3,546.

Table 2.—Showing how the Fund should stand at 1st April, 1898, when it will become operative for Superannuation Allowances.

1. Annual contributions from the pay of members, £3,546	£	£
(see Table I.), for five years (a.)	17,730	
Compound interest on same (five years)	2,841	
		20,571
2. Reward Fund, &c. (b.) and (c.), say	1,500	
3. Government grant (d.)	20,000	
	21,500	
Compound interest for five years	5,938	
		27,438
Total fund at start		<u>£48,009</u>

The members of the Force reckon with confidence on being reasonably entitled to expect from the Government at least the sum of £20,000 as above, seeing that under the present system the Government pay the amount of one year's salary to every member on retiring. It will be seen by Table 1. that the present liability of the Government in this respect amounts to £70,000—that sum being the amount of yearly expenditure on salaries to the 465 members of the Force assumed to come under the provisions of the Superannuation Fund; and by this grant the Government would be relieved at once of all future liability, with a saving of £50,000.

A.—Many persons are in full possession of all their mental faculties at the age of sixty, but physical strength has begun to suffer abatement, and vigorous physique is indispensable in a policeman. Fifty-five years is the age for retirement in Victoria, sixty in New South Wales, but the Commissioner, in a recent memorandum, recommends a change to fifty-five. The

great complaint in the New Zealand Force is the lack of promotion, which this rule 5 would help to obviate. There are about thirty-one men in the Force now over fifty-five. Add to these the number that may be assumed as entitled to superannuation during the first ten years of the fund, say 103, and there are thus 134 vacancies in that time irrespective of casualties.

No. 2.

The Hon. Mr. CADMAN to Mr. W. HUTCHISON, M.H.R.

SIR,—

Wellington, 6th June, 1892.

I have the honour to acknowledge the receipt of your letter of 7th ultimo, inclosing a copy of the basis of a proposed Police Superannuation Fund, and inviting me to make suggestions and amendments thereon, and in reply have to thank you for your courtesy in forwarding your proposals, which I regret you did not do prior to submitting them to the members of the Force in Canterbury and Otago. In the present financial state of the colony I am of opinion that it will be quite useless to ask Parliament to vote a sum of £20,000 for this purpose, seeing that the £6,000 yearly voted for long-service pay is still to be continued, and will exist for many years to come. It is stated in a note on the Table 2 that the members of the Force reckon with confidence on being reasonably entitled to expect from the Government at least the sum of £20,000 as above, seeing that under the present system the Government pay the amount of one year's salary to every member on retiring, &c.; but this is not the rule unless the retiring member has completed twelve years' service. I cannot learn from the proposals submitted from what fund it is proposed to pay the compensation now granted to men of the Force when retiring between this and the 1st April, 1893, which will amount to probably some £1,600 a year. If the Government have to continue to pay this compensation for five years more it will probably amount to at least £8,000, in addition to the £20,000 and the £6,000 long-service pay. The members of the Force drawing long-service pay, which, I am informed, was granted in lieu of pensions, are, under the proposed scheme, put on exactly the same footing as regards contributions as those who do not and will never draw long-service pay. This seems to me somewhat unfair. With regard to the grant of £20,000, guided by the experience of the last five years as to the amount paid as compensation, it may be approximately stated that it would take many years under the present system to absorb £20,000, which, under these proposals, would have to be dispensed in one grant. As regards the proposed Board, if it became the law to submit any and every grievance concerning the internal working of the Force to a Board composed of men of no police *status* (outsiders, as they would be regarded) is it not reasonable to suppose that the position of the officers and non-commissioned officers would be assailed, and the discipline of the Force generally become endangered. Another point brought forward which I am unable to grasp is, that as the £70,000 represents money paid annually in salaries, it would always have to be provided. How, then, could the grant of £20,000, which is an additional charge upon the department quite independent of the amount paid in salaries, be the means of saving £50,000? I notice that no provision is made for an annuity to a member of the Force, after paying for many years to the fund, who is then promoted to the position of an officer. In conclusion, I may state that the Government will, this session, submit, under the Civil Service Bill, proposals which will meet all that is required, and place the Police on a better footing than in the scheme submitted by you, and without extra cost.

I have, &c.,

Wm. Hutchison, Esq., M.H.R., Wellington.

