

75. Altogether ?—The number of entrants in the first few years compared with the original members is small.

76. Taking it over a series of years—a hundred years or fifty years ? Or let me put it in this way : so far as the actuarial soundness of the fund is concerned, which of the two tends most to actuarial unsoundness—the scheme as proposed in the Bill for new entrants or the scheme as proposed in the Bill for the existing teachers ?—I do not quite understand the question. The scheme proposed in the Bill for original members has a liability of  $3\frac{1}{2}$  per cent. Mr. Fox calculates it at £270,000, and the interest on that will make it accumulate. The other part of the question is as to the new entrants.

77. Which makes the scheme most unsound ?—In the course of time the new entrants, if they increase, will be the unsound element. The others will be disposed of, and their deficiency simply increases at compound interest. The new entrants not only increase the deficiency which mounts up at 4 per cent. compound interest, but their number increases with the increase in the number of teachers, which I have assumed to increase at nearly 3 per cent. The rate of increase of deficiency is 3 per cent. on 4 per cent.

WEDNESDAY, 16TH AUGUST, 1905.

MORRIS FOX, Actuary, Government Life Insurance Department, re-examined. (No. 14.)

*Witness* : I will be as brief and as much to the point as possible in my explanations. With regard to the tables and information which have been supplied in compliance with the letter to the Premier, Mr. Hogben has explained a portion of them.

*The Expected Contributions derived under Clause 4 from Persons employed at Commencement of Act.*—Tables II. and V. of my report show the teachers' contributions to be £15,700 for males and £8,127 for females on the basis of the data of 1903, which included 1,251 males and 1,358 females, or a total of 2,609. According to *Hansard* (28th July, 1905, page 827) the number now entitled to join the scheme is 3,150, and therefore the contributions would be increased, but as the distribution according to ages and salaries of the increased number is not known, it would not be correct to increase the total contributions based on the 1903 data in proportion to the total increase in the whole body of teachers.

*Tables showing the Capital and Annual Charges requisite for the Benefits under the Various Headings.*—These are given in detail in Tables II., III., V., and VI. As explained in my report no allowance has been made for withdrawals before the pension age among males, or retirements on the ground of ill health among males or females. The explanation is also contained and referred to in my evidence (177–184). The other explanation desired as to capital and annual charges, extracted from the tables of the report, is as follows :—

ANNUAL CONTRIBUTIONS required for Benefits contained in the Bill (based on 1903 Staff).

<i>Males.</i>		
Pensions only (benefit A) .. .. .	18,918	
Return of contributions at death (benefit B) .. .. .	2,229	
Balance of three years' pension at death within three years of entering on pension (benefit C) .. .. .	495	
Allowance of £200 to widows on death of contributor or pensioner (benefit D) .. .. .	5,466	
Total contributions for benefits A, B, C, and D .. .. .	27,108	
Teachers' contributions .. .. .	15,700	
Government subsidy necessary for benefits A, B, C, and D .. .. .	11,408	
Annual subsidy to bring pension up to £52 for teachers under 63 .. .. .	10,090	
Ditto for teachers over 63 .. .. .	1,612	
Annual subsidy to provide £200 to widows of teachers now over age 63 .. .. .	232	
Total annual subsidy for all benefits .. .. .	£23,342	
Capital value of subsidy for Males, £191,853.		
<i>Females.</i>		£
Pension only (benefit A) .. .. .	9,902	
Return of contributions at death, or withdrawal before pension age, and balance of three years' pension at death within three years of entering on pension (benefits B and C) .. .. .	3,412	
Total contributions required for benefits A, B, and C .. .. .	13,314	
Teachers' contributions .. .. .	8,127	
Government subsidy necessary for benefits A, B, and C .. .. .	5,187	
Annual subsidy to bring the pension up to £52 per annum for teachers under age 57 .. .. .	5,202	
Ditto for teachers over age 57 .. .. .	520	
Total annual subsidy for all benefits .. .. .	£10,909	
Capital value of subsidy for females, £78,395.		
Total capital value of subsidy for males and females under the Bill (based on the 1903 staff), irrespective of new entrants .. .. .	270,248	£
Three and one-half per cent. interest on the total capital value .. .. .	£9,459	