

*Mr. Hogben:* That is what I mean. The number of new members that come on in forty years from now will be the same as the number of new members that come on next year—that is, if the population remains constant. But the influence of the members who retire before that time without getting any pensions at all is to reduce that period from forty years. I think it reduces it not quite five years.]

19. *Mr. J. Allen* (to *Mr. Hogben*).] Assuming that it is forty years, is it correct to say that the maximum contribution on account of new entrants, assuming the population to remain stable, will be £6,400 a year—40 times 160?—No; because the average person will not be in forty years. Forty years is the maximum time a person is in.

20. It should be twice that amount that I stated; at £2 per head it would be 40 times 320?—I do not think that is a safe way of arriving at the liability. *Mr. Fox* and I agreed that the capital liability would be something under £6,000 for next year's entrants.

21. Both you and *Mr. Fox* have worked out the liability on account of new entrants?—Yes, we both have. I have worked it out in one way, but I take *Mr. Fox's* figures.

22. I understand you to make it an annual contribution, beginning now, of £6,000 a year, approximately?—It is something under £6,000. It is nearer to £5,000 than £6,000.

23. Would £5,000 do it?—It would almost do it now, but it would not do it as the members increased. *Mr. Fox* has already calculated the capital liability of a male member coming in now. I say that the safest way is to take the capital liability of each year. It comes to the same thing in the end. The capital liability for all the new entrants next year will be about £5,000; pay that, and you have done with them. You do not have to pay any more. If £5,000 is paid in for those new entrants, that is the total capital amount required to render the scheme perfectly safe with respect to them.

24. That is for one year?—Yes; for the entrants of one year.

25. But you would have to produce that capital of £5,000 every year, would you not?—Yes; for the new entrants of each year. Next year there will be 160 new entrants—125 women and 35 men—or a little more. Well, the liability on account of them will be something like £5,000. If you pay that £5,000 into the fund, and those new entrants pay their contributions for the rest of the time, the fund will not suffer on account of them at all. It will be perfectly safe. Well, then, that £5,000—I said £6,000 when speaking before, in order to be on the safe side. I said £2 for every one in the fund. If we pay £2 for everybody in the fund, when the new entrants increase you will make them financial. It is automatic. Supposing that twenty years hence, instead of 160 new entrants there are 300; well, the liability on account of them will come to about £9,000—between £9,000 and £10,000. The total number of teachers then in the fund will be in the same proportion. So that if you pay £2 a head on the number then in the fund you will thereby be paying sufficient for the capital deficiency on account of the new entrants of that year. If you count the length of service as from 23 to 63 in all cases, the new entrants would tend to bear exactly the same proportion to the whole number of teachers in the fund; and, if you like, you can pay on the new entrants alone, or on the whole number of teachers in the fund. Well, it so happens that about £2 a head on all the teachers in the fund is sufficient to pay for the proportion that are new entrants in that year—that is, to pay the capital sum required to make them financial.

26. Would £5,000 a year keep the thing sound for all time?—As long as the number remained the same.

27. But it does not remain the same?—That is what I say. Two pounds a head per annum on all the teachers in the fund will make it sound.

28. That means, in the course of time, more than £5,000 a year. You start with £5,000 a year, and it becomes progressive?—Yes. If the number of teachers in the colony increases it must be so, because the number of new entrants increases; and if the conditions remain the same the proportion of the new entrants to the whole body of teachers remains about the same. If you find, therefore, in one year that £2 a head on all the teachers provides the capital sum for the new entrants, in another year the same rule will provide the capital sum for that year also.

29. There are two ways of meeting that, and I want your opinion as to which is the better way. One way is by paying an annual contribution sufficient to cover new entrants every year as they come in, and there is what I understand to be your suggestion—that each year provision should be made for the new entrants of the year, which would be a progressive amount. Do you favour an annual amount which will cover the whole thing, or an amount each year which will be progressive?—You cannot name an annual amount that will cover the whole thing; because, if the number of new entrants increases, in the course of time the amount required each year will exceed the amount you may name.

30. For the first year it will take £5,000?—For the new entrants, yes.

31. And that amount will be progressive?—Yes; but the colony will be increasing in population, and the number of teachers in the colony will not increase so fast as the colony. If the colony increases in population about 3 per cent., the number of teachers will increase about  $2\frac{1}{2}$  per cent. only.

32. In order to make the new-entrants part of the scheme sound we have to start with £5,000 the first year?—For the new entrants.

33. And if the teachers increase, as we expect them to increase, that £5,000 will have to be increased each year?—Yes; in proportion to the new entrants, or in proportion to the whole body of teachers.

*Mr. Fox:* May I be permitted to remark that by doing so—paying the £5,000 the first year—you would be paying off the capital liability on account of them, whereas you would not be treating the original liability in the same way, but paying interest on it.

34. *Mr. J. Allen* (to *Mr. Fox*).] That is exactly what I want to get at. Can you give us an annual amount which will meet this increasing capital liability?—You can only tell that it will start at a certain amount.

35. What do you suggest as the proper way to meet it: by meeting the capital amount the first year and leaving other years to look after themselves?—I think it is possible to tell for the first five