A. J. CADMAN, for Defence Minister.

No. 3.

Mr. W. HUTCHISON, M.H.R., to the Hon. Mr. SEDDOON.

SIR,—

Wellington, 25th June, 1892.

I have the honour to acknowledge receipt of your communication of the 6th instant, commenting upon certain proposals for the basis of a Police Superannuation Fund, which I submitted to you for consideration. I presume, however, from the gist of your remarks, that you have not had time to make yourself acquainted with the details of the scheme, and therefore content yourself with raising generally a number of objections which, on more mature deliberation, I venture to think you will come to see are either irrelevant or of little consequence. The scheme does not profess to be either perfect or complete, and suggestion and amendment are solicited, but wholesale condemnation can serve no good purpose. As the matter is one of much interest to a deserving class of State officials, I can hardly accept your careless dismissal of it without an endeavour to remove certain misapprehensions under which you seem to labour, although I confess that my task in attempting to do so is rather an uphill one, seeing your reply has very much the appearance of being founded upon a foregone conclusion. I shall take your objections *seriatim* in so far as they can be disentangled one from another.

1. You regret that I should not have submitted these proposals to you before consulting the members of the Force. Why? These men are chiefly concerned in them, and to devise a scheme which meets their approval, as this one does, is half-way towards its success. Yet, to avoid the slightest infringement of Police rule, you may remember that I asked and obtained your consent to meet with the men before I did so. It is curious you should now express regret at a course sanctioned by yourself.

2. You are of opinion it will be quite useless in the present financial state of the colony to ask Parliament for a sum of £20,000 to wipe off a gradually-accruing sum of £70,000 payable to the Force in the form of retiring allowance. You know the present financial state of the colony better than I do, but, seeing the surplus for the past year is publicly represented to be an amount ranging

from £150,000 to £200,000, I should suppose that no more suitable or likely time for effecting such a saving as I have indicated is likely to arise. Of course, if there is financial difficulty in the matter, with an exceptionally plethoric exchequer, any further argument would be hopeless; but you can hardly mean it.

3. The Government, you assure me, pay the amount of one year's salary as retiring allowance only on the completion of twelve years' service. Quite so. There is no likelihood of being called upon to pay to any others. But it is worth noting, by the way, that, assuming the continuance of these retiring-allowances, the amount is more likely to increase than diminish. The understanding at the time of provincial abolition was a month's pay for each year's service on retirement, converted by a stroke of the pen into a year's wages and no more, except in the case of officers who have been paid two years' salary and three months' leave of absence on full pay. It is not probable the country will long tolerate an arrangement so inequitable, an arrangement rendered still more inequitable for the men by the fact that retirement at twelve years is as fully compensated as retirement at thirty years. It can only be because the public are unacquainted with Police management that such a state of things has continued so long.

4. "I cannot learn from the proposals from what fund it is proposed to pay the compensation now granted to men of the Force when retiring between this and the 1st of April, 1898, which will amount probably to some £1,600 a year." What fund? The same fund from which compensation has hitherto been paid; and as at most there can only be twenty-five men to deal with at an average, say, of £200 a-piece, the amount would be £5,000, not at least £8,000, as you state it. The amount is not very material, but it is as well to be accurate.

5. You say it seems somewhat unfair that those not drawing long-service pay should be put on exactly the same footing as those who do. You omit to show how or why it would be unfair. Every man pays 5 per cent. upon the wages he receives whatever their amount (long-service pay included). Nothing could be more fair, and the men recognise it to be so.

6. You are informed that the long-service pay was granted in lieu of pension. This is an extraordinary statement, and your informant is entirely mistaken. As it is of some importance, in any dealing with the financial position of the Police, that the origin of the long-service pay should be clearly understood, I will relate it here.

In 1872, the pay of the Otago Police was reduced by 1s. a day all round. A strike followed, and the daily shilling was restored in the shape of long-service pay. This continued till 1883, when the Government, recognising the injustice of the Otago Police receiving a 1s. a day more than the police in other parts of the colony, decided to extend the payment to the whole of the Force. Intimation to this effect was made by circular of date 2nd March, 1883—a circular which does not contain a single word capable of being construed by the utmost ingenuity into long-service pay being either pension or compensation. As a proof of the absolute correctness of this statement, I may point out that, so far as I have been able to learn, the Government have always paid compensation in addition to the long-service pay, reckoning it, indeed, as part and parcel of the ordinary wages in their computation. I may add that the Government have been amply recouped for the long-service pay, if in no other way, at least by their having ceased to make promotions in the Force since it was granted, save in a few very exceptional cases. I submit that whatever scheme of superannuation may be adopted, the long-service pay should form no subtractive element to the injury of its recipients.

