

*Mr. Hogben* : I know there are other ways of doing it, such as adjusting it every five years ; but what I have put before you seems to me such a simple way of managing it.

49. *Mr. Fowlds.*] And that £12,000 for the old members goes on for all eternity? Yes. If you want it to work itself out you must make the amount larger. If you make it £15,000 it will work itself out in something like forty-one years.

50. *Mr. J. Allen.*] As to the suggestion you make for new entrants : this £6,000 is the capital amount, is it not?—You pay the capital amount for the new entrants each year, but it comes to the same amount as £2 a head on all the members. That more than does it ; and even if after a certain number of years the rate of interest was such that you could not get 4 per cent., you would be safe—the capital liability would not be increasing. The rate of interest might have to be adjusted. That is why I should prefer provision being made to pay off the deficiency on the original members in a certain time—or to create a sinking fund, if you like. My suggestion would be, preferably, to pay a larger amount than £12,000 per annum in respect of the old members, and so pay the liability off altogether.

*Mr. Fox* : Mine is hardly a scheme ; it is a suggestion. It struck me that what Mr. Allen wishes is something that will stand for a time, if not for ever. If the interest on the increasing liability were paid every year it would be something like this : the Government would have to pay, roughly, in the first year £320, in the second year £640, in the third year £960, and so on ; the amount increasing and going on. For the first five years it would be a simple matter to find out what that would be, and what would be the equivalent in the way of a yearly payment for five years. It would be something like, perhaps, £900 a year for five years, and then it would need to be adjusted. You have arranged for investigation of the fund every five years, and that would be a proper time to make these adjustments, I consider.

51. *Mr. J. Allen* (to *Mr. Fox*).] The capital liability would be growing, would it not?—It would be increasing each year, on account of the new members coming in.

52. *Mr. Fowlds.*] Going back to a question that Mr. Allen asked you with reference to the amount of £11,702 shown in Table 7, on page 60—you stated that this contribution of £11,702 would be a decreasing quantity?—Yes.

53. Is that so—I refer to the contribution for a minimum pension of £52?—Yes, certainly ; because it is only for the existing staff. That particular contribution is not necessary for the increasing new staff, because they are all supposed to enter at twenty-three, and by the time they are of pension-age they will be over the minimum of £52. So that that will dwindle as the existing members die off.

54. That is not reckoned as interest on the capital deficiency?—No.

55. *Mr. J. Allen* (to *Mr. Hogben*).] Is there a limit of £120 in the Bill, or any limit as a maximum?—No.

56. Is not the actuarial calculation made for a forty-sixtieths limit of total salary?—Yes.

57. Is that in the Bill?—Well, it is not a limit of the Bill, but one due to the facts.

58. Is there any maximum in the Bill at all?—No ; but the higher salaries are safer than the lower salaries, because you do not increase the benefit of £200 to the widow in the case of the higher salaries. The benefit of £200 to the widow is given to all of them. The widow of a man who contributed on a salary of £100—that is, £5 a year—will get £200 in addition to the return of contributions ; and the widow of a man who contributes £30 a year will get only the same sum added to the contributions. You will see from Mr. Fox's tables that a very good proportion of the money goes for that payment to the widow, which is in the way of provision for the children as well.

59. *Mr. Fowlds.*] In what table is that shown?—In Table 1, on page 57. If you will take age 23, for sixtieths, column 5, you will see that the contribution for the payment of this sum of £200 to the widow is £1 2s. 7d. per cent. out of £7 16s. 4d. for the four benefits covered by that table—say, £2 0s. 8d. on the average salary of £180. Well, though a man might pay two or three times as much in contributions, the £2 0s. 8d. does not increase, because you do not increase the £200.

60. *Mr. J. Allen.*] Do you mean to tell me, if there is no maximum in the Bill, a teacher cannot get more than £120 as a retiring-allowance?—He goes in at twenty-three—he cannot get his certificate before he is twenty-one, and the majority will come in at about twenty-three—they must retire at sixty-five ; so it could not be more than forty-two sixtieths in any case.

61. That is more than forty-sixtieths?—Yes ; but I do not think it is worth while making any condition limiting it specifically to forty-sixtieths. You will find that the Boards will retire them if they are not fit for service. The Boards will have no compunction in doing so when they know that a man will get a fair pension. I think you will find that practically the retiring-age will be sixty-three ; so it will, I think, work out to a maximum of forty-sixtieths.

62. Supposing that the average salary is £200 a year and the man retires after forty years' service, what will his retiring-allowance be?—And supposing he continues to contribute, you mean?

63. He retires at sixty, and he went in at twenty?—He cannot go in before twenty-one.

64. Well, say twenty-three and sixty-three?—That is, forty years?

65. Yes ; and his average salary is £200?—Well, he will get £133 6s. 8d.

66. Well, that is more than £120?—Yes.

67. A good many members are under the impression that the Bill limits the pension to £120?—That is for the average salary. I do not think it should be limited to £120.

68. Are not the actuarial calculations made on a limit of forty-sixtieths?—Yes, that is quite right ; but they are made on the average salary. A good many salaries are below £180, and a good many above it. Mr. Fox points out to me that the figure 18 that is inserted here in the pages would make the pension work out to forty-five-sixtieths ; but, as a matter of fact, in practice that could not be so.

69. Is there any need to put in any maximum limit?—I do not think so.

*Mr. Fox* : I do not think so, either.

70. *Mr. J. Allen* (to *Mr. Hogben*).] Under the Bill it is proposed that original members should get a minimum pension of £52?—Yes.