7. "Another point brought forward, which I am unable to grasp, is that as the £70,000 represents money paid annually in salaries, it would always have to be provided. How then could the grant of £20,000, which is an additional charge upon the department, quite independent of the amount paid in salaries, be the means of saving £50,000?" This paragraph is a singular mixing up of figures which have no connection one with another, and the whole lands you in confusion worse confounded. In speaking of £70,000, I have not been referring to the annual expenditure on the Police, but to the amount required to compensate the men at present in the Force when they retire. The annual payment of the Police of course remains. You do not expect a volunteer Force. But it is proposed to wipe out all payments for compensation. Let me restate this point with all the plainness of which I am capable: The compensation paid to a member of the Force on retirement is one year's pay; there is no difference of opinion between us on that point; it therefore follows that in the course of years, assuming the present system to be continued, and all the members in due course receives a year's pay on leaving the service, the annual payment on the Force being £70,000, then the Government will have also paid £70,000 in compensation, and be no better off than now—this latter sum, of course, by instalments from year to year, as retirements occur. And it is here the present proposals come in. The members of the Force are willing to accept from the Government, in lieu of such compensation, a present payment of £20,000, and relieve them of all future liability on this score. Clearly a saving of £50,000. But you say, "It may be approximately stated that it would take many years under the present system to absorb £20,000 . . . to be dispensed in one grant." Assuming your own estimate of the compensation annually required as £1,600 to be correct, it follows that this amount would be exhausted in twelve years and a half—not such a protracted period after all.

8. You are mistaken in supposing that no provision is made for members of the Force who may be promoted. All members of the Force—officers and men alike—who are under the age of fifty-five on the 1st of April next, will be participants in the scheme. The Commissioner is included, if he pleases.

9. You do not look with favour upon the proposed Board. There is room for reasonable difference of opinion as to its constitution, and in some respects, it may be, as to its powers—so far the utmost deference is ready to be paid to your wishes; but of the necessity for a Board—an independent Board of appeal—no one who has had occasion, as I have had, to gather up the opinions of the Force, or who cares for the efficiency and comfort of the service, can have any reasonable doubt.

10. I presume we must wait with a measure of patience for your promised scheme of superannuation. Past experience does not lead to high hopes concerning it. A scheme that may suit the Civil Service cannot with any fairness be proposed to the Police, whose pay falls so far short of the other.

The Hon. R. J. Seddon, Minister of Defence.

I have, &c.,

WILLIAM HUTCHISON.

No. 4.

The Hon. Mr. SEDDON to Mr. W. HUTCHISON, M.H.R.

SIR,—

21st July, 1892.

I have the honour to acknowledge the receipt of your letter of the 25th ultimo *re* proposed Police Superannuation Scheme, and to inform you in reply that my reason for expressing regret that you should not have submitted these proposals to me before consulting the members of the Force was because you gave me no opportunity of knowing that you based the whole scheme on a grant from the Government of so large a sum as £20,000. It is quite true that you asked and obtained my consent to meet the men before you did so; but you never for a moment gave me to understand that your scheme entirely depended upon a grant from the Government of a large sum of money, which, in my opinion, renders the proposal impossible. You also state that the scheme you have submitted meets with the approval of the Force; but I am informed that they are by no means unanimous in their approval, many contending that, owing to their already paying high premiums on their life insurances, they cannot afford to have any more deductions made from their pay. My reason for stating that the long-service pay was granted in view of pension I gathered from a document laid upon the table of the House in 1890—viz., the annual report of the then Commissioner of Police, dated Wellington, 5th April, 1890, and as the Hon. Mr. Bryce, the Minister who sanctioned the long-service pay, was then a sitting member, and never questioned the accuracy of that report, I naturally concluded it was correct. Considering the financial state of the colony, I cannot conscientiously recommend the House to grant so large a sum as £20,000 for the proposed scheme, and as the Government are submitting to the House a scheme of superannuation for the Civil Service, in which the Police may participate, I feel it would be superfluous to further discuss this matter at present.

I have, &c.,

William Hutchison, Esq., M.H.R.

R. J. SEDDON.

No. 5.

The Hon. Mr. SEDDON to Mr. W. HUTCHISON, M.H.R.

SIR,—

Police Department, Commissioner's Office, Wellington, 16th August, 1892.

I have the honour to acknowledge the receipt of your letter of the 13th instant *re* Police Superannuation, and to inform you in reply I am of opinion that it is advisable the matter should stand in abeyance until after the discussion on the Civil Service Bill, now before the House of Representatives, has taken place.

I have, &c.,

William Hutchison, Esq., M.H.R., Wellington.

R. J. SEDDON.

No. 6.

Mr. W. HUTCHISON, M.H.R., to the Hon. Mr. SEDDON.

SIR,—

Wellington, 13th August, 1892.

Notwithstanding the somewhat peremptory intimation of your desire to close discussion on the subject of Police Superannuation, an intimation which, I confess, has kept me from day to day from sooner acknowledging receipt of your letter of 21st July last, I have come to think that I ought not to abandon the matter without at least one other appeal to you for some measure of consideration for a body of men who are precluded by their position from speaking for themselves. In no other of the Australasian Colonies are the Police left without permanent provision on retirement from active service, and it is hardly creditable to New Zealand that it should be the exception. The members of the Force waited patiently for the scheme of superannuation in which you say they might participate, but now that it is before them they find it utterly inapplicable to their case. You say to a constable of forty years of age, "You pay £7 10s. annually, and when you retire at sixty, having paid £150, you will get a pension of £16 14s. 6d." You say to another of forty-five years of age, "You pay £7 10s., and when you retire at sixty, having paid £112, you will get a pension of £9 16s. 6d." *Ex duo disce omnes*. You do not expect men to accept terms of this kind. It can now serve no good purpose to regret that you gave me permission to meet the men of the Force, neither is your statement that the scheme depends entirely upon a grant of £20,000 from the Government at all a fair or correct mode of putting the case. Excuse me if I say that you are arguing in a circle. You do not deny that the State will have to pay £70,000 in retiring allowance to men now in the Force. In the face of this fact, a proposal by the Police to accept of £20,000 at once, and entirely forego the balance of £50,000, can hardly be spoken of as if it were a compassionate or even munificent grant. In my letter of 28th June I demonstrated to you that the long-service pay had no connection with a pension. Yet you cling to a contrary notion, and furnish the following extraordinary reason for doing so: "I gathered it from a document laid upon the table of the House in 1890, viz., the annual report of the then Commissioner of Police. . . . and

as the Hon. Mr. Bryce, the Minister who sanctioned the long-service pay, was then a sitting member and never questioned the accuracy of that report, I naturally concluded it was correct." There are certain cases reputed to be worse than the diseases they affect to heal. Your original statement on this point was weak enough, but this reason in its support is weaker still. I thought it right, however, in the interests of the Force, to ask Mr. Bryce for his view of the matter, and I annex his reply for your information. I presume this point may thereby be regarded as conclusively settled. Your denial of unanimity in the Force regarding the scheme may be easily settled. Of course, there are a few stand out, but if you are willing to test the question by a ballot, which can be freely taken, I am quite content, and the men will be quite content, to abide by the result. May I hope, in view of the facts I have now stated, and under all the circumstances, that you will reconsider your decision, and take up this scheme, not so much as I have presented it to you—I am not wedded to details—but as a basis from which you can work out a safe and operative superannuation for the Force?

I have, &c.,

The Hon. R. J. Seddon, Minister of Defence, Wellington.

WILLIAM HUTCHISON.

EXTRACT from LETTER, 23rd July, 1892.—Hon. JOHN BRYCE to WILLIAM HUTCHISON.

"I have to say in reply to your letter that the idea of a pension is essentially distinct from a long-service allowance, and was not in contemplation when the long-service allowance was granted to the Police Force. The allowance was made merely for what it purports to be, a recognition of long service. I cannot admit that I am responsible for Mr. Gudgeon's assumptions merely because I did not contradict them in the House. You will, perhaps, agree with me that such a doctrine, if established, would add greatly to the discomfort of public men."